



REPUBLIK INDONESIA

AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF INDONESIA AND THE GOVERNMENT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE
PEOPLE'S REPUBLIC OF CHINA FOR THE AVOIDANCE OF
DOUBLE TAXATION AND THE PREVENTION OF FISCAL
EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the Republic of Indonesia and the Government of the
Hong Kong Special Administrative Region of the People's Republic of
China;

Desiring to conclude an Agreement for the avoidance of double taxation
and the prevention of fiscal evasion with respect to taxes on income;

Have agreed as follows:

CHAPTER I
SCOPE OF THE AGREEMENT

Article 1

PERSONS COVERED

This Agreement shall apply to persons who are residents of one or both of the Contracting Parties.

Article 2

TAXES COVERED

1. This Agreement shall apply to taxes on income imposed on behalf of a Contracting Party or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.
3. The existing taxes to which this Agreement shall apply are:
 - (a) in the case of the Hong Kong Special Administrative Region,
 - (i) profits tax;
 - (ii) salaries tax; and
 - (iii) property tax;whether or not charged under personal assessment;

(b) in the case of the Republic of Indonesia,
the income tax.

4. This Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes, as well as any other taxes falling within paragraphs 1 and 2 of this Article which a Contracting Party may impose in future. The competent authorities of the Contracting Parties shall notify each other of any significant changes that have been made in their respective taxation laws.
5. The existing taxes, together with the taxes imposed after the signature of this Agreement, are hereinafter referred to as "Hong Kong Special Administrative Region tax" or "Indonesian tax", as the context requires.

CHAPTER II DEFINITIONS

Article 3

GENERAL DEFINITIONS

1. For the purposes of this Agreement, unless the context otherwise requires:
 - (a) (i) the term "Hong Kong Special Administrative Region" means any territory where the tax laws of the Hong Kong Special Administrative Region apply;

- (ii) the term "Indonesia" comprises the territory of the Republic of Indonesia as defined in its laws, and parts of the continental shelf, exclusive economic zone and adjacent seas over which the Republic of Indonesia has sovereignty, sovereign rights or jurisdiction in accordance with the United Nations Convention on the Law of the Sea 1982;
- (b) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
- (c) the term "competent authority" means:
 - (i) in the case of the Hong Kong Special Administrative Region, the Commissioner of Inland Revenue or his authorized representative;
 - (ii) in the case of Indonesia, the Minister of Finance or his authorized representative;
- (d) the term "Contracting Party" or "Party" means the Hong Kong Special Administrative Region or Indonesia, as the context requires;
- (e) the terms "enterprise of a Contracting Party" and "enterprise of the other Contracting Party" mean respectively an enterprise carried on by a resident of a Contracting Party and an enterprise carried on by a resident of the other Contracting Party;
- (f) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting Party except when the ship or aircraft is operated solely between places in the other Contracting Party;

- (g) the term "national", in relation to Indonesia means:
 - (i) any individual possessing the nationality of Indonesia; and
 - (ii) any legal person, partnership or association deriving its status as such from the laws in force in Indonesia;
 - (h) the term "person" includes an individual, a company, a partnership and any other body of persons;
 - (i) the term "tax" means the Hong Kong Special Administrative Region tax or Indonesian tax, as the context requires.
2. In this Agreement, the terms "Hong Kong Special Administrative Region tax" and "Indonesian tax" do not include any penalty or interest imposed under the laws of either Contracting Party relating to the taxes to which this Agreement applies by virtue of Article 2.
3. As regards the application of this Agreement at any time by a Contracting Party, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that Party for the purposes of the taxes to which this Agreement applies, any meaning under the applicable tax laws of that Party prevailing over a meaning given to the term under other laws of that Party.