

A stylized, white, cursive signature of the name "Justin".

One of the
RSM team



QUARTER 1 - 2024

WAKE UP CALL

Bringing you the updated news from **RSM Indonesia**

Welcome to issue 68 of Wake Up Call - RSM Indonesia newsletter covering topics on audit, tax and consulting.

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Unlocking Biological Insights with Computation and AI

RESDY BENYAMIN, TECHNOLOGY CONSULTING PRACTICE

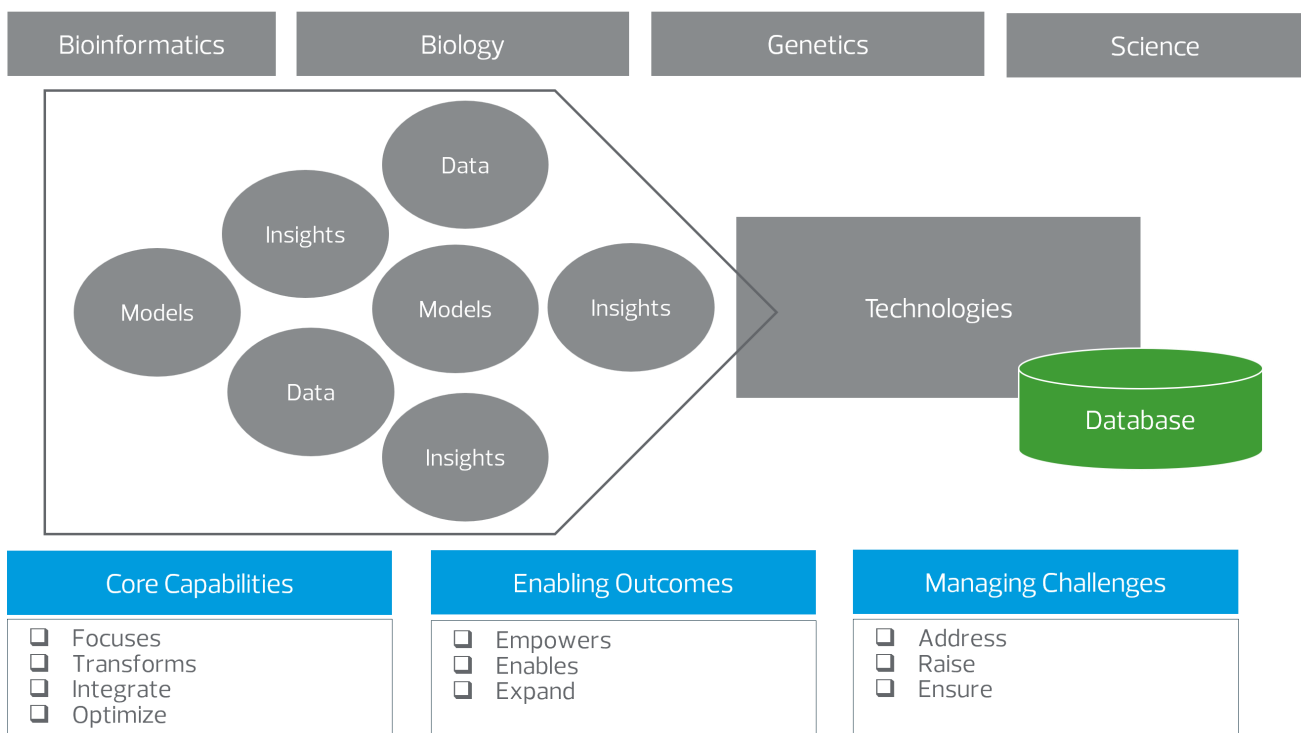
Where Biology and Technology Collide

Bioinformatics is characterized as a cross-disciplinary field encompassing biology, computer science, and information technology that focuses on large-scale management, analysis, and integration of biological data using principles of computation, mathematics, statistics, and artificial intelligence; in contrast, computational biology involves disciplines including biological systems modeling, molecular dynamics simulations, predicting macromolecular structures and interactions, and computational biochemistry reaction

kinetics – while their emphases differ, these two swiftly progressing fields complement each other in deciphering the complexity of biological systems and have profoundly impacted modern life by transforming facets of healthcare and medicine, agriculture and food, environmental conservation, biotechnology industry, and scientific research, with bioinformatics enabling drug and vaccine development, identifying genetic drivers of diseases, and modeling patient risks and prognoses, while computational biology has enhanced disease diagnosis, personalized medicine, and predicting disease outbreak epidemiology.

