

WAKE UP CALL

BRINGING YOU THE UPDATED NEWS
FROM **RSM INDONESIA**

QUARTER III – 2026

Welcome to the 78th issue of Wake Up Call.
RSM Indonesia newsletter covering topics on audit, tax and consulting.

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FROM SUSTAINABILITY REPORTING TO TRUSTED INFORMATION: UNDERSTANDING ISSA 5000

Tyas Widiанти & August Christian, Audit Practice

Climate change, social impacts, and governance are increasingly becoming part of business decision-making. Investors, regulators, and society want to know not only how companies generate profits, but also how they manage their sustainability-related impacts and risks. As this need grows, so does the importance of reliable sustainability information—and the question of whether the information reported can be trusted.

A sustainability report may look comprehensive, but that does not necessarily mean it provides sufficient information for its intended users. The question, therefore, is: how much confidence can users place in the information when making decisions? This is where sustainability assurance plays an important role.

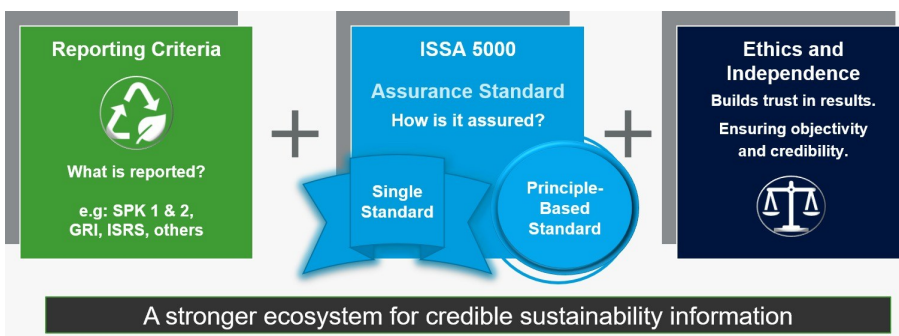
Why Does Sustainability Assurance Matter?

Sustainability assurance is an engagement designed to enhance the confidence of intended users in sustainability information. The practitioner provides an opinion or conclusion based on evidence obtained, rather than simply confirming that a report appears complete or follows a particular format.

Assurance does not mean that the practitioner guarantees every piece of sustainability information is free from error. Its objective is to obtain reasonable assurance or limited assurance about whether the information is free from material misstatement, and to communicate the result in a written report.

The Emergence of ISSA 5000

To support the consistency and quality of these engagements, the International Auditing and Assurance Standards Board (IAASB) issued the **International Standard on Sustainability Assurance (ISSA) 5000**. The standard provides a framework for assurance engagements over sustainability information, whether prepared under a reporting framework or other suitable criteria.



A key feature of ISSA 5000 is that it is a single, principle-based standard. Rather than prescribing one fixed set of procedures for every engagement, it establishes principles and requirements that practitioners apply through professional judgment. This allows the nature, timing, and extent of procedures to be tailored to the circumstances of the engagement, including the entity's characteristics, the complexity of the information, and the level of assurance provided.



What Does It Cover?

ISSA 5000 applies to different forms of sustainability information, both quantitative and qualitative. It also covers reasonable assurance and limited assurance engagements, and can be applied to both listed entities and entities other than listed entities.

Sustainability assurance is therefore not limited to one type of report or one particular topic. An engagement may cover an entire sustainability report, selected information, a specific topic, or a particular aspect of a topic, depending on the agreed scope.

Accountability Already Exists

One of the distinctive features of sustainability assurance is the variety of information involved. In addition to figures and indicators, practitioners may examine narratives, targets, policies, and disclosures about sustainability-related impacts and risks.



The process therefore requires an understanding of the entity, risk assessment, materiality considerations, and evaluation of relevant evidence. These activities form part of an end-to-end engagement, from acceptance and continuance through to reporting.

Building Stronger Confidence

Ultimately, sustainability assurance is not only about issuing an assurance report. Confidence is built through a supporting ecosystem: **a suitable reporting framework, robust assurance standards, and relevant ethical and independence requirements.** Together, these elements help make sustainability information relevant, reliable, credible, and comparable.

ISSA 5000 Adoption in Indonesia

In Indonesia, **SAKb 5000 adopts ISSA 5000**, issued by the International Auditing and Assurance Standards Board (IAASB), and is aligned with the Indonesian regulatory framework and assurance practices. The standard is intended to provide a comprehensive framework for practitioners in performing sustainability assurance engagements and to support the consistent delivery of high-quality assurance.

