


APPENDICES

**Sri Mulyani: Tax Amnesty First Step to Reduce Poverty,
Inequality**

Core Frame: Tax Amnesty revenue will improve public services and financial, thus poverty and equality can be reduced.	
Framing Devices	Reasoning Devices
<p>Metaphor:</p> <p>There is no metaphor.</p>	<p>Roots:</p> <ul style="list-style-type: none"> • “The economy will grow faster if we can reduce poverty and inequality, that’s why it’s important to pay tax,” Sri said. (Paragraph 7) • The Value-Added Tax Law and the Income Tax Law to improve the country’s taxation system and boost tax revenue in the long run. (Paragraph 3) • The Tax Amnesty program has seen Rp 3,826.8 trillion in previously unreported assets by Tuesday morning. It has given Rp 97,6 trillion in additional to the state coffers and sign up 17, 708 new taxpayers as of Oct. 12. (Paragraph 8)
<p>Catchphrases:</p> <ul style="list-style-type: none"> • The ultimate goal. (Paragraph 1) • “Productive people give more to the society.” (Paragraph 10) 	<p>Appeal to Principle:</p> <p>“We can redistribute wealth from the rich to improve welfare for the poor, Sri said” (Paragraph 5)</p>
<p>Exemplar:</p> <ul style="list-style-type: none"> • “We can redistribute wealth from the rich to improve welfare for the poor“ Sri said. (Paragraph 5) • Equal education and health access, will help children from low-income 	<p>Consequences:</p> <p>Tax Amnesty revenue will improve public services, infrastructure and financial, thus poverty and equality can be reduced.</p>


<p>families get well-paying jobs. (Paragraph 11)</p>	
<p>Depiction:</p> <ul style="list-style-type: none">• A wholehearted tax reform. (Paragraph 2)• Boost tax revenue (paragraph 3)	
<p>Visual Image:</p>  <p>The picture showing the influential figures that supported and participated in the tax amnesty program.</p>	

**Indonesia Tax Amnesty Picks up Pace, More Than 100,000 Join:
Ministry**

Core Frame: More than 100,000 Indonesians are participating Tax Amnesty program including Indonesia's wealthiest.	
Framing Devices	Reasoning Devices
<p>Metaphor:</p> <p>Ballooning fiscal deficit. (Paragraph 4)</p>	<p>Roots:</p> <ul style="list-style-type: none"> • Rp 483 trillion were declared overseas and Rp 77.9 trillion or 16 percent is committed to be returned home. (Paragraph 7) • To date, the program has generated Rp 35.1 trillion in revenue, or 21 percent of the government target of Rp 165 trillion. (Paragraph 9) • Indonesia's amnesty program one of the world's most successful, forecasting that up to Rp 2,000 trillion of assets would be declared. (Paragraph 12)
<p>Catchphrases:</p> <p>"If repatriation is better, then growth will also be better," (Paragraph 11)</p>	<p>Appeal to Principle:</p> <p>"We are still optimistic about this program", President Joko Widodo (Paragraph 5)</p>
<p>Exemplar:</p> <ul style="list-style-type: none"> • Some of Indonesia's wealthiest individuals, including Lippo Group chief executive James Riady, Inter Milan football club President Erick Thohir and Hutomo Mandala a son of the late authoritarian president Suharto, have signed up. (Paragraph 3) • As of Thursday, more than 102,500 	<p>Consequences:</p> <p>More than 100,000 Indonesians are participating Tax Amnesty program including Indonesia's wealthiest in the middle of the first phase.</p>

<p>Indonesians had signed up since the July launch and they declared Rp 1,459 trillion (\$111.50) of assets. (Paragraph 6)</p>	
<p>Depiction:</p> <p>One of the world's most successful (Paragraph 12)</p>	
<p>Visual Image:</p>  <p>This picture shows an activity among of taxpayer and tax officer in Directorate General of Taxes.</p>	

