

Permanent Business Establishment in Indonesia

The Government of the Republic of Indonesia recently issued Minister of Finance Regulation No. 35/PMK.03/2019 (“**Regulation 35/2019**”) on The Determination of a Permanent Business Establishment (BUT). An increase in the number of cross border business models used in practice which involve foreign tax subjects was one of the reasons why the MOF issued Regulation 35/2019 to provide legal certainty for foreign tax subjects doing business in Indonesia through a BUT regarding their Indonesian tax rights and obligations.

Regulation 35/2019 was drawn up with reference to international practice and benchmarks and came into effect on 1 April 2019. A brief summary of its major provisions is provided in the link below.