INTERNATIONAL DISPUTE PREVENTION

MAP and APA Feasibility Report

Contoh Bilateral Trading Group

FY2025 and prospective pricing periods | Prepared for the fictional management team | 3 October 2026

Executive assessment

Treat MAP and APA as distinct workstreams. The sample suggests investigating relief from an existing cross-border adjustment and a separate prospective pricing arrangement, but neither eligibility nor bilateral agreement is established.

The fictional Indonesian and overseas entities have cross-border transactions of IDR 80,000 million. A foreign adjustment increases the overseas entity's taxable profit by 4,000 million. Management asks whether corresponding relief and future certainty can be achieved through competent authority discussions.

Priority	Matter requiring a decision	Current evidence position
High	Treaty route needs verification	Open for professional review
High	Adjustment does not equal cash tax	Open for professional review
Medium	Prospective assumptions are undefined	Open for professional review

This is a worked sample, not an issued client opinion. All companies, transactions, evidence records and calculations are fictional. The recommended actions demonstrate professional delivery; they do not establish a tax liability, filing eligibility, benchmark or regulatory approval.

Scope and analytical method

Purpose and intended use

The purpose is to help the fictional management team understand the evidence, the decision still required and the work needed to complete a defensible deliverable. The report is intended for internal discussion with the responsible Falcon professional. It is not a filing, an audit opinion or a guarantee of an authority outcome.

Work performed in the illustrative case

- Existing adjustment and potential double taxation
- Treaty and domestic route assessment
- Prospective transaction and pricing facts
- Information exchange and governance

Identify the taxes, entities and periods implicated by the adjustment and determine the applicable treaty and domestic framework. Reconstruct the pricing analysis and assess whether the same income is affected in both jurisdictions. For a prospective APA, define transaction coverage, pricing method, critical assumptions and the information needed by the relevant authorities.

Evidence population

Ref	Illustrative record	Role in the analysis
E01	Foreign adjustment and tax computation	Starting population and primary bridge
E02	Cross-border transaction ledger	Classification and factual support
E03	Prospective business and functional plan	Exception or corroboration testing
E04	Jurisdiction and treaty research register	Decision history and completion support

The references are report-local training identifiers. They are not verified originals, app record IDs or hashes. No real client files were inspected. A live engagement must preserve the actual originals, their versions and the reviewer's assessment of each material claim. The descriptions above define the evidence that the case assumes or explicitly identifies as missing.

Coverage and limitations

Only the stated sample scope is covered. The report does not infer completeness of other entities, years, transactions or tax types. Where the record is incomplete, the analysis identifies the limitation rather than treating management's explanation as verified evidence. Any estimate remains subject to factual validation, current legal applicability and independent review.

Detailed findings and professional response

Priority is a qualitative judgement about the importance of resolving an issue before delivery. High means that the matter could change a material conclusion or prevent completion. Medium means that a control or corroboration improvement is required. These labels are not a probability of assessment or a calculated tax exposure.

Finding 1 Treaty route needs verification

High priority. E04 identifies two jurisdictions but provides no verified treaty text or competent authority analysis.

Professional implication. A cross-border adjustment alone does not prove the availability or scope of treaty relief.

Recommended response. Verify the treaty, covered persons and taxes, relevant provisions and current procedural rules.

Finding 2 Adjustment does not equal cash tax

High priority. E01 records a 4,000 million profit adjustment without the corresponding tax computation and collection record.

Professional implication. The amount at risk cannot be described as paid double tax or potential recovery.

Recommended response. Obtain both jurisdictions' computations and payment status. Reconcile the same transaction and income.

Finding 3 Prospective assumptions are undefined

Medium priority. The business plan in E03 anticipates changes in product mix and distribution functions.

Professional implication. A proposed pricing approach may not remain suitable as functions or economics change.

Recommended response. Define the prospective scope and measurable critical assumptions, with monitoring responsibility.

Counteranalysis and judgement

An incomplete record is not proof that the taxpayer's position is wrong. Equally, an invoice, signed agreement or plausible narrative does not establish every factual or legal element. The reviewer should test alternative explanations and record what evidence would change the assessment. Preserve both supportive and adverse material so that the final conclusion remains balanced.