Sri Wijaya Air Owner Joins Tax Amnesty Program

Frame: Following other Indonesia’s wealthy, Sri Wijaya Air owner joins tax amnesty program.	
Framing Devices	Reasoning Devices
<p>Metaphor:</p> <p>There is no metaphor.</p>	<p>Roots:</p> <ul style="list-style-type: none"> • Chandra Lie, the owner of Sri Wijaya Air group joined the government’s flagship tax amnesty program. (Paragraph 1) • He [Chandra] will use the repatriated funds to buy more aircraft for his company. (Paragraph 6)
<p>Catchphrases:</p> <p>“I did not doubt [the program],” Chandra told. (Paragraph 3)</p>	<p>Appeal to Principle:</p> <p>“I was committed to join it.” (Paragraph 5)</p>
<p>Exemplar:</p> <p>The entrepreneurs spoke about the tax amnesty program and many of them pledged to join. (Paragraph 4)</p>	<p>Consequences:</p> <p>Tax amnesty program is a great momentum for Indonesian tycoons are declared their assets stashed abroad.</p>
<p>Depiction:</p> <p>A big loss (Paragraph 5)</p>	
<p>Visual Image:</p> 	

The object of this picture is Chandra Lie as the owner of Sriwijaya Air which is participated tax amnesty program.	
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Indonesia's Tax Amnesty Program Breaks World Record

Frame: Indonesia's Tax Amnesty program is the most successful in the world.	
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Framing Devices	Reasoning Devices
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<p>Metaphor:</p> <p>Healthy momentum (Paragraph 8)</p>	<p>Roots:</p> <ul style="list-style-type: none"> • Taxpayers signed up to the program have already declared Rp 2,963 trillion (\$229 billion) of unreported assets since June. (Paragraph 2) • That makes Indonesia’s tax amnesty program the most successful one so far in the world. (Paragraph 3)
<p>Catchphrases:</p> <p>Broke the world record (Paragraph 1)</p>	<p>Appeal to Principle:</p> <p>The sheer enthusiasm among taxpayers participating in the amnesty program reflected public confidence in the tax office and the government. (Paragraph 7)</p>
<p>Exemplar:</p> <ul style="list-style-type: none"> • Italy’s 2009 tax amnesty program collected the equal of around Rp 1,179 trillion and pulled in Rp 59 trillion in additional tax revenue. (Paragraph 5) • Chile’s tax amnesty program last year pulled in Rp 263 trillion and collected Rp 19.7 trillion in additional tax revenue. (Paragraph 6) 	<p>Consequences:</p> <p>In the first phase of tax amnesty program the total of asset declaration in the first phase is success because the government offered the most fascinating tax tariff to taxpayers who declare or repatriates their previously unreported assets. Besides, the successful amount of tax revenue is supported by a number of giant Indonesian businessmen who reported their assets.</p>
<p>Depiction:</p> <ul style="list-style-type: none"> • President Joko “Jokowi” Widodo’s administration (Paragraph 1) • Public confident (Paragraph 7) 	
<p>Visual Image:</p>	



This picture shows President Joko Widodo monitoring tax amnesty program by himself in Directorate General of Taxes.

Indonesian Workers Protest against Tax Amnesty

Frame: The workers are not accepting tax amnesty program which is unfair to the taxpayers.

Framing Devices	Reasoning Devices
<p>Metaphor:</p> <p>Blue-collar workers (Paragraph 4)</p>	<p>Roots:</p> <ul style="list-style-type: none"> • It unconstitutional because they say it forgives the past crimes of rich taxpayers. (Paragraph 4)
<p>Catchphrases:</p> <ul style="list-style-type: none"> • Vigorously defended programme. (Paragraph 9) 	<p>Appeal to Principle:</p> <p>“We workers have diligently paid our taxes, but these rich people and big corporations are being pardoned after not paying their taxes,” Mr Said Iqbal. (Paragraph 6)</p>
<p>Exemplar:</p> <ul style="list-style-type: none"> • “These funds coming in could be from trafficking, drugs or corruption and will all become legalized when declared through the tax amnesty.” (Paragraph 6) • Some of Indonesia’s wealthy individuals, including tycoon-politician Aburizal Bakrie, Lippo Group chief executive James Riady and Hutomo Mandala Putra a son the late authoritarian president Suharto [...] are have signed up. (Paragraph 5) 	<p>Consequences:</p> <p>The workers are not accepting tax amnesty program which is unfair to taxpayers. It is because the workers with the minimum salary pay their tax meanwhile the rich are not paying taxes, and excused with the amnesty.</p>
<p>Depiction:</p> <p>Unfairly pardons wealthy tax dodgers. (Paragraph 1)</p>	

Visual Image:



This picture reveals Indonesian union workers that protest about tax amnesty program.