As part of the adoption process, the Indonesian Institute of Public Accountants (IAPI) approved the issuance of the **Exposure Draft (ED) SAKb 5000 – General Requirements for Sustainability Assurance Engagements on 20 July 2026** for public consultation. This development marks an important step toward establishing a locally applicable framework for sustainability assurance in Indonesia.

Ultimately, sustainability assurance is not just about checking a report, but about building confidence in information that is becoming increasingly important to the future of business.



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

INDONESIA'S GLOBAL MINIMUM TAX: REGISTRATION, FILING, AND DISCLOSURE OBLIGATIONS NOW FIXED

T Qivi Hady Daholi, Tax Practice

Indonesia has implemented the global minimum tax. Minister of Finance Regulation No. 136 of 2024 took effect on 1 January 2025 and adopts the OECD/G20 GloBE Rules into Indonesian law. Groups with consolidated revenue of at least EUR 750 million in at least two of the four preceding financial years are within scope, and for those groups FY2025 was the first year of application.

What was previously missing were the administrative procedures. DGT Regulation No. PER-6/PJ/2026 has now set out how in-scope groups register, what they file, and when payment falls due. The obligations arising from FY2025 therefore have fixed dates, the first of which is 30 September 2026.

The Important Dates

Registration is the first obligation. An in-scope group must apply to be registered as a GloBE taxpayer within nine months of the end of its first application year, which is 30 September 2026 for a group with a December year-end.

Top-up tax must be paid by 31 December 2026, before the return is filed. Payment therefore precedes filing, and the amount remitted in December will be based on the computation available at that time.

The returns are due four months after the GloBE tax year ends, with an extension of up to two months available in the first year. PER-6 provides for three separate returns: a GloBE annual income tax return, a DMTT annual income tax return for each constituent entity, and a UTPR annual income tax return where top-up tax has been allocated to Indonesia. The GloBE Information Return, in OECD XML format, is due on 30 June 2027, eighteen months after the end of the transition year. For subsequent years the period is fifteen months.

Who files the GloBE Information Return

In most groups the ultimate parent entity files the GloBE Information Return (GIR) in its own jurisdiction, or the group appoints a designated filing entity to do so. Where that occurs, Indonesian constituent entities are not required to file.

The exemption is conditional. It applies only where the return is filed in a jurisdiction that has a qualifying competent authority agreement (QCAA) in force with Indonesia for the exchange of that return. The relevant question is whether Indonesia will receive the return, not whether it has been filed elsewhere.

Several situations fall outside the exemption:

- The ultimate parent jurisdiction may not have implemented Pillar Two or may not require an information return
- The ultimate parent may require one but no exchange arrangement with Indonesia being in force; or
- A group may also have not appointed a designated filing entity other than Indonesian entity.

In those circumstances the obligation falls on the Indonesian constituent entity, which must file the group's complete GIR locally with the DGT in OECD XML format. Where a group has more than one Indonesian constituent entity, one may be appointed to file on behalf of the others.

The Financial Statements are Already Affected

While the filings fall due in 2026 and 2027, the financial reporting requirements applied earlier. PSAK 212, the accounting treatment for income tax, was amended for International Tax Reform: Pillar Two Model Rules with effect from 1 December 2023, consistent with the equivalent amendment to IAS 12. The disclosure requirements apply to FY2025 financial statements.

Two requirements operate together:

A mandatory temporary exception prohibits the recognition and disclosure of deferred tax assets and liabilities arising from Pillar Two income taxes.

current tax arising under Pillar Two is recognized in the normal way and must be disclosed separately.

Deferred tax unrelated to top-up taxes continues to be recognized and measured as before, and continues to form part of the GloBE calculation through the total deferred tax adjustment.

Because the return will not be filed until 2027, the amount recognized in the FY2025 accounts is an estimate prepared in advance of the final computation. Auditors are requesting the supporting calculations and the evidence for any safe harbour position relied upon. Groups that have not prepared that documentation should do so now, for FY 2025 onwards.

The OECD Side-by-Side Package and Expected Changes to PMK 136

On 5 January 2026 the OECD Inclusive Framework agreed the Side-by-Side Package. It permits a group whose ultimate parent is located in a jurisdiction operating a qualified side-by-side regime to elect to treat top-up tax as deemed zero for IIR and UTPR purposes, for fiscal years beginning on or after 1 January 2026. Qualification requires that jurisdiction to operate both an eligible domestic and an eligible worldwide tax system, to grant foreign tax credit for qualified domestic minimum top-up taxes on equivalent terms, and to have enacted those systems before 1 January 2026. In practice the measure applies to groups headed in the United States.

The package does not affect qualified domestic minimum top-up taxes. Indonesia's DMTT continues to apply to low-taxed Indonesian profit irrespective of the parent jurisdiction or any election the group makes, and information return obligations are unchanged. The effect in Indonesia is confined to the scope of the UTPR as it applies to US-parented groups.

