

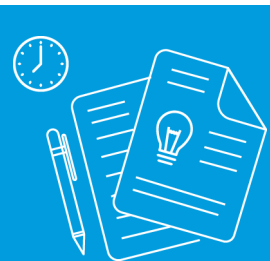


WAKE UP CALL

Welcome to issue 52 of Wake Up Call – RSM Indonesia newsletter covering topics on audit, accounting, business, corporate finance, transaction support, governance, internal control, management, risk, and taxation.

In this issues:

- The future of international tax policy – what is relevant for Indonesia?
- Creating buy-in for data governance program
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The Future of International Tax Policy – What is Relevant for Indonesia?



Ichwan Sukardi, Tax Practice

OECD claims that the world has successfully implemented the two “*big bang*” in international tax developments – the two “*big bang*” being the exchange of information, and delivery of the OECD-G20 Base Erosion and Profit Shifting (“BEPS”) package in 2015. Taxing the digital economy is going to be another “*big bang*” for which all relevant stakeholders have been working really hard to secure the global consensus by 2020.

Angel Muria stated the above in his opening remarks in the 73rd Congress of International Fiscal Association in September 2019. Currently, all global financial centers have participated in the automatic exchange of information through OECD's Common Reporting Standards (“CRS”). Under the CRS, there are more than 4,500 bilateral exchange agreements signed by 90 jurisdictions which were effective 2018. Further, the BEPS final package for reform of the international tax system to tackle tax avoidance has been delivered in 2015, regardless of some issues and doubt.

In addition to the two “*big bang*”, he also addressed the tax challenge arising from digitalization of the economy, as it should be regarded as the third “*big bang*”. Taxing the digital economy is one of the most complex and difficult challenges for all OECD/G-20 countries and their relevant stakeholders. The OECD through the Inclusive Framework on BEPS is mandated to address these challenges by 2020.

There are some issues in relation to unilateral approach in imposing tax to digital economy while waiting for a multilateral agreement being concluded. It is good to note that some countries voluntarily revoked its domestic tax rules which were

inconsistent with the OECD approach. This trend is a positive sign that the OECD members is likely to agree the “nexus” and “profit allocation” rules with a view to come up with an agreed solution by 2020.

The three “*big bang*” in the context of international tax developments have transformed the global tax landscape in recent years. Unilateral actions or policy initiated by a country have also created counter actions from another country.

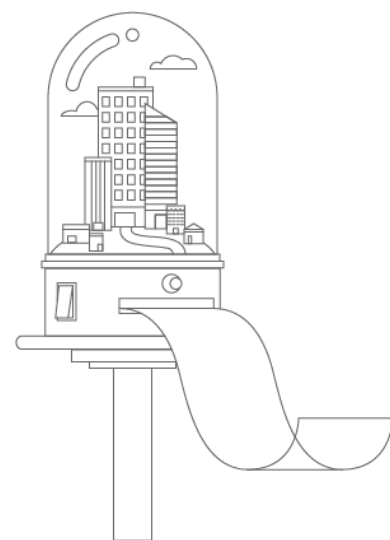
Actions taken by Indonesia?

Indonesia is one of the jurisdictions that signed the Multilateral Competent Authority Agreement, which triggers obligation for Indonesia to submit the first CRS report in 2018. It is our understanding that the Indonesian Tax Authority is currently reviewing the information received and will undertake necessary actions which would ultimately contribute to the increase of national tax revenue.

Out of fifteen BEPS actions, Indonesia has implemented most of actions wherever they are relevant through issuance of regulations in areas such as: Controlled Foreign Corporations, Thin Capitalization Rules, Tax Treaty Abuse, Transfer Pricing, and Multilateral Instrument. Failure to comply with BEPS requirements may

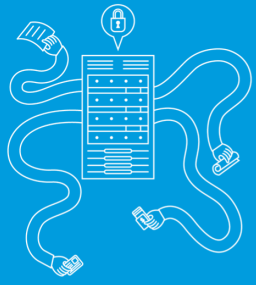
have negative impact on investment – hence Indonesia consistently supports this initiative.

Indonesia as one of the big trading markets has been a victim of the digital economy model which could have lost of significant potential tax revenue. Indonesia has been trying to pave the way to capture revenue opportunities by introducing new policies or challenge certain companies’ “digitalized” business model as being subject to tax in Indonesia.



For further information, please contact:

contact@rsm.id



Creating Buy-In for Data Governance Program



Resdy Benyamin, Consulting Practice

"Data is the new oil. It's valuable, but if unrefined it cannot really be used." – Clive Humby, mathematician.

In this Industry revolution 4.0 era, most organizations harness, processed and stored data electronically across IT systems. As cloud computing is getting more popular, the realization of the potential of the internet of things and the increasing use of big data, data is becoming easier to generate, gather, store and mine for useful information. We could call it "Tsunami of Data". It brings a dire responsibility for organization to ensure that valuable opportunities are leveraged.

To benefit from data, we must learn to value data and data management activities—and cultural change is a major challenge. Even with the best data strategic planning, data governance and management will not succeed unless organization accepts and manages change.

Data management is the approach of actively managing data definitions, quality, privacy, architecture and data life cycle along with the value and risk associated with data. While data governance is the oversight on data management activities to ensure that policy and ownership of data is enforced in the organization. In addition, governance also ensures that data management as a service is sustainable as a function thereby enabling active management of data.

The government is also pointing the importance of data governance. The Government of Indonesia are fully

aware that we are entering a new era of evidence-based policy making. On June 12, President Joko Widodo signed a presidential regulation (Perpres No. 39/2019) on Satu Data Indonesia.