RESEARCH

- ❑ Bioinformatics brings together biology, technology and computational methods, accelerating insight discovery across healthcare, food systems and environmental domains with profound real-world impact.
- ❑ Integrating and analyzing multidimensional biological data is crucial for knowledge discovery yet increases complexity exponentially; databases and AI solutions connect the dots.
- ❑ Although capabilities are enhanced tremendously, responsible oversight ensuring ethics and wisdom applies science for human benefit remains vital when exclusion and discrimination still persist.



Core Capabilities

- ❑ Focuses
- ❑ Transforms
- ❑ Integrate
- ❑ Optimize

Enabling Outcomes

- ❑ Empowers
- ❑ Enables
- ❑ Expand

Managing Challenges

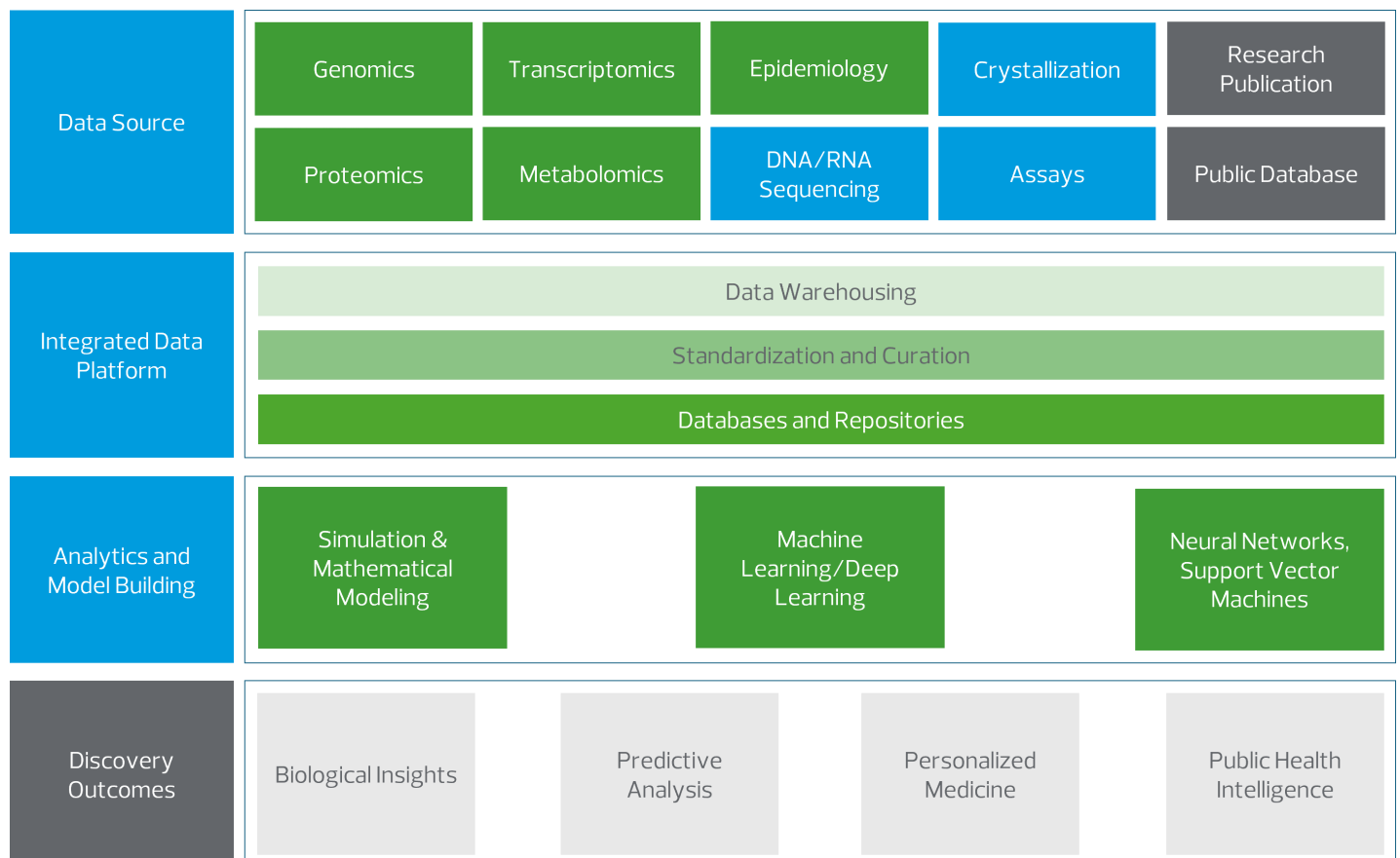
- ❑ Address
- ❑ Raise
- ❑ Ensure

Connecting the Dots: Integrative Analytics for Disparate Biology Data sources

Biological data has immense diversity, spanning raw DNA/RNA nucleotide sequences to structured data from advanced analysis like protein structures, gene expression patterns, metabolism information, and disease epidemiology, with genomic sequencing techniques able to swiftly yield gigabytes of DNA sequence data, while analytical techniques like X-ray crystallography, microarrays, and sophisticated imaging provide additional data including protein structures and gene expression profiles; biological databases organize these massive, diverse datasets for easier user access via online interfaces, employing key database development principles including data scheme design, standardization, curation, and optimized information retrieval, with major public databases like GenBank, PDB, and Uniport already containing millions of data entries from global research, enabling researchers to search and download needed data using the computational capabilities leveraged by these databases.

How AI and Modeling Unlock Deeper Insights Across the Biosciences