It is expected that PMK 136 or its implementing regulations to be amended to accommodate the side-by-side system. Until an amendment is issued, the relief should not be treated as available under Indonesian law, since the DGT will apply the domestic regulation as it currently stands. We will report further when an amendment is published.

Recommended Actions

Groups should confirm their scope position and map all constituent entities, including Indonesian entities within foreign-parented groups. Registration should be completed before 30 September 2026. The filing position for the information return should be documented in writing, a local filing entity appointed where the obligation falls to Indonesia, and the notification prepared in either case. The FY2025 & 2026 disclosure which estimates the impact of GMT should be agreed with the group reporting team and the auditors in advance, supported by the computation file and the safe harbour evidence.



PERMANENT ESTABLISHMENT RISK DUE TO REMOTE WORKERS

Nicholas J Graham, Business Services Practice

As we approach year-end employees might be turning their thoughts to holidays. Some might be looking for a “change of scene”. Perhaps an extended holiday combined with remote work. Depending on the role and employee's performance, agreeing to a request for work from anywhere aka WFA or a working holiday might be a great option for employee retention. Or it might be a way to access talent that is not available in the country where the entity is resident.

However, what might be a win for talent retention might create unforeseen consequences if the WFA flexibility creates a permanent establishment (PE) with resultant tax obligations for the employer.

From an Indonesian tax perspective, the likelihood that foreign employees that WFA in Indonesia create a PE for their foreign employer depends on:

1. whether that employer is resident in a country that has concluded a double tax agreement with Indonesia (DTA), and if so
2. the nature and extent of the activities performed by that employee

Generally, if the foreign employer cannot rely on a DTA then the risk of a PE is quite high since the relevant criteria is whether there is a fixed place of business through which activities are conducted (and it is not necessary that the activities are revenue producing).

If the foreign employer can rely on a DTA then more careful analysis is necessary. This analysis should take into consideration ‘The 2025 Update to the OECD Model Tax Convention’ (the OECD Commentary).

The analysis starts with assessing the level of permanence – is it a “fixed” place? If there is no permanence (e.g. if an employee only stays in Bali for two weeks every two to three months) then that is unlikely to create a PE irrespective of the activities.

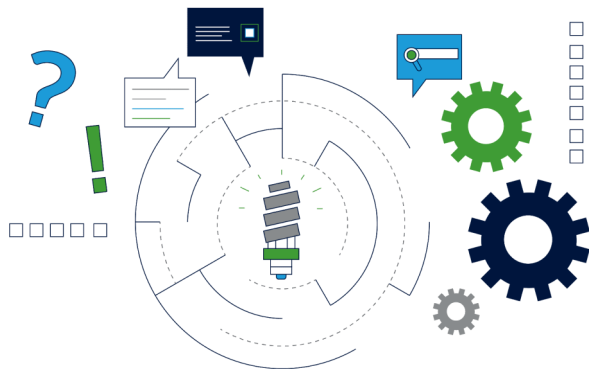
If there are indications of permanence then the next question is whether the foreign employer has a right to use the location where the employee lives or works. This could exist if an employer pays for a home office or reimburses the employee for a suite in a co-work office. However, the fact the employee creates a dedicated workspace at their holiday rental does not mean it is “available” for the employer. This is where the OECD Commentary becomes important to assess whether there might be a place of business even if there is no space “available” for the employer.

The OECD Commentary adds 2 additional tests that need to be met otherwise there is no PE (unless other facts circumstances indicate otherwise):

1. does the employee spend at least 50% of their working time during any 12 month period in Indonesia and, if so
2. is there a commercial reason for the employee to work in Indonesia



Notwithstanding the above, even if these tests are satisfied, there will not be a PE provided the activities performed are preparatory or auxiliary in nature and the provisions of the DTA exclude these activities from creating a PE.



So without pouring water on the fire of WFA freedom, employers should carefully consider if the employee's request for an extended working holiday creates unforeseen tax consequences. And, as a final note, even if the working holiday does not create a PE for the employer, the care-free employee should remember an extended stay might create tax residence issues for them. Happy holidays!



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

RSM INDONESIA PUBLICATIONS

We issued 2 Client Alert publications during 3rd quarter of 2026.

- PP 33/2026: Six Implementation Priorities before 16 January 2027
- New Requirements for Appointing a Tax Power of Attorney (*Kuasa Pajak*)

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



NEWSFLASH



CONGRATULATIONS

ANGELA SIMATUPANG

Senior Partner & Chief Strategy Officer, RSM Indonesia

on her election as

Vice President II

Asian Confederation of Institutes
of Internal Auditors (ACIIA) 2026/2027



OUR ACTIVITIES

RSM INDONESIA CHARITY GOLF TOURNAMENT

On 4 July 2026, we hosted RSM Indonesia Charity Golf Tournament at Sentul Highlands Golf Club, bringing together approximately 70 participants for a day of golf, networking, and meaningful connections.