Under the regulation, there is a setting up of an authority consists of a Steering Council, Central Data Supervisory Institution, Central Data Trustee and Central Data producers. The standardized data is based on statistical and geospatial data and has been determined by the Data Supervisor, an institution under the central government that is responsible for data supervision.

Many organizations tend to combine data and information technology. To become a data-centric organization, they need to think differently and recognize that managing data is different from managing IT. Data governance is distinct from IT governance. IT governance deals with decisions about IT investments, the IT application portfolio, and the IT project portfolio. Data Governance focuses exclusively on the management of data assets and of data as an asset.

We should see data governance as a business program. Therefore, it needs to add value to the business. Since data governance is a program dealing with abstract concepts and intangible results, senior level management or the board will not acknowledge the need for data governance. There should be an intrinsic understanding

that the treatment of data as an asset leads to a tightly connected business. Business case for data governance needs to show value. The value must be shown in the form of a tangible direct benefit.

Organizations needs to understand that investment continues beyond a data governance deployment.

If you want the buy-in from the board on the importance of data governance and data management, you should prepare a sound business case that uses business terminology, why is it important and the linkage as well as benefit it brings for business, and point out where the accountability is.

The business case must also address the cultural aspect and correspond the costs and benefits of sustaining the effort while ensuring changes are fully adopted and integrated into organization culture.

It must demonstrate how the data governance programme provides strategic fit with other projects and programmes within the strategic portfolio. In addition, it must identify the proposed initiatives that delivers best social value to society, including wider social and environmental effects.

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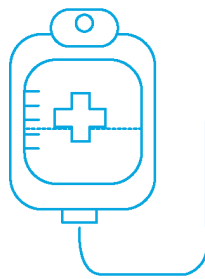
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Our activities



RSM World Day 2019

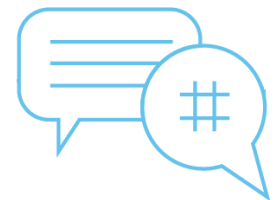
RSM celebrated RSM World Day on 3 October, a global celebration of the network's vision and values. This year theme was 'The Bigger Picture' and at the same date all member RSM from 116 countries shared same vision and enthusiasm. In Indonesia, we celebrated the event by conducting blood donation in corporation with Indonesian Red Cross (PMI) followed by sharing the RSM global update through video presentation by Jean Stephens.



Tax Updates Event



On 13 November 2019, RSM Indonesia held Tax Updates event in Financial Hall Graha CIMB Niaga Jakarta, to discuss about tax audit environment & development, tax incentives in Indonesia, transfer pricing updates and IFRS 71, 72, 73.



The above topics were shared by our Tax and Audit partners. This event was attended by more than 100 people from several industries.

RSM Orb



On 11 December 2019, RSM Indonesia inaugurate the optimal risk-based audit methodology (RSM Orb) in Indonesia. RSM Orb is deployed across more than 100 countries worldwide.

RSM Orb designed with a focus on the middle market. Scales with client complexity to provide a robust, quality audit. Adapts to differing circumstances and your unique business risks. An efficient and innovative technology platform.

RSM Orb enables us to develop a deeper understanding of our clients' business, providing stakeholders with critical insights now and for the future.

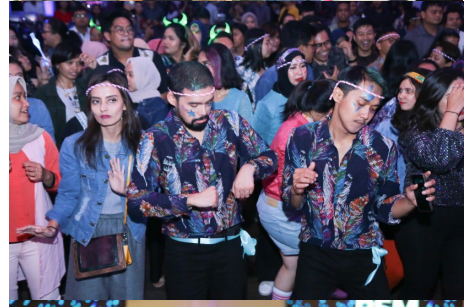
RSM Indonesia received RSM Network Growth Awards

On 14 November 2019 RSM Indonesia received 2 (two) awards in the RSM Network Growth Awards during the 2019 RSM World Conference in Rome, Italy. The awards was received by Chief Executive Partner of RSM Indonesia, Amir Abadi Jusuf.

These awards showed that RSM grow rapidly in Indonesia and bring more recognition for Indonesia in the global landscape.



RSM Disco Night at AAJ Annual Party



Each year we celebrate the end of year with dinner, music, performances from all personnel at RSM Indonesia. Our annual party this year took place at The Pallas and the theme was Disco Night with Diskopanteras as a guest star. There were group performances from our partners and staff. This event is conducted every year as a Firm's activities in appreciating the staff and creating stronger bonds between staff and partners.

Indonesia Facts



Image Source: Wikipedia.com

Barong is a panther-like creature and character in the Balinese mythology of Bali, Indonesia. He is the king of the spirits, leader of the hosts of good, and enemy of Rangda, the demon queen and mother of all spirit guarders in the mythological traditions of Bali. The battle between Barong and Rangda is featured in the Barong dance to represent the eternal battle between good and evil.

Barong animal mask dance, together with sanghyang dance are considered native Balinese dances, predating Hindu influences. The native Indonesians of Austronesian heritage often have similar mask dances that represent either ancestral or natural spirits; an example is Dayak's Hudoq dance. The term barong is thought to have been derived from the local term bahruang, which today corresponds to the Indonesian word beruang which means "bear". It refers to a good spirit, that took the form of an animal as the guardian of forest.

Source : Wikipedia.com

Season's
Greetings
and Happy

2020

RSM

Thank you for reading.

Audit

Tax

Consulting



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For general queries, contact us at contact@rsm.id

RSM Indonesia

Plaza ASIA Level 10
Jl. Jend. Sudirman Kav. 59
Jakarta 12190 Indonesia

www.rsm.id

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