Mathematical models have long represented biological processes to elucidate causal links and predict behaviors with stochastic models and differential equations often used to simulate molecular interactions, predict physicochemical attributes, model protein structure formation, and understand metabolic regulation, while neural networks and fuzzy logic models also help decipher genetic regulatory networks and responses; modern computing power further empowers deploying artificial intelligence to train machine learning-based predictive models that analyze diverse biological data – for instance, deep learning has successfully enabled genomic and transcriptomic data analysis for tumor classification or diagnosing genetic diseases and similarly, SVM and neural networks can predict protein interactions; despite the promise of AI in biological research, key ethical issues around accuracy, accountability, and bias merit addressing even amidst rapidly accelerating capabilities.



Bioinformatics Through the Lens of Human Values

Digital genetic data has raised crucial privacy and security issues for individuals, while controversial technologies like gene editing trigger heated ethical debates regarding acceptable human genome modification limits, and there are profound access and justice issues stemming from the expensiveness of genetic disease risk assessments and gene therapies, compounded by public stigma around specific genetic conditions that may spur discrimination; prudent regulations and policies are imperative to ensure ethical applications of these powerful technologies – despite these ethical challenges, projections for bioinformatics and computational biology research remain highly optimistic given innovations on the horizon like RNA therapy, nanoparticles, organ-on-a-chip, or quantum machine learning that could be realized and positively disrupt healthcare, coupled with an understanding that multidisciplinary collaboration and STEM education reforms are critical to push boundaries responsibly and unlock the tremendous, hitherto unimaginable potential of these technologies to enhance human life and global health, if applied with ethics and wisdom.

Extracting Actionable Insights from Multi-dimensional Bioscience Data

At RSM, we recognize the vast potential of bioinformatics and computational biology to propel groundbreaking discoveries that better humanity. As data generation capabilities in genomics, proteomics and other biological domains explode exponentially, sophisticated computational analysis is imperative to unveil meaningful patterns and actionable intelligence.

