MLI-synthesised text of Indonesian tax treaties with 21 countries are now available

On 12 November 2019, Indonesia ratified the Multilateral Instrument (MLI) through Presidential Regulation No.77 Year 2019. In this ratified document, Indonesia formally adopted 47 tax treaties as Covered Tax Agreements to be modified as per the MLI mechanism. Please refer to TaxFlash No.01/2020 for a discussion on this process.

On 28 April 2020, Indonesia deposited the instrument of ratification for the MLI. Please refer to TaxFlash No.19/2020 for a discussion on this. The MLI entered into force on 1 August 2020.

On 26 November 2020, Indonesia submitted notification to the Organisation for Economic Cooperation and Development (OECD) (as the depositary of the MLI) to confirm the completion of internal procedures for the MLI. There were 22 tax treaties listed by Indonesia in the notification document.

On 18 February 2021, the Directorate General of Taxes (DGT) issued 21 Circulars from No.SE-05/PJ/2021 up to SE-25/PJ/2021 to simultaneously announce that the MLI entered into force, entered into effect, and implemented the key changes to the relevant tax treaty articles (except for Sweden). The detailed changes can be seen in the MLI-synthesised text attached to each DGT Circular.

In the DGT Circulars, the MLI provisions dealing with Indonesian tax came into effect on 1 January 2021 for tax withheld at source and on 1 January 2022 for other taxes.

On the other hand, the MLI provisions dealing with the tax for the counterpart jurisdictions also came into effect on 1 January 2021 for tax withheld at source, except for India which came into effect on 1 April 2021. For other taxes, the commencement date varies. Please see the table below for the effective dates for tax withheld at source and other types of taxes for the counterpart jurisdictions.
<table>
<thead>
<tr>
<th>Country</th>
<th>Tax withheld at source</th>
<th>Other types of taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>01 January 2021</td>
<td>26 June 2021</td>
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<tr>
<td>Belgium</td>
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<td>01 January 2022</td>
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<tr>
<td>France</td>
<td>01 January 2021</td>
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<tr>
<td>India</td>
<td>01 April 2021</td>
<td>26 June 2021</td>
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<tr>
<td>Japan</td>
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<tr>
<td>United Arab Emirates</td>
<td>01 January 2021</td>
<td>26 June 2021</td>
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<tr>
<td>United Kingdom</td>
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<td>26 June 2021</td>
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