No attempt by S'pore to 'thwart' Jakarta's Tax Amnesty scheme

Frame: Singapore government had denied thwarting Indonesia’s Tax Amnesty program.	
Framing Devices	Reasoning Devices
<p>Metaphor:</p> <p>There is no metaphor.</p>	<p>Roots:</p> <p>House speaker Ade Komarudin urged Singapore not to sabotage the new tax amnesty scheme. (Paragraph 10)</p>
<p>Catchphrases:</p> <ul style="list-style-type: none"> • “Every country wants to survive.” (Paragraph 17) • Was “not afraid of Singapore, which is just a small country.” (Paragraph 14) 	<p>Appeal to Principle:</p> <ul style="list-style-type: none"> • “Recent claims that Singapore is implementing policies to ‘thwart’ Indonesia’s tax amnesty programme are untrue.” (paragraph 3) • “We are respected and successful. And our people lead meaningful lives. And we don’t live in fear of anyone else.” (Paragraph 23)
<p>Exemplar:</p> <p>Activist from civil society groups such as the Peoples Struggle Union of Indonesia are critical of the plan, denouncing the amnesty as a “get out of jail free card” for tax evaders. (Paragraph 30)</p>	<p>Consequences:</p> <p>Indonesian business-people claimed that Singaporean Banks was introducing policies to thwart Indonesia’s Tax Amnesty program. However, the Singaporean Ministry of Finance (MOF) and the Monetary Authority of Singapore (MAS) quickly denied the rumor.</p>
<p>Depiction:</p> <ul style="list-style-type: none"> • Individuals will enjoy preferential tax rates (Paragraph 6) • “get out of jail free card” 	

Visual Image:



Traffic jam condition in Jakarta.

**Private Banks in Singapore Reporting Indonesians Embracing
Tax Amnesty to Police**

Frame: Indonesia’s Tax Amnesty scheme could be seen as money laundering activity by Singapore authorities.	
Framing Devices	Reasoning Devices
Metaphor:	Roots: “The moment the client tells you he’s participating in the amnesty, you have a suspicion that the assets with you are not compliant, and so you have to report to the authorities,” said a senior executive at a Singapore-based wealth manager. (Paragraph 4)
Catchphrases: Money laundering (Paragraph 5)	Appeal to Principle: <ul style="list-style-type: none"> • Banks had started sending to the police so-called suspicious transaction reports (STR) related to Indonesian clients who have participated in the amnesty regime. (Paragraph 8) • They [banks] must file a report whenever a client takes part in a tax amnesty scheme. (Paragraph 2)
Exemplar: A financial institution needs to report suspicious transactions when it suspects that a client’s funds are proceeds of a criminal activity such as tax evasion. (Paragraph 15)	Consequences: Indonesia’s Tax Amnesty is a financial crime by Singapore authorities. Some Indonesian taxpayers became worried when they join the amnesty to clear up their tax records because it could be seen as money laundering activity by Singapore authorities.
Depiction: Financial crime (Paragraph 2)	
Visual Image:	



This picture shows the Monetary Authority of Singapore (MAS) building that operates as the central bank in Singapore.

Bank reports on tax amnesty cases may not lead to probe: MAS

Frame: Singapore government had urged banks to support their clients in the tax amnesty program.	
Framing Devices	Reasoning Devices
<p>Metaphor:</p> <p>There is no metaphor.</p>	<p>Roots:</p> <ul style="list-style-type: none"> • Bank must file a suspicious transaction report if they handle a tax-amnesty case but this does not necessarily mean the client will be investigated by police. (Paragraph 1) • “Participation in a tax-amnesty programme, in and of itself would not attract criminal investigation in Singapore.” (Paragraph 8)
<p>Catchphrases:</p> <p>Criminal offence. (Paragraph 9)</p>	<p>Appeal to Principle:</p> <p>“Should not discourage clients from participation.” (Paragraph 8)</p>
<p>Exemplar:</p> <ul style="list-style-type: none"> • A police investigation will start only when there are reasons to suspect that a criminal offence under Singapore laws has been committed. (Paragraph 9) • “The moment the client tells you he’s participating in the amnesty, you have a suspicion that the assets with you are not compliant, and so you have to report to the authorities.” (Paragraph 6) 	<p>Consequences:</p> <p>Singapore government clarify the rumor as media reported that Singapore thwarting Indonesia’s tax amnesty program</p>

Depiction:

Suspicious transaction (Paragraph 1)

Visual Image:



This picture shows the Monetary Authority of Singapore (MAS) building that operates as the central bank in Singapore.