With experience crafting customized data science solutions, RSM has capability in applying algorithmic approaches like machine learning to derive value from complex biological datasets.

From optimizing experimental research plans to mining multi-omics data for target identification and biomarkers of efficacy, our AI solutions provide enhanced experimentation insights faster, purpose-built for your biological data infrastructure needs.

Although technological capabilities have grown tremendously, realizing bioinformatics' full potential hinges on people and process capabilities too. Our targeted assessments help clients devise customized roadmaps addressing any capability gaps, while our hands-on implementation support ensures smooth execution. We also offer training in leading-edge techniques to continually expand your team's skill sets.



For further information, please contact : inquiry@rsm.id

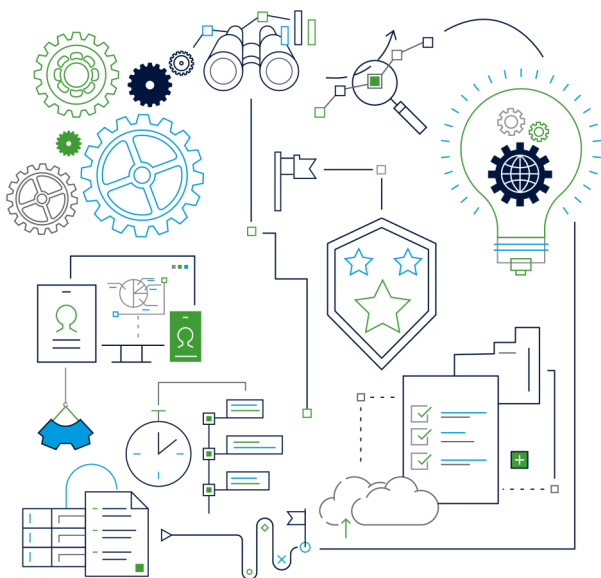
The Importance of Regular Penetration Testing for Digital Companies in Indonesia

ERIKMAN D PARDAMEAN, TECHNOLOGY RISK CONSULTING PRACTICE

In mid-March, Indonesia was rocked by reports of a massive data breach involving one of the country's largest internet service providers. Around 380,000 customer records were reportedly leaked onto the dark web, containing sensitive information such as usernames, email addresses, National Identification Numbers (NIK), Tax Identification Numbers (NPWP), phone numbers, and addresses. Moreover, even global IT service provider FUJITSU fell victim to cyberattacks. On March 15, 2024, FUJITSU acknowledged being targeted by cybercriminals. Several of its systems were found infected with malware, leading to the theft of customer data. Investigations are ongoing to determine how the malware infiltrated the systems and stole the data.

Understanding Penetration Testing

Penetration testing, often termed as pen testing, is a security evaluation activity utilized to scrutinize the security of a system by mimicking attacks as though they were initiated by hackers or malicious entities against the target system, detecting and validating security vulnerabilities.



Recent Regulatory Frameworks and Standards

In Indonesia, a variety of regulations oversee information security assessments for various business sectors, encompassing penetration testing activities. For instance, for commercial banks, primary regulators such as Bank Indonesia and the Financial Services Authority (OJK) have promulgated regulations including:

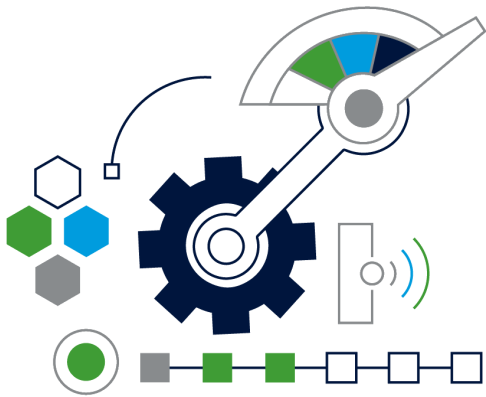
- OJK Regulation, POJK No. 11/POJK.03/2022, on the Implementation of IT by Commercial Banks (POJK PTI)
- OJK Circular Letter, SEOJK No. 21/SEOJK.03/2017, on the Implementation of Risk Management in the Use of Information Technology by Commercial Banks
- OJK Circular Letter, SEOJK No. 29/SEOJK.03/2022, Regarding Cyber Resilience and Security for Commercial Banks
- Bank Indonesia Regulation (PBI) No. 23/6/PBI/2021, regarding Payment Service

Additionally, global information security standards also mandate such assessments within their clauses, including the ISO/IEC 27001 Information Security Management System Standard and the Payment Card Industry Data Security Standard (PCI DSS).

