

PRESS RELEASE

OJK ISSUES REGULATIONS TO SUPPORT AUTOMATIC EXCHANGE OF TAX INFORMATION

Jakarta, March 3, 2017 — The Financial Services Authority (OJK) is preparing a number of regulations concerning the financial services industry to support the Automatic Exchange of Tax Information (AEOI) that will be implemented from September 2018 onwards.

“The OJK, as the authority over financial services institutions, supports implementation of the AEOI in accordance with the applicable legislation,” OJK Chairman Muliaman D Hadad said in his remarks at a national seminar held by the Indonesian Economist Association (ISEI) on Friday (Mar. 3).

Muliaman explained that one instance of the Authority’s support was preparing regulations for financial services institutions so they could submit data about their customers and later this information would be exchanged with similar data from partner countries or jurisdictions for tax purposes.

The AEOI application is expected to bring a lot of benefits for Indonesia, including providing the Government with financial information of Indonesian taxpayers who have invested their funds in partner countries or jurisdictions, based on reciprocal principle.

In addition, such financial information exchange mechanism will encourage the financial sector in Indonesia to prepare for global competition and transform itself into a force to be reckoned with in international financial markets, given that the AEOI policy will be applied soon in other countries.

In relation to the AEOI policy, earlier the OJK issued a regulation, namely OJK Regulation No. 25/POJK.03/2015 concerning Disclosure of Foreign Customers Information in connection with Taxation, to Partner Countries or Jurisdictions.

On top of that, the OJK is drafting further provisions on the AEOI implementation, namely an OJK Circular that particularly regulates about the policy, including how to conduct due diligence on foreign customers and how to submit financial information of foreign customers to the tax authority.

Earlier, the OJK developed a reporting system called foreign customers disclosure system (SiPINA) as a platform for submitting foreign customers’ financial information.

“We finished developing this system at the end of 2016 in order to support the implementation of Foreign Account Tax Compliance Act (FATCA). So, not long after the Government signed an Intergovernmental Agreement (IGA) with the United States government, financial services institutions can fulfill their reporting requirements within the deadline set by the IGA.”

Concerning provisions stated in Laws on Banking and Capital Market, which regulate bank secrecy and confidentiality of customer accounts in Capital Market, Muliawan revealed that the OJK meant to deal with those issues.

He added that amendments would be made to some provisions in both laws. Especially in respect of the banking law's amendment, the Parliament has listed it as one of the legislation programs.

Recently, the OJK together with the Ministry of Finance and Bank Indonesia, had a meeting with the President to discuss the legal obstacles they were facing today and they agreed that government regulations in lieu of laws would be issued as a solution to this problem.

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