Indonesia Tax Amnesty Picks up Pace, More Than 100,000 Join: Ministry

Jakarta. After a slow start, Indonesia's tax amnesty program has picked up pace with 100,000 Indonesians taking part and declaring more than \$110 billion of assets, the finance ministry said on Thursday (22/09).

Participation has surged this month, ahead of a Sept. 30 deadline to pay the smallest penalties charged for registering previously-unreported assets. Penalty rates are higher in the next two phases of the amnesty, which ends in March.

Some of Indonesia's wealthiest individuals, including Lippo Group chief executive James Riady, Inter Milan football club president Erick Thohir and Hutomo Mandala Putra — a son of the late authoritarian president Suharto — have signed up.

The participation surge is a relief for economic policymakers, some of whom fear a less than stellar amnesty would force the government to slash spending to contain a ballooning fiscal deficit.

"We are still optimistic about this program," President Joko Widodo told economists at the palace on Thursday. "I see a good move towards compliance, and in [people's] conscience that they have to pay taxes."

As of Thursday, more than 102,500 Indonesians had signed up since the July launch, and they declared Rp 1,459 trillion (\$111.50 billion) of assets.

Of that total, Rp 483 trillion were declared overseas, and the rest at home. And of the amount declared overseas, Rp 77.9 trillion or 16 percent — is committed to be returned home, according to a government website giving daily updates.

Indonesians who declare assets overseas are not required to bring them home, but pay a lower penalty rate if they do.

To date, the program has generated Rp 35.1 trillion in revenue, or 21 percent of the government target of Rp 165 trillion.

Central bank governor Agus Martowardojo said a big factor in determining next year's economic growth, forecast at between 5.1-5.5 percent, would be the amnesty program's success.

"If repatriation is better, then growth will also be better," said Agus, who warned parliament this month the program would only get a fraction of the government's target.

Ferry Wong, Citi's equity strategist, this week declared Indonesia's amnesty program one of the world's most successful, forecasting that up to Rp 2,000 trillion of assets would be declared.

<http://jakartaglobe.id/business/indonesia-tax-amnesty-picks-pace-100000-join-ministry/>



Sriwijaya Air Owner Joins Tax Amnesty Program

Jakarta. Chandra Lie, the owner of Sriwijaya Air group, joined the government's flagship tax amnesty program on Monday (26/09), following in the footsteps of [other Indonesian tycoons](#).

Chandra joined the program late, almost at the end of its first phase, during which the 2 percent tax rate applies, as he faced difficulties in collecting the required data.

"I did not doubt [the program], but it was not easy to prepare the data," Chandra told reporters.

Chandra went to the tax office after he met dozens of other businessmen on Friday. During the meeting in Jakarta, the entrepreneurs spoke about the tax amnesty program and [many of them pledged to join](#).

"I did not count how many of them decided to participate in the program, but I was committed to join it. I would like to say it will be a big loss for all those who don't," he said.

Chandra did not reveal how much money he had stashed abroad. He said he will use the repatriated funds to buy more aircraft for his company.

Sriwijaya Air operates 38 aircraft on 41 domestic and international routes. In June, the airline signed a deal for two Boeing B737-900ER jets at the Paris Air Show in France. It expects delivery of one of the aircraft by the end of this month.

Chandra said the company plans to buy another wide-body Boeing 777-300ER to expand Sriwijaya's operations to the Middle East for umrah flights.

Taxpayers have so far declared Rp 1,892.5 trillion (\$145 billion). This includes Rp 97.5 trillion in repatriated assets, Rp 505.6 trillion in offshore assets and Rp 1,289.4 trillion worth of assets inside Indonesia.

As of Monday afternoon, the government already collected nearly Rp 45 trillion from the program.

<http://jakartaglobe.id/business/sriwijaya-air-owner-joins-tax-amnesty-program/>



Indonesia's Tax Amnesty Program Breaks World Record

Jakarta. The government's flagship tax amnesty program broke the world record for the amount of additional tax revenue it collected late on Wednesday (28/09), reflecting the public's confidence and trust on tax and economic reforms under President Joko "Jokowi" Widodo's administration.

