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Tax Alert

News from EY Indonesia Tax Services

Update on Indonesia APA and MAP Procedure

On Monday 29 December 2025, the Director General of Taxes (DGT) released two circular letters, SE-17/PJ/2025 (SE-17) in relation to Advance Pricing Agreement Implementation Guidance and SE-18/PJ/2025 (SE-18) in relation to "Mutual Agreement Procedure Implementation Guidance".

These circular letters serve as technical guidance for the Advance Pricing Agreement (APA) and Mutual Agreement Procedure (MAP) processes as outlined in PMK-172/PJ/2023 (PMK-172) regarding the Implementation of the Arm's Length Principle in transactions affected by a Special Relationship. SE-18 replaces the previous circular letter on MAP implementation guidance, SE-49/PJ/2021 (SE-49).

Both circular letters provide detailed guidance on implementing the APA and MAP processes especially for the tax authority, including specific steps involving each department within the DGT. In addition, the circular letters also introduce an electronic submission method using Taxpayer Portal (Coretax).

The key points of the new circular letters are as follows:

1. Submission method

The circular letters introduce electronic submission through the Taxpayer Portal (Coretax) as a new method for domestic taxpayers to submit APA and MAP requests.

SE-17 states that the primary method for submitting APA requests is electronic submission, with direct submission to the Tax Office permitted only if electronic submission is unavailable.

SE-18 adds electronic submission as an option for MAP requests, alongside direct submission or postal methods. It does not specify that electronic submission is the preferred method.

2. DGT Position in MAP Negotiation when Tax Court Decision is Issued

SE-18 clarifies that the DGT's position in MAP negotiations will align with the Tax Court's decision, even if the taxpayer applies for a Judicial Review to the Supreme Court. If a Judicial Review is decided, the DGT will follow the Judicial Review decision once issued.

3. MAP and APA Implementation

SE-17 and SE-18 detail the steps to be taken and the parties within the DGT responsible for actions once the APA and MAP are finalized. The details include example cases for various scenarios, such as rollback implementation, ongoing tax audits, ongoing tax objections, and post-tax court decisions.

4. APA Evaluation

SE-17 states that the APA evaluation will be conducted by the Tax Office (through Account Representative) where the taxpayer is registered, based on a nominative list issued by the Directorate of International Tax. This evaluation must occur within four months after the Tax Return is submitted, or two months if the taxpayer extends the CITR submission.

If there are indications that the taxpayer has not complied with the APA agreement or if there have been changes to the facts and conditions of the related party transactions covered in the APA Decree, the Tax Office may recommend reconsideration or cancellation of the APA agreement to the Directorate of International Tax. The Directorate of International Tax would then perform material review based on the input from the Tax Office, and the outcomes may be in the form of amendment and revocation of APA Decree if the indication of material changes to the facts and conditions are proven.

5. Detail on Internal Procedure and Deadline

SE-17 and SE-18 provide further details on the internal procedures within the DGT for handling the APA and MAP processes, including applicable deadlines in accordance with PMK-172, offering greater clarity and certainty.

SE-17 and SE-18 both have an effective date of 29 December 2025.

Please do not hesitate to contact any one of our Tax Partners or engagement teams to discuss the above.

END

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