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The New Tax Treaty Indonesia – Singapore

Indonesia and Singapore officially signed a Double Tax Avoidance Agreement (DTAA) or Tax Treaty on 5 February 2020 to update the similar 1990 agreement that came into effect in 1992.

The points of agreement reached can be summarized as follows:

Clause	Current Agreement	Agreement Reached
Government exemption	Tax exemptions for interest received by government institutions.	Tax exemptions for interest received by government institutions, including sovereign wealth funds and their subsidiaries.
Source-state exemption for government-issued bonds or debentures	Regulated.	Deleted.
Royalty	15%.	8% for industrial, commercial or scientific equipment and experience and 10% for other royalties.
Branch Profit Tax	15%	10%.
Exception for oil and gas revenue sharing contracts	Conditional Most Favored Nation (MFN)	Unconditional Most Favored Nation (MFN).
Capital gains	Not regulated.	As in the Organisation for Economic Co-operation and Development (OECD) model, there are clauses for indirect transfer of assets and Indonesia's right to tax the profit from transfers of shares traded on the Indonesian Stock Exchange.
Exchange of Information	Based on 1977 OECD model.	Based on 2017 OECD model.
Anti tax avoidance	Not regulated.	Regulated.

The new DTAA will replace the previous DTAA and will be effective after going through the ratification process in the two countries.

Should you need further information regarding this matter, please do not hesitate to contact us.

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