

Comparative Analysis of Mutual Agreement Procedure (MAP) Regulations in Indonesia, Singapore, Japan, and Australia within the OECD BEPS Action 14 Framework

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Abstract

The increasing number of international tax disputes resulting from double taxation and Base Erosion and Profit Shifting (BEPS) has strengthened the importance of effective dispute resolution mechanisms. In response, the Organisation for Economic Co-operation and Development (OECD) introduced BEPS Action 14 to establish minimum standards for improving the effectiveness of the Mutual Agreement Procedure (MAP). This study aims to analyze the conformity of Indonesia's MAP regulations with the OECD BEPS Action 14 Minimum Standard and to compare Indonesia's regulatory framework with those of Singapore, Japan, and Australia. The research employs a normative juridical approach supported by statutory, comparative, historical, and conceptual analyses. Data were collected through library research, including legislation, tax treaties, OECD reports, MAP Peer Review Reports, and relevant academic literature. The findings indicate that Indonesia has substantially incorporated the OECD minimum standards through Minister of Finance Regulation No. 172/PMK.03/2023. However, challenges remain regarding procedural transparency, taxpayer accessibility, institutional capacity, and the timeliness of dispute resolution, with several cases exceeding the OECD's recommended 24-month resolution period. Compared with Singapore, Japan, and Australia, Indonesia demonstrates relatively lower performance in implementing an effective MAP framework. These shortcomings affect tax certainty, taxpayer protection, and Indonesia's compliance with international commitments under tax treaties. The study recommends strengthening the national regulatory framework, improving transparency and administrative procedures, enhancing the capacity of the Competent Authority, and adopting international best practices to increase the effectiveness of MAP implementation and reinforce legal certainty in international taxation.

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1. INTRODUCTION

The rapid expansion of globalization, international trade, and cross-border investment has significantly increased economic interactions among countries. While these developments promote economic growth, they also create complex international tax issues, particularly the risk of double taxation arising from overlapping tax jurisdictions. Double taxation reduces tax certainty, increases compliance costs for taxpayers, and may discourage foreign direct investment. Therefore, effective international tax dispute resolution

mechanisms are essential to ensure fairness, legal certainty, and the smooth operation of international economic activities (Defi, 2023).

In response to these challenges, the Organisation for Economic Co-operation and Development (OECD) and the G20 launched the Base Erosion and Profit Shifting (BEPS) Project to combat aggressive tax planning and improve international tax cooperation. One of its major initiatives, BEPS Action 14, establishes minimum standards to enhance the effectiveness of the Mutual Agreement Procedure (MAP) by ensuring taxpayer access, transparent procedures, and timely dispute resolution. The implementation of these standards is expected to strengthen tax certainty and reduce disputes arising from the interpretation and application of tax treaties (OECD, 2015).

Indonesia has demonstrated its commitment to implementing international tax standards through participation in the OECD Inclusive Framework on BEPS, the ratification of the Multilateral Instrument (MLI), and the enactment of Minister of Finance Regulation No. 172/PMK.03/2023 concerning the implementation of the Mutual Agreement Procedure. Nevertheless, the OECD MAP Peer Review indicates that Indonesia still faces several implementation challenges, particularly regarding procedural transparency, taxpayer accessibility, and the average time required to resolve MAP cases. These issues suggest that further improvements are necessary to achieve full compliance with the BEPS Action 14 Minimum Standard (OECD, 2021).

Previous studies have examined the role of the Mutual Agreement Procedure in resolving international tax disputes in Indonesia. Defi (2023) found that MAP plays an important role in eliminating double taxation and enhancing legal certainty for taxpayers. However, the study mainly focused on Indonesia's domestic implementation and did not provide a comprehensive comparative analysis of Indonesia's regulatory framework with countries recognized for more effective MAP implementation, such as Singapore, Japan, and Australia (Defi, 2023).

The existing literature therefore reveals a research gap. Most previous studies discuss the implementation of MAP within a single jurisdiction or focus on general issues of international taxation. Limited attention has been given to comparative legal analyses evaluating the conformity of Indonesia's MAP regulations with the OECD BEPS Action 14 Minimum Standard while simultaneously comparing them with the regulatory frameworks of Singapore, Japan, and Australia. This gap indicates the need for a comprehensive comparative legal study that identifies regulatory differences, implementation challenges, and international best practices.

This study offers scientific novelty by providing a comparative legal analysis of the Mutual Agreement Procedure (MAP) regulations in Indonesia, Singapore, Japan, and Australia within the OECD BEPS Action 14 framework. Unlike previous studies, this research evaluates Indonesia's compliance with international minimum standards while identifying best practices from comparator countries that may strengthen Indonesia's international tax dispute resolution mechanism.