Even as companies strive to prepare for compliance with Indonesia's Personal Data Protection Act, Law Number 27 of 2022 concerning Personal Data Protection (UU PDP), such incidents continue to pose a significant threat. This underscores the need for ongoing vigilance to safeguard their data, including personal information in their custody.

Timing of Penetration Testing

Ideally, penetration testing should be conducted at least annually, commonly referred to as Annual Pentest. This frequency is essential due to the rapid pace of technological evolution and advancements in attack techniques. However, whenever a new application is slated for release, pen testing should precede its public launch, aligning with various regulatory requirements.



CONCLUSION

Even though no system can guarantee complete data security, regular penetration testing remains crucial, even if your company isn't subject to the regulations or standards mentioned earlier. As your company fully embraces digital processes, conducts transactions on digital platforms, or undergoes digital transformation, this proactive measure helps mitigate the risk of future data breaches. Preventing attackers from accessing or exploiting compromised information in the event of a breach is essential.



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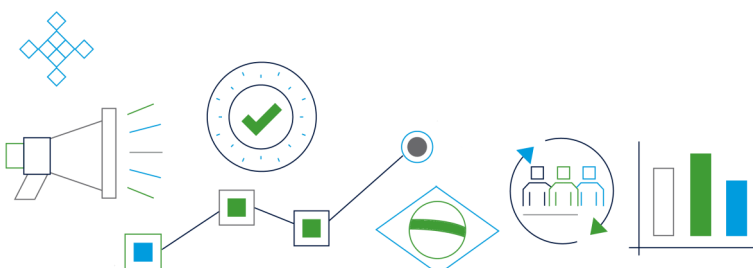
RSM INSIGHT



Despite the increasing use of, and familiarity with, automation and Artificial Intelligence (AI), the robots, it seems, have yet to win us over. Even in roles where humans do not always find a welcoming audience, such as telesales, robots see less success.

However, it does indicate that humans will remain a core part of operations for the foreseeable future.

Click [here](#) to read more.



How to become a business owner:

why you should buy a business instead of starting from scratch

SYAHRIZAL MUSA, CORPORATE FINANCE & TRANSACTION ADVISORY PRACTICE

Becoming a business owner is commonly associated with starting a business. However, another path to entrepreneurship is through acquisition, or purchasing an existing business. While starting a business gives you a blank slate to create exactly what you want, making it operational and profitable can be a difficult process. The riskiest part of starting any new business is figuring out whether a business model will actually work.

On the other hand, there are many benefits to buying an existing business with a proven track record rather than starting a brand new one. Buying a business offers you a foundation to fulfil your entrepreneurial desires and leave your imprint, and it is a radically different career path and lifestyle than starting from scratch (or working for someone). From Day 1, it allows you to lead, make decisions that matter and have a direct impact on your ability to earn.

Momentum

When you're starting a business, one of the core questions founders ask themselves is,

"How are we going to make money?"

Cash flow is the lifeblood of any business, big or small, and competing in a market as a newcomer can be very difficult because founders start with zero customers, zero brand name and zero income. Fortunately, this isn't the case if you're buying an established, existing business.

This idea of momentum extends far beyond a business's financial performance. Buying a business brings established relationships with vendors, customers, and employees. Starting out with the operational systems that presumably made the company attractive enough for you to buy it in the first place removes risks associated with the time and energy spent seeking out, creating and growing these systems incrementally.

