INTERNATIONAL ADVISORY

International Structuring Advisory

Contoh Regional Expansion Group

Proposed 2027 operating model | Prepared for the fictional management team | 3 October 2026

Executive assessment

Compare the operating substance and execution cost of the proposed alternatives before modelling tax benefits. In the sample, a regional entity model costs 900 million more per year than direct export; no treaty benefit or permanent establishment conclusion has been established.

The fictional group plans regional sales of IDR 40,000 million. It compares direct export with a regional commercial entity. Forecast contribution before operating costs is 12,000 million in each model. Operating costs are 1,000 million for direct export and 1,900 million for the regional entity.

Priority	Matter requiring a decision	Current evidence position
High	Decision location is undefined	Open for professional review
High	Treaty assumptions are unsupported	