Taxpayers signed up to the program have already declared Rp 2,963 trillion (\$229 billion) of unreported assets since June, 74 percent of the

government's Rp 4,000 trillion target, boosted by streams of **rags and riches seeking to make their tax record straight** in the past weeks. The government has also received Rp 64.9 trillion from amnesty penalty, nearly 40 percent of its target of Rp 165 trillion.

That makes Indonesia's tax amnesty program the most successful one so far in the world, Yustinus Prastowo from local policy think-tank Center for Indonesia Taxation Analysis, or CITA, said.

"This is quite an achievement, especially because we've been quite bad at managing our taxes before this," Prastowo told the Jakarta Globe.

Italy's 2009 tax amnesty program collected the equal of around Rp 1,179 trillion and pulled in Rp 59 trillion in additional tax revenue, according to data compiled by the center.

Chile's tax amnesty program last year pulled in Rp 263 trillion and collected Rp 19.7 trillion in additional tax revenue, also according to CITA's data.

Darussalam, the managing partner at tax consultancy firm Danny Darussalam Tax Center, said the sheer enthusiasm among taxpayers participating in the amnesty program reflected public confidence in the tax office and the government. "That's an intangible asset that needs to be carefully managed by the government," he said.

"This shows that we have created a healthy momentum for the rest of the program and that the public trusts us," President Joko "Jokowi" Widodo said after making an impromptu visit to a tax office in Grogol, West Jakarta.

One thing that the government still wants to rectify from the program is the fact that participants had only repatriated Rp 142.5 trillion in offshore assets, or only 14 percent of the government's target of Rp 1,000 trillion. Some of them had chosen to keep their overseas properties unreported since they intend to keep them, tax officials said.

"This is not a success, yet. We'll see what happens by March 31 next year, when the program is supposed to finish," Ken Dwijugiastadi, the director general of taxes, said, restricting himself to a modest statement on the progress of the program so far.

<http://jakartaglobe.id/business/indonesias-tax-amnesty-program-breaks-world-record/>



Sri Mulyani: Tax Amnesty First Step to Reduce Poverty, Inequality

Jakarta. Indonesia's flagship tax amnesty program is the first step of a wider tax reform by the government and will play a major role in improving

the country's ability to finance education, health and infrastructure. The ultimate goal is to reduce poverty and inequality, Finance Minister Sri Mulyani Indrawati said on Monday (17/10).

"A wholehearted tax reform will increase public trust for the Directorate General of Taxes — we have to start a more trusting relationship between the taxpayers and the government," Sri said.

The Directorate General of Taxes is planning to revise the General Taxation System (KUP), the Value-Added Tax Law and the Income Tax Law to improve the country's taxation system and boost tax revenue in the long run.

Sri made her remarks in front of over 2,000 Indonesian youths gathered for the 16th Supermentor event in Jakarta. The event is the brainchild of Dino Patti Djalal, the former deputy foreign minister and also the founder of the Foreign Policy Community of Indonesia.

"The country needs more tax revenue. We can redistribute wealth from the rich to improve welfare for the poor," Sri said.

Tax collection — targeted to reach Rp 1,539.2 trillion (\$118 billion) in the 2016 revised state budget — contributes 86 percent of the government's total revenue, yet Indonesia's tax-to-GDP ratio remains at a low 11 percent. Compare that to Malaysia's (15.6 percent), Singapore's (13.85 percent), the Philippines' (12.89 percent) and Thailand's (15.45 percent).

"The economy will grow faster if we can reduce poverty and inequality, that's why it's important to pay tax," Sri said.

The tax amnesty program has seen Rp 3,826.8 trillion in previously unreported assets by Tuesday morning. It has given Rp 97.6 trillion in additional tax revenue to the state coffers and signed up 17,708 new taxpayers as of Oct. 12.

Before Sri delivered her speech, Rodrigo Chaves, the World Bank's country director for Indonesia, told the press that the government needs to invest in human capital — which includes education, health and early childhood development — and in infrastructure to generate more capital and increase productivity.

"Productive people give more to the society, and also tend to earn more," he said.

Equal education and healthcare access, Chaves said, will help children from low-income families get well-paying jobs, ending the circle of poverty.

According to Indonesia's Statistics Agency, 28 million people live in poverty in Indonesia, nearly 11 percent of the country's 260 million population.