Buying a business could also bring you to benchmarks the business with the other competitors.

Likelihood of Success

Most of new businesses don't make it past their first birthday this means that if a business has weathered the test of time, chances are the business found product market fit, was able to generate income and built some sort of sustainable operation. In other words, some of the initial risks that new businesses face has been removed.

What to Consider before Buying a Business:

1. Doing due diligence

What you see on the outside may not be a true picture of how the company is run under the hood. Establishing a thorough due diligence process is essential for spotting potential issues and providing a basis for comparison when evaluating one opportunity to another.

Due diligence is a crucial component in the process of purchasing a business. It refers to the comprehensive investigation and analysis conducted by the acquiring party to assess the target company's financial, legal, operational, and commercial aspects before completing the transaction.

Throughout the due diligence process, the acquiring party typically engages a team of professionals, including financial advisors, legal experts, accountants, industry specialists, and consultants, to conduct the necessary investigations and analysis. The findings from due diligence inform the decision-making process, negotiation of terms, valuation, and the structure of the M&A deal. By identifying and evaluating these risks, you can get informed decisions and develop strategies to mitigate potential post-transaction surprises and uncertainties.

2. Consider your affordability

Buying a business undoubtedly has barriers to entry—the top one likely being capital. Small business lenders often require a minimum of 10% equity injection (i.e., down payment). This means that if you were interested in buying the company for \$1,000,000, you would need a minimum of \$100,000 to commit (oftentimes, half can be in the form of a seller note). This is, of course, oversimplified, and other costs will be incurred (like professional fees and closing fees).

3. Know your interests

If you have a truly unique business idea that you are deeply passionate about, starting a new business may be your only option. However, if you have skills or a general interest that you care about, consider looking into businesses for sale that could be a potential fit. Buying an existing business is a function of where you can best put your skills to use. Especially when you could get a business that fit with your interest.

4. Partner or other shareholder

Other thing to consider is the partner or other shareholder that own the other part of the shareholder's. Selecting the partner of business is a crucial thing to consider when buying a business.



For further information, please contact : inquiry@rsm.id

Happy Eid al-Fitr

Wishing you a peace
and blissful Eid

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How to Reduce Tax Risks after the Transfer Pricing Rule is Amended?

T QIVI HADY DAHOLI, TAX PRACTICE

The Arm's Length Principle (ALP) is accepted as the norm for handling transfer pricing issues. However, because of its intricate process, strategies, and approaches, its adoption frequently leads to disagreements between tax authorities and taxpayers. On December 29, 2023, the government introduced the Minister of Finance Decree No. 172 Year 2023 ("PMKPMK-172") to guarantee legal certainty in the ALP application.

PMKPMK-172 may present substantial obstacles for taxpayers, despite its goals, particularly in relation to the transfer pricing adjustments. These modifications are categorized into three categories: primary, corresponding, and secondary adjustments. A primary adjustment is made by either the tax authority or the taxpayer to the transfer price to reflect the appropriate ALP. The adjustments could lead to double taxation as the same profit would be taxed twice – once by the taxpayer and once by its related party. To mitigate potential double tax, a corresponding adjustment is ideally performed, which involves a downward adjustment of the profit of the taxpayer's related party..

PMKPMK-172 proposes a scenario of over-taxation through the imposition of secondary adjustments. The difference between the ALP and the actual price, after the primary adjustment, is considered as a profit distribution to the related party in the form of a dividend payment. Withholding taxes would be imposed to this secondary adjustment, in the form of a constructive dividend.

PMK-172 adds also the Value Added Tax (VAT) as part of the adjustments, which makes matters more confusing. The VAT is imposed to the adjustments. Unfortunately, the input VAT from the adjustment cannot be recovered by the buyer. The over-taxation

may arise from the combination of primary, secondary, and VAT adjustments resulting from the application of ALP. The taxpayer will incur heavy compliance costs as a result, in addition penalty for underpaying taxes.