Beyond the game, the event was also an opportunity to give back through a charitable contribution supporting children and the community.

Thank you to all participants for making the day a memorable one—on and off the course!



CELEBRATING INDONESIA'S 80TH INDEPENDENCE DAY

This year's Independence Day celebration brought the RSM Indonesia employees together to honor the spirit of unity and patriotism. The flag ceremony was a meaningful reminder of our shared pride in the nation and our commitment to standing together as one team.

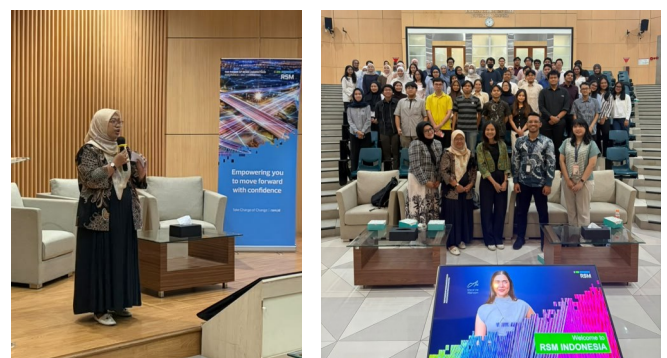
Fun games also brought laughter and excitement, giving colleagues a chance to enjoy each other's company and celebrate the spirit of independence together.



RSM INDONESIA GOES TO CAMPUS

On 25 September 2026, we took part in a Campus Recruitment event at Universitas Indonesia, attended by nearly 70 students. Events like these highlight our dedication to engaging with future professionals and empowering them to grow as they take the next step in their career journey with RSM Indonesia.

We look forward to seeing you at our next Campus Recruitment event!



OUR ACTIVITIES

RSM INDONESIA ECONOMIC SEMINAR

On 2 September 2026, we hosted a seminar themed **Indonesia's New Economic Reality: What's Changing and What It Means for Business** at Soehanna Hall, The Energy Building, bringing together nearly 100 professionals from various industries.

In this seminar, we provided insights into key economic shifts, emerging opportunities, and their implications for businesses as they navigate an evolving landscape and prepare for what lies ahead.



RSM INDONESIA AT IIA NATIONAL CONFERENCE 2026

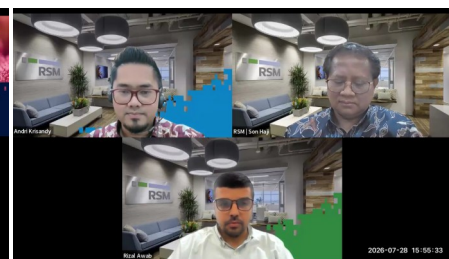
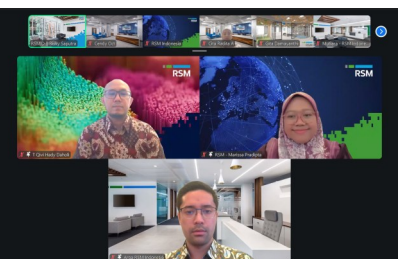
On 19–20 August 2026, we took part in the IIA National Conference 2026 in Surabaya, which explored the theme **Beyond Assurance: From Compliance to Confidence**, attended by more than 600 participants from various industry and sector.

The conference was a great opportunity to exchange insights on how Internal Audit is evolving beyond traditional assurance and compliance, with discussions on emerging risks, technological disruption, and the profession's growing role in building organizational resilience and confidence.



RSM INDONESIA WEBINAR

During the 3rd quarter of 2026, we held four webinars covering timely tax topics, including tax disputes, financial sector tax updates, and GMT disclosure under PSAK 212, attracting approximately 150–200 participants each webinar. We look forward to welcoming you at our upcoming webinars!



OUR ACTIVITIES

INDONESIA FACTS

MEPANDES — Indonesian Cultural Tradition

Mepandes, also known as the Balinese tooth-filing ceremony, is a traditional Hindu ritual marking the transition from childhood to adulthood. During the ceremony, the upper front teeth, particularly the canines, are carefully filed. The ritual symbolizes controlling six negative human traits, known as Sad Ripu, including desire, anger, greed, jealousy, arrogance, and confusion.

Mepandes includes prayers, traditional attire, offerings, and family gatherings. It represents spiritual purification, maturity, and readiness for adult responsibilities.



Thank you for reading



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