Accordingly, this study aims to analyze the conformity of Indonesia's Mutual Agreement Procedure (MAP) regulations with the OECD BEPS Action 14 Minimum Standard and to compare Indonesia's regulatory framework with those of Singapore, Japan, and Australia. The findings are expected to contribute to the development of international tax law literature, provide recommendations for improving Indonesia's MAP implementation, and strengthen tax certainty in international taxation.

2. METHOD

This study employs a normative juridical research approach using a comparative legal method to examine the regulatory framework governing the Mutual Agreement

Procedure (MAP) in Indonesia, Singapore, Japan, and Australia. Normative legal research focuses on the analysis of legal norms, statutory regulations, international agreements, and legal principles to evaluate their consistency and effectiveness in addressing legal issues (Marzuki, 2021).

This research is based on secondary data collected through library research. The primary legal materials include tax treaties, the OECD Model Tax Convention, the OECD BEPS Action 14 Final Report, OECD MAP Peer Review Reports, Minister of Finance Regulation No. 172/PMK.03/2023, and the domestic regulations of Singapore, Japan, and Australia. Secondary legal materials consist of books, journal articles, government publications, and other academic sources relevant to international taxation and dispute resolution (Soekanto & Mamudji, 2019).

The collected data were analyzed using qualitative descriptive analysis combined with a comparative legal approach. The analysis compared the legal provisions governing the Mutual Agreement Procedure (MAP) in the four jurisdictions and assessed their conformity with the OECD BEPS Action 14 Minimum Standard. The comparative method was employed to identify similarities, differences, strengths, and weaknesses of each regulatory framework and to formulate recommendations for improving Indonesia's MAP implementation (Ibrahim, 2017).

The research procedure consisted of four stages: (1) identifying the research problem and collecting legal materials, (2) reviewing the OECD BEPS Action 14 Minimum Standard, (3) comparing MAP regulations in Indonesia, Singapore, Japan, and Australia, and (4) drawing conclusions and formulating policy recommendations based on the comparative analysis..

3. RESULTS AND DISCUSSION

a. Regulatory Framework of the Mutual Agreement Procedure in Indonesia

The analysis demonstrates that Indonesia has progressively strengthened its legal framework governing the Mutual Agreement Procedure (MAP) through the incorporation of Article 25 of the Double Taxation Agreements (DTAs) and the enactment of Minister of Finance Regulation No. 172/PMK.03/2023. This regulatory framework provides taxpayers with an administrative mechanism to request relief when taxation imposed by one or both contracting states is inconsistent with treaty provisions. The regulation also establishes the authority of the Indonesian Competent Authority to negotiate with treaty partners in order to eliminate double taxation and ensure the proper application of tax treaties. The existence of this framework reflects Indonesia's commitment to harmonizing its domestic regulations with internationally accepted principles of tax dispute resolution (Lang, 2021).

Despite these legal developments, the findings indicate that Indonesia's MAP framework still requires further refinement in several procedural aspects. The regulation primarily establishes general legal principles but provides limited technical guidance concerning case administration, communication with taxpayers, documentation requirements, and coordination between domestic dispute resolution mechanisms and MAP proceedings. These limitations may reduce procedural certainty for taxpayers and prolong the dispute resolution process. As international tax disputes become increasingly complex due to digitalization and multinational business structures, more detailed administrative guidance is required to improve both legal certainty and procedural efficiency (Vogel, 2015).

Furthermore, an effective MAP system requires more than a comprehensive legal framework. Institutional effectiveness, competent administrative personnel, and efficient cooperation with treaty partners are equally important for achieving successful

dispute resolution. Consequently, Indonesia should continue strengthening administrative transparency, improving taxpayer guidance, and enhancing institutional capacity to ensure that the legal framework operates effectively in practice and supports the objectives of international tax cooperation (Arnold, 2019).

b. Comparative Analysis of MAP Regulations in Singapore, Japan, and Australia

The comparative analysis reveals that Singapore, Japan, and Australia have adopted more comprehensive administrative approaches to implementing the Mutual Agreement Procedure. Although all four jurisdictions derive their legal basis from Article 25 of the OECD Model Tax Convention, significant differences exist regarding procedural transparency, administrative efficiency, and taxpayer accessibility. These differences directly influence the effectiveness of international tax dispute resolution and the level of legal certainty provided to taxpayers engaged in cross-border transactions (OECD, 2023).

Singapore has developed a highly transparent MAP system supported by comprehensive administrative guidance issued by the Inland Revenue Authority of Singapore (IRAS). Taxpayers are provided with clear explanations regarding eligibility requirements, documentation standards, application procedures, and expected timelines. Such transparency minimizes uncertainty and encourages taxpayers to utilize MAP as an effective dispute resolution mechanism. Similarly, Japan has established a highly specialized Competent Authority supported by experienced personnel and consistent administrative practices, enabling the efficient handling of complex transfer pricing and treaty-related disputes.