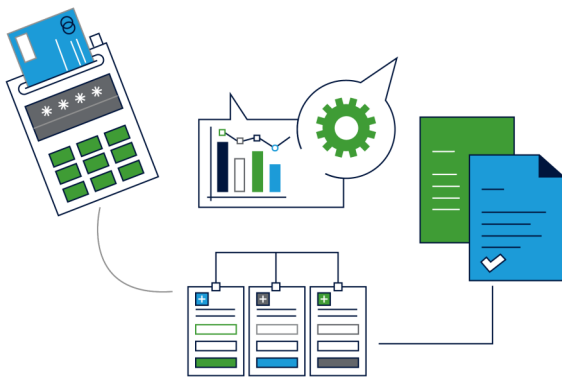
Lessening the possibility of transfer pricing adjustments is the best way to decrease the risk of over-taxation. This can be accomplished by preparing thorough and reliable transfer pricing documentation, making sure that every intra-group transaction is promptly documented, compliant with the ALP – all in timely manner.

When the tax authority makes the primary adjustment, taxpayers could feel pressured to accept the tax audit results, as they must give up on any legal proceedings. Further, the taxpayers are required to return to the affiliate of any discrepancy amount from the non-arm's length component of the actual price. This strategy is necessary to prevent over-taxation, which arises when secondary adjustments are imposed. This strategy is not ideal, though, as it would deny taxpayers the ability to resolve their tax disputes, and may not shield them against disproportionate primary adjustments.

The Advance Pricing Agreement ("APA") could be the best option to mitigate any potential adjustments made by the tax authority. The APA is an agreement between the taxpayers and the Directorate General of Taxes ("the DGT") to ascertain the arm's length price upfront. If the transactions are covered by the APA, and the taxpayers and the DGT are abiding the terms and conditions of the agreements. Obtaining an APA protects the taxpayers against transfer pricing adjustments during the period of the agreement. Taxpayers can also apply for bilateral and multilateral APA.

The Mutual Agreement Procedure (MAP) of the tax treaty mechanism is another method for resolving tax disputes. Transfer pricing is one of the tax treaty provisions that can be resolved through MAP. In addition to domestic remedies like objections and appeals, it acts as an alternate dispute resolution process for taxpayers. MAP has several benefits, because of its win-win strategy, there is a good chance that the two authorities will agree on a transfer pricing case, completely removing the possibility of double taxes.

In Indonesia, the APA and MAP are being underutilized despite their many benefits. Data from pajak.go.id/apa-map show that, on average, the DGT received 17 MAP cases and 13 APA cases annually between 2016 and 2022. This low number raises the possibility that taxpayers are not taking full advantage of these procedures or are not completely aware of them. It is imperative that taxpayers consider all the tools and methods at their disposal, given the possible obstacles that the new legislation may present. With their capacity to reduce uncertainty and guarantee taxes, APA and MAP may come in rather handy while negotiating the intricacies of Indonesia's changing transfer pricing laws.



For further information, please contact : inquiry@rsm.id



INDONESIA FACTS

THE SASANDO – traditional musical instruments

The Sasando, also called Sasandu from Sandu or Sanu is a tube zither, a harp-like traditional music string instrument native to Rote Island of East Nusa Tenggara (NTT), Indonesia.

The name Sasando is derived from the Rote dialect word "Sasandu", which means "Vibrating" or "Sounded Instrument". It is believed that The Sasando had already been known to the Rote people since the 7th century. The main part of The Sasando is a bamboo tube that serves as the frame of the instrument that have 28 (sasando engkel) or 56 strings (double strings).

The stringed bamboo tube is surrounded by a bag-like fan of dried lontar or palmyra leaves (Borassus flabellifer), which functions as the resonator of the instrument. The Sasando is played with both hands reaching into the strings of the bamboo tube through opening on the front. The player's fingers then pluck the strings in a fashion like playing a harp or kacapi. Nowadays, The Sasando is developed using electricity, so even though this musical instrument is included in the traditional category, it can keep up with increasingly modern developments.