Indonesia has earmarked 20 percent of its budget, or Rp 416.6 trillion, for education and five percent, or Rp 104.1 trillion, for health in 2016.

Speakers at the event included other influential figures, including award-winning actor Reza Rahardian, Australia's ambassador to Indonesia Paul Grigson and Vivi Alatas, the lead economist for the World Bank's poverty program in Indonesia.

The event also marked the International Day for the Eradication of Poverty on Oct. 17.

<http://jakartaglobe.id/business/sri-mulyani-tax-amnesty-first-step-reduce-poverty-inequality/>

Indonesian workers protest against tax amnesty



PUBLISHED SEP 30, 2016, 5:00 AM SGT

JAKARTA • Thousands of Indonesian union workers marched to the heart of Jakarta yesterday to protest against a government tax amnesty scheme which is meant to plug a large budget deficit but which they say unfairly pardons wealthy tax dodgers.

The amnesty programme, under which Indonesians are encouraged to repatriate previously undeclared overseas assets to avoid increasing penalties, was launched in July and is a top priority for President Joko Widodo.

Almost US\$200 billion (S\$272.7 billion) of assets have been declared so far under the programme, which is also meant to broaden Indonesia's tax base, according to finance ministry data.

However, a rising number of blue-collar workers, who make up the bulk of Indonesia's workforce, consider it unconstitutional because they say it forgives the past crimes of rich taxpayers.

Some of Indonesia's wealthiest individuals, including tycoon-politician Aburizal Bakrie, Lippo Group chief executive James Riady and Hutomo Mandala Putra - a son of the late authoritarian president Suharto - are among more than 100,000 who have signed up.

"We workers have diligently paid our taxes, but these rich people and big corporations are being pardoned after not paying their taxes," Mr Said Iqbal, president of the Confederation of Indonesian Workers Union, told reporters before a peaceful march to the presidential palace. "These funds coming in could be from trafficking, drugs or corruption, and will all become legalised when declared through the tax amnesty," he added.

Mr Iqbal said there could be further protests, including work stoppages, if the government continued with the amnesty.

His union, along with three other groups, have filed legal action against the amnesty law in Indonesia's Constitutional Court. That has created some uncertainty over its future, with a court ruling not expected for weeks.

Government officials have vigorously defended the programme.

"We want people to understand that the tax amnesty is for Indonesia, to build Indonesia," Finance Minister Sri Mulyani Indrawati told reporters yesterday. She said the government will make efforts to assure people that putting their money in Indonesia is a good and rational option.

<http://www.straitstimes.com/asia/indonesian-workers-protest-against-tax-amnesty>

Bank reports on tax-amnesty cases may not lead to probe: MAS



Facade of Monetary Authority of Singapore (MAS) Building at 10 Shenton Way. PHOTO: ST FILE

PUBLISHED SEP 16, 2016, 5:00 AM SGT UPDATED SEP 16, 2016, 5:11 PM

Banks must file a suspicious transaction report if they handle a tax-amnesty case but this does not necessarily mean the client will be investigated by police, the Monetary Authority of Singapore said yesterday.

The regulator said this in response to media queries after a Reuters report said that private banks here are handing police the names of clients who are embracing the Indonesian tax amnesty.

MAS said that it has advised banks to encourage their clients to take advantage of tax-amnesty programmes to get their tax affairs in order.

"Banks are required to adhere to the Financial Action Task Force standard of filing a suspicious transaction report when handling tax- amnesty cases, similar to the practice in other jurisdictions," said an MAS spokesman.

Indonesia started a tax-amnesty programme in July in a bid to retrieve some of the funds that its citizens may have stashed in private bank accounts around the world.

"The moment the client tells you he's participating in the amnesty, you have a suspicion that the assets with you are not compliant, and so, you have to report to the authorities," a senior executive at a Singapore-based wealth manager was quoted as telling Reuters.

However, the MAS emphasised that "participation in a tax-amnesty programme, in and of itself, would not attract criminal investigation in Singapore".

"The expectation for a suspicious transaction report to be filed on account of a client participating in a tax-amnesty programme should, therefore, not discourage clients from participation," the spokesman said.

A police investigation will start only when there are reasons to suspect that a criminal offence under Singapore laws has been committed, the spokesman added.

The take-up rate for the amnesty has been slow.