Australia demonstrates another effective model by integrating MAP into its broader tax dispute resolution framework administered by the Australian Taxation Office (ATO). The availability of practical guidance, effective communication channels, and close cooperation with foreign tax authorities enables Australia to resolve international tax disputes in a relatively efficient manner. Compared with these jurisdictions, Indonesia has established an adequate legal foundation but continues to face challenges concerning administrative implementation, institutional capacity, and procedural transparency. These findings suggest that adopting international best practices would significantly strengthen Indonesia's MAP framework.

c. Evaluation of Indonesia's Compliance with BEPS Action 14

The evaluation indicates that Indonesia has achieved substantial progress in implementing the minimum standards required under BEPS Action 14. The introduction of Minister of Finance Regulation No. 172/PMK.03/2023 represents a significant legal reform that improves taxpayer access to MAP and strengthens the authority of Indonesian tax officials to negotiate with treaty partners. These developments demonstrate Indonesia's commitment to improving international tax dispute resolution and enhancing compliance with international tax obligations (United Nations, 2021).

Nevertheless, practical implementation remains one of the primary challenges in achieving full compliance with BEPS Action 14. The findings suggest that prolonged case resolution, limited administrative resources, and procedural complexity continue to affect the efficiency of MAP implementation. Moreover, coordination between domestic legal remedies and MAP proceedings occasionally creates uncertainty for taxpayers regarding the most appropriate mechanism for resolving international tax disputes.

The analysis further indicates that compliance with international standards should be evaluated based on practical effectiveness rather than merely the existence of legal provisions. Administrative performance, institutional expertise, timely

communication between competent authorities, and effective cooperation with treaty partners collectively determine the success of MAP implementation. Therefore, strengthening administrative capacity and continuously evaluating procedural performance should become strategic priorities for Indonesia in improving its international tax governance (Ault & Arnold, 2017).

d. Implications for International Tax Certainty

The findings demonstrate that an effective Mutual Agreement Procedure contributes significantly to international tax certainty by providing taxpayers with an efficient mechanism for resolving treaty-related disputes and eliminating double taxation. A predictable dispute resolution process encourages multinational enterprises to conduct cross-border investment with greater confidence while simultaneously reducing the potential for prolonged tax litigation. Consequently, an effective MAP system benefits both taxpayers and tax administrations by improving compliance, reducing administrative costs, and strengthening treaty relationships between jurisdictions (Avi-Yonah, 2019).

The comparative assessment also indicates that successful implementation depends on the integration of three essential elements, namely comprehensive legal regulation, effective institutional capacity, and transparent administrative procedures. Countries such as Singapore, Japan, and Australia have demonstrated that these elements collectively improve the efficiency and credibility of international tax dispute resolution. Their experiences provide valuable lessons for Indonesia in developing a more responsive and internationally competitive MAP framework.

Indonesia should continue strengthening procedural transparency, expanding taxpayer guidance, improving digital administrative services, enhancing the technical expertise of the Competent Authority, and promoting closer cooperation with treaty partners. These reforms are expected to improve legal certainty, increase taxpayer confidence, encourage foreign investment, and reinforce Indonesia's position within the international tax system as a jurisdiction committed to effective dispute resolution and international tax cooperation (OECD, 2024)..

4. CONCLUSION

This study examined the regulatory framework governing the Mutual Agreement Procedure (MAP) in Indonesia and compared it with the legal and administrative frameworks implemented in Singapore, Japan, and Australia within the context of the OECD BEPS Action 14 Minimum Standard. The findings indicate that Indonesia has established a sufficient legal basis for MAP implementation through its Double Taxation Agreements and Minister of Finance Regulation No. 172/PMK.03/2023. These regulations demonstrate Indonesia's commitment to strengthening international tax dispute resolution and enhancing legal certainty for taxpayers engaged in cross-border transactions.

The comparative analysis shows that Indonesia has not yet achieved the same level of effectiveness as Singapore, Japan, and Australia in implementing the MAP framework. The principal challenges are associated with procedural transparency, institutional capacity, administrative efficiency, and the timely resolution of international tax disputes. These aspects significantly influence the effectiveness of MAP in providing tax certainty and protecting taxpayers' rights under international tax treaties.

This study further concludes that compliance with the OECD BEPS Action 14 Minimum Standard requires not only an adequate legal framework but also effective institutional implementation supported by transparent administrative procedures, competent tax authorities, and strong international cooperation. The experiences of Singapore, Japan,

and Australia demonstrate that the effectiveness of MAP depends on the integration of comprehensive regulations, efficient administration, and consistent treaty implementation.

This study recommends that Indonesia continue strengthening its MAP framework by improving procedural guidance, enhancing the institutional capacity of the Competent Authority, expanding administrative transparency, and promoting closer cooperation with treaty partners. These measures are expected to improve the effectiveness of international tax dispute resolution, strengthen tax certainty, support a more favorable investment climate, and reinforce Indonesia's commitment to international standards in taxation..

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