Source: wikipedia

RSM INDONESIA PUBLICATIONS

RSM Indonesia Client Alert RSM

This publication is part of our newsletter. It is published when there is a new technical issue that we would like to share.

ARTICLE 21 WITHHOLDING TAX RATES ON INCOME EARNED FROM EMPLOYMENT OR SERVICE ACTIVITIES

Article 21 Withholding Tax Rates on Income Earned from Employment or Service Activities.

RSM Indonesia Client Alert RSM

This publication is part of our newsletter. It is published when there is a new technical issue that we would like to share.

REVISED REGULATION FOR THE IMPLEMENTATION OF THE ARM'S LENGTH PRINCIPLE IN INDONESIA

Revised Regulation for the Implementation of the Arm's Length Principle in Indonesia.

RSM Indonesia Client Alert RSM

This publication is part of our newsletter. It is published when there is a new technical issue that we would like to share.

GUIDELINES FOR THE IMPLEMENTATION OF ARTICLE 21/26 WITHHOLDING TAX ON INCOME EARNED BY INDIVIDUALS FROM EMPLOYMENT, SERVICES OR ACTIVITIES

Guidelines for the Implementation of Article 21/26 Withholding Tax on Income Earned by Individuals From Employment, Services or Activities.

Click [here](#) to read more on our publication – Client Alert

OUR ACTIVITIES

RSM GLOBAL FINANCIAL RESULT

In the beginning of this year, RSM is proud to announce 16% growth worldwide and record US\$ 9.4 billion revenues.

With a 13% increase in global headcount, RSM is dedicated to developing an unrivalled, inclusive culture and talent experience, believing investment in both people and technology to be critical to sustained growth and delivering rich, personalized client experiences.



RSM INDONESIA ANNIVERSARY

Health check and health talk 6–8 March 2024

In conjunction with RSM Indonesia 39th anniversary, we held a 2 –days health check and health talk on healthy lifestyle and mental health awareness. The event was conducted in our offices, Jakarta and Surabaya.

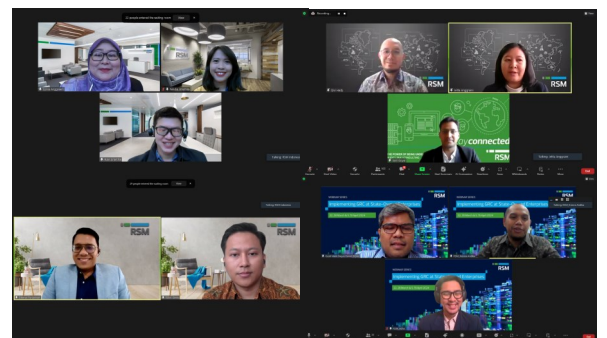
We believe that our people's health is important, both physical and mental. Supporting these activities is one of our commitment to maintain a healthy and well-being work-place.



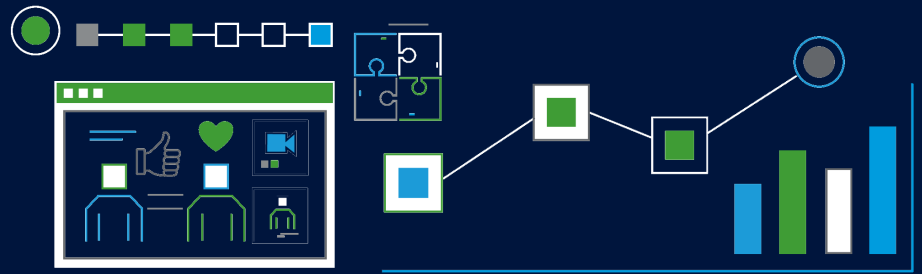
RSM INDONESIA WEBINAR

We successfully conducted several tax and consulting webinars during the first quarter of this year. More than 100 participants attended each webinar. During these webinar, we also had a discussion with participants related the webinar topic in Q&A session. The webinars were delivered by our Senior Manager and Partners.

Our past webinars also can be watched on our YouTube channel. See you at our next webinar!



Thank you
for reading



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