Mr Marcus Chow, a partner at law firm Bird & Bird ATMD, told The Straits Times: "It's a good opportunity for private banking clients to regularise their tax affairs and comply with the spirit of the programme."

Rachael Boon

<http://www.straitstimes.com/business/banking/bank-reports-on-tax-amnesty-cases-may-not-lead-to-probe-mas>

Private banks in Singapore reporting Indonesians embracing tax amnesty to police



Clara Chong JY: Facade of the Monetary Authority of Singapore (MAS) building at 10 Shenton Way. PHOTO: ST FILE

PUBLISHED
SEP 15, 2016, 2:13 PM SGT

SINGAPORE (REUTERS) - Private banks in Singapore are sharing with local police the names of clients embracing an Indonesian tax amnesty, people aware of the matter said, a move that could undermine the amnesty and damage the banks' business with their biggest client pool.

Singapore's Commercial Affairs Department (CAD), a police unit that deals with financial crime, told banks last year they must file a report whenever a client takes part in a tax amnesty scheme, the sources told Reuters.

After initial resistance from the banks, worried they might lose clients, that message was reinforced this year by the Monetary Authority of Singapore (MAS) when Indonesia launched a tax amnesty aimed at wooing back some of the cash its wealthy citizens have stashed in Singapore, the sources said.

"The moment the client tells you he's participating in the amnesty, you have a suspicion that the assets with you are not compliant, and so you have to report to the authorities," said a senior executive at a Singapore-based wealth manager.

Singapore made tax evasion a criminal offence in 2013, and is toughening up the implementation of the law after a money-laundering investigation into state-

backed fund 1MDB in neighbouring Malaysia exposed how some of its banks failed to impose robust controls on suspicious money flows.

Indonesians account for an estimated US\$200 billion (S\$273.25 billion) of private banking assets managed in Singapore, or 40 per cent of the total.

Both the Singapore police and MAS declined to comment.

A second person with direct knowledge of the matter said banks had started sending to the police so-called suspicious transaction reports (STR) related to Indonesian clients who have participated in the amnesty regime. The clients should not be informed about the STR filing, the person said.

The police website says it has used such filings to detect financial crime. That means if there is any evidence of wrongdoing from these filings, authorities can further probe clients or banks.

The fear of such scrutiny could deter Indonesians from considering the amnesty, which runs to March 2017 and has so far had a tepid uptake. The Indonesian tax office said 393 trillion rupiah (S\$40.7 billion) of assets had been declared as of Sept 13, of which at least 30 trillion rupiah are in Singapore.

Bank Indonesia governor Agus Martowardojo said late on Wednesday the bank's modelling suggests the amnesty will secure just 11 per cent of its targeted revenue this year.

Indonesians are among the biggest investors in Singapore's property market and use banks there to invest in currencies or regional stocks, encouraged by the strong legal framework and security of the Asian financial centre.

Many moved money to Singapore after attacks against ethnic Chinese businesses in Indonesia in 1998, when economic problems triggered riots and the fall of the Suharto government.

The increased tax scrutiny in Singapore comes just ahead of the publication of a report on the island nation by the Financial Action Task Force (FATF), a global body that conducts regular evaluations of countries' anti-money laundering standards.

One of the FATF guidelines states that a financial institution needs to report suspicious transactions when it suspects or has reasonable grounds to suspect that a client's funds are proceeds of a criminal activity such as tax evasion.

Ong-Ang Ai Boon, director of the Association of Banks in Singapore, said the lobby group had told banks that amnesty programmes were a useful tool for individuals to regularise their tax affairs with their local tax authorities.

The association did not comment on the new filing requirements.

"If there's a red flag and we ignore it, that's our problem," a Singapore banker said.

<http://www.straitstimes.com/business/banking/private-banks-in-singapore-reporting-indonesians-embracing-tax-amnesty-to-police>

No attempt by S'pore to 'thwart' Jakarta's tax amnesty scheme



Vehicles commute on a road during afternoon rush hour in Jakarta on June 30. PHOTO: AFP

PUBLISHED

JUL 24, 2016, 5:00 AM SGT

Singapore has refuted allegations that it was trying to undermine Indonesia's new tax amnesty scheme.

The embassy in Jakarta yesterday said in a statement that Singapore did not cut its tax rates or change any of its policies in response to a tax amnesty Bill passed by Indonesia last month.

