

COMPLETION REPORT

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Subject of Research Project: Minimizing Tax Dispute due to Indonesia – Japan Double Tax Agreement Misinterpretation and Misapplication: A Study Based on Indonesia Tax Court Decision (2015-2021)

Indonesia-Japan tax treaty has existed for more than 30 year. Tax treaty or commonly known as Double Tax Agreement (DTA) refers to an international agreement, governed by international law that assign taxing rights allocation between the two contracting countries on income from cross-border transaction, preventing the same income being taxed twice. The existance of concluded tax treaty also is intended to ascertain the amount of cost bear by international investors when they invest into a particular country. This might be guarante the security and enable the business to project and to manage their strategy. However, in practice, the disputes have been frequently occurred due to the misapplication of that tax treaty. The aim of this study is the following. First, to examine the legal, economics and political aspect of Indonesia-Japan tax treaty. Second, to examine the tax dispute brought to the Indonesia tax court due to the missapplication of Indonesia-Japan tax treaty. Third, to propose the input to minimize the tax dispute due to the missapplication of Indonesia-Japan tax treaty. In drafting the tax treaty with the other contracting states, Indonesia adopted the open economy system which aimed to increase the inbound capital and to ensure the government revenue from taxation in fair share. Japan also has put concerned on its investment to Asia and promote the international investment climate. As mode of investment, Japan has inbounded the investment in Indonesia through the establishment of subsidiaries which in many proportions has registered as taxpayer in Foreign Investment Tax Service Office. On the implementation of tax treaty, following the Indonesian tax court decision for year 2015-2020, the most proportion of dispute occurred due to interpretation of treaty and the fulfilment of administrative matters. Thefore, both of disputed party need to have similar understanding on how the agreed tax treaty apply to the dynamic of business and each party must comply with the administrative pattern on the tehcnical guidance of the tax treaty implementation.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)
Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.) Tambunan, M., (2024), Notes on Tax Dispute from Missapplicaton of Indonesia-Japan Tax Treaty: A Study Based on Indonesia Tax Court Decision, Global Trade and Customs Journal Vol. 19, Issue 1. (upcoming publication January 2024)
Book (Publisher and Date of the Book, Title and Author of the Book, etc.)