

**DOUBLE TAXATION**

**Taxes on Income**

**Protocol Between the  
UNITED STATES OF AMERICA  
and INDONESIA**

**Amending the Convention of July 11, 1988**

Signed at Jakarta July 24, 1996



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966  
(80 Stat. 271; 1 U.S.C. 113)—

“. . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

## INDONESIA

### Double Taxation: Taxes on Income

*Protocol amending the convention of July 11, 1988.*  
*Signed at Jakarta July 24, 1996;*  
*Transmitted by the President of the United States of America*  
*to the Senate September 4, 1996 (Treaty Doc. 104-32,*  
*104<sup>th</sup> Congress, 2d Session);*  
*Reported favorably by the Senate Committee on Foreign Relations*  
*September 25, 1996 (Senate Executive Report No. 104-36,*  
*104<sup>th</sup> Congress, 2d Session);*  
*Advice and consent to ratification by the Senate*  
*September 28, 1996;*  
*Ratified by the President November 1, 1996;*  
*Ratified by Indonesia December 6, 1996;*  
*Exchange of Diplomatic Notes at Washington*  
*December 23, 1996;*  
*Entered into force December 23, 1996.*

PROTOCOL AMENDING THE CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME, WITH A RELATED PROTOCOL AND EXCHANGE OF NOTES SIGNED AT JAKARTA ON THE 11TH DAY OF JULY, 1988

The Government of the United States of America and the Government of the Republic of Indonesia, desiring to conclude a protocol to amend the Convention between the Government of the United States of America and the Government of the Republic of Indonesia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, with a related protocol and exchange of notes signed at Jakarta on the 11th day of July, 1988, have agreed as follows :

Article 1

1. Paragraph 2 of Article 11 of the Convention shall be deleted and replaced by the following :

"However, if the beneficial owner of the dividends is a resident of the other Contracting State, the tax charged by the first-mentioned State may not exceed :

(a) 10% of the gross amount of the dividends if the beneficial owner is a company that owns directly at least 25% of the voting stock of the company paying the dividends;

(b) 15% of the gross amount of the dividends in all other cases."

2. Paragraph 4 of Article 11 of the Convention shall be deleted and replaced by the following :

"Where a company which is a resident of a Contracting State has a permanent establishment in the other Contracting State, that other State may impose an additional tax in accordance with its law on the profits attributable to the permanent establishment (after deducting therefrom the company tax and other taxes on income imposed thereon in that other State) and on interest payments allocable to the permanent establishment, but the additional tax so charged shall not exceed 10%."

## Article 2

Paragraph 2 and 3 of Article 12 of the Convention shall be deleted and replaced by the following:

- "(2) The rate of tax imposed by one of the Contracting States on interest derived from sources within that Contracting State and beneficially owned by a resident of the other Contracting State shall not exceed 10% of the gross amount of such interest.
- (3) Notwithstanding paragraphs 1 and 2, interest arising in one of the two States shall be taxable only in the other State to the extent that such interest is derived by :
- (i) The Government of the other State, including political subdivisions and local authorities thereof; or
  - (ii) the Central Bank of the other State; or
  - (iii) a financial institution owned or controlled by the Government of the other State, including political subdivisions and local authorities thereof."

## Article 3

Paragraph 2 of Article 13 of the Convention shall be deleted and replaced by the following :

- "(2) The rate of tax imposed by a Contracting State on royalties derived from sources within that Contracting State and beneficially owned by a resident of the other Contracting State shall not exceed 10% of the gross amount of royalties described in paragraph 3. "

## Article 4

This Protocol shall be an integral and inseparable part of the Convention between the Government of the United States of America and the Government of the Republic of Indonesia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, with a related protocol and exchange of notes signed at Jakarta on the 11th day of July, 1988.

## Article 5

This Protocol shall be subject to ratification and instruments of ratification shall be exchanged as soon as possible. It shall enter into force on the date of exchange of the instruments of ratification. The provisions shall for the first time have effect for amounts paid or credited on or after the first day of the second month next following the date on which the Protocol enters into force.

In witness whereof, the undersigned, duly authorized thereto by their respective Governments, have signed this Protocol.

Done at Jakarta, in duplicate, in the English language, this 24th day of July, 1996.

For the Government of  
the United States of America

For the Government of  
the Republic of Indonesia

Warren Christopher

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