Separately, a joint statement from the Finance Ministry and Monetary Authority of Singapore (MAS) said: "Recent claims that Singapore is implementing policies to 'thwart' Indonesia's tax amnesty programme are untrue."

Singapore was responding to media reports here insinuating that it had attempted to block the return of funds from its banks to Indonesia, ostensibly over fears that the Republic may lose billions of dollars in Indonesian wealth stashed away in Singapore.

Indonesia is hoping that the tax amnesty, which officially came into force last Monday, would result in the repatriation of about 1,000 trillion rupiah (S\$103.5 billion).

Under the new scheme, individuals will enjoy preferential tax rates, ranging from 2 per cent to 10 per cent, depending on how soon one declares previously untaxed assets and whether the funds are repatriated from overseas.

These rates are well below current personal income tax rates in Indonesia, which range from 5 per cent to as high as 30 per cent.

Only 27 million of Indonesia's 250 million population are registered taxpayers, with around a million actually filing tax returns.

Private bankers estimate that about US\$200 billion (S\$271 billion) in Indonesian wealth is managed by financial institutions in Singapore.

House speaker Ade Komarudin, in a Bisnis Indonesia news report on Tuesday, urged Singapore not to sabotage the new tax amnesty scheme.

His comments on the online business news website followed media reports here that some financial institutions in Singapore were offering "special incentives" to Indonesian clients to encourage them to retain their assets in the city-state. "I hope that is not true because it will hamper the success of the tax amnesty law," said Mr Ade.

On Friday, Jakarta Globe news website quoted Center for Indonesia Taxation Analysis chief Yustinus Prastowo saying that several Indonesian businessmen had told him of similar approaches by "private agents" engaged by Singapore banks.

Mr Yustinus did not identify the banks or name the businessmen.

Indonesia's Finance Minister Bambang Brodjonegoro said in the same news report that he was unmoved by the rumours and was "not afraid of Singapore, which is just a small country".

He added that his ministry would work with Indonesia's embassies in Singapore, Hong Kong and London to promote the amnesty scheme overseas.

Vice-President Jusuf Kalla also commented on the local media reports about Singapore's purported attempts to encourage Indonesians to leave their funds on the island.

"Every country wants to survive," he was quoted as saying by Jakarta Globe. "It (only) proves what people always say, that most of the money stashed in Singapore comes from Indonesia."

Singapore has pointed out, however, that it has no interest in sheltering illicit tax monies and subscribes to "internationally agreed standards for combating money laundering and for exchange of information".

"If there is any case of suspected cross-border tax evasion, concerned authorities can approach Singapore - we have assisted and will continue to assist in line with international standards," the joint statement from the finance ministry and MAS said yesterday.

The comments by Indonesian leaders over the issue prompted a response from Singapore's Home Affairs and Law Minister K. Shanmugam, who said he did not understand why there was a "constant attempt" to taunt Singapore as a small nation.

"We are good friends with Indonesia in the last 50 years," Mr Shanmugam said on Facebook.

"Both countries benefit from this good relations. But every now and then, someone in Indonesia will tell us that we should know our place..."

"Yes, we are a little red dot. We may be small. But we are respected and successful. And our people lead meaningful lives. And we don't live in fear of anyone else."

Industry observers have also dismissed the claim that Singapore was trying to derail Indonesia's tax plan by cutting its own income tax rates.

They said the tax rate for the highest income earners in Singapore would be going up for income earned this year.

Veteran banker Tan Su-Shan, who co-chairs the MAS private banking industry group, said it supports the Indonesian amnesty programme because it is a "useful tool for individuals to regularise their tax affairs with their respective tax authorities".

"Banks in Singapore will provide the necessary support for their clients who participate in the programme," added Ms Tan.

The Tax Amnesty Bill is the first piece of legislation ratified by a Parliament where President Joko Widodo has majority support for the first time since taking office in 2014.

He has called on errant taxpayers to come clean, warning them that "this opportunity will never come again as tax amnesty will not be repeated".

Activists from civil society groups such as the Peoples Struggle Union of Indonesia are critical of the plan, denouncing the amnesty as a "get out of jail free

card" for tax evaders. Together with the One Justice Foundation, the group have filed for a judicial review of the law, which will be heard by judges in the weeks ahead.

<http://www.straitstimes.com/asia/no-attempt-by-spore-to-thwart-jakartas-tax-amnesty-scheme>