Financial analysis and decision alternatives

The schedule below makes the numerical reasoning reproducible. All inputs are fictional. The calculation basis states whether a value comes from the assumed record, a formula or an explicit scenario parameter. Figures should not be copied into a live return or used as a benchmark.

Measure	Illustrative result	Calculation basis
Controlled transaction value	80,000	E02
Foreign profit adjustment	4,000	E01
Adjustment relative to transactions	5.00%	4,000 divided by 80,000
Cash tax or relief	Not quantified	Tax computations not supplied

Amounts are IDR million. The 5.00% ratio describes the adjustment relative to transaction value; it is not a tax rate, royalty benchmark or agreed margin. A treaty analysis, foreign computation and domestic treatment are needed before estimating double taxation. Prospective pricing should use tested assumptions rather than this historical ratio.

Alternatives for management discussion

Alternative	Practical rationale	Condition before adoption
Investigate MAP eligibility	Addresses an existing cross-border issue	Relief is subject to verified rules and authority process
Evaluate a prospective APA	May clarify future transaction pricing	Requires scope and critical assumptions
Coordinate domestic remedies	Preserves the broader dispute strategy	Interaction and timing need counsel review

Management should compare the alternatives using verified facts, operational feasibility and the applicable legal analysis. A more favourable numerical scenario is not evidence that its assumptions are valid. The report therefore recommends completing the unresolved work before selecting a final tax position or an external action.

Recommendations and delivery plan

The following sequence is an illustrative internal work plan measured from engagement kick-off. It is not a statutory timetable. Any external response or filing date must be verified separately and may require faster escalation. The engagement partner remains responsible for the scope and resources agreed with the client.

Work step	Responsible role	Indicative timing	Completion evidence
Confirm scope and procedural facts	Engagement lead	Days 1 to 2	Approved scope and verified external date where relevant
Resolve finding 1	Client finance and Falcon adviser	Days 2 to 5	Original evidence and documented resolution or scope limitation
Resolve finding 2	Technical workstream lead	Days 3 to 7	Originals and approved technical treatment
Resolve finding 3	Client owner and Falcon adviser	Days 3 to 8	Reviewed action and completion evidence
Review analysis and computations	Independent Falcon partner	After evidence closure	Documented challenge and approved current version
Authorise delivery and preserve receipts	Engagement lead and client signatory	After professional approval	Final report version and any external acknowledgement

Escalation and change control

Escalate immediately if an actual external date is near, an original contradicts the working facts, the legal framework changes, or the proposed action exceeds the authorised scope. New evidence can change the recommendation. Update the affected calculations, issue analysis and report version, and obtain fresh independent review where the conclusion has changed.

Client communication

Tell the client what is established, what remains uncertain and what they must supply or decide. Explain how missing evidence limits the deliverable. Obtain approval of the final audience and language. Preserve the distinction between internal review, client delivery and authority acceptance.

Technical references and completion record

The official references below were located on 3 October 2026. They are starting points for a real technical review, not a representation that every operative article, amendment, treaty or transitional provision has been checked. No quoted legal passage or current statutory rate is relied on to decide this fictional case.

Indonesian related party transactions

PMK 172 of 2023 - Review the applicable articles, period, documentation, MAP and APA provisions and any subsequent changes.

Open official reference

Transfer pricing analytical framework

OECD Transfer Pricing Guidelines 2022 - Analytical guidance is not a substitute for Indonesian law, treaty text or later relevant guidance.

Open official reference

Required legal applicability record

For each material position, retain the original provision and exact article, authority and version, effective dates, relevant amendments and the reason it applies to the client's facts and period. Record competing interpretations and the specialist's conclusion. Official service pages and OECD guidance have different authority from domestic legislation and treaty text.

Independent completion checks

- The client identity, period and authorised scope match the actual engagement.
- Every material statement is traceable to the original record and preserves any contradiction.
- The calculations are independently reperformed and assumptions are distinguished from legal rules.
- The applicable law and source history support the conclusion for the actual period.
- A different qualified Falcon reviewer records the judgement and material limitations.
- The client authorises the intended delivery and any separate external submission is evidenced.

Sample status: not approved for client issue. No preparer, reviewer or client signature is simulated. Replace the fictional dataset and complete the real engagement review before using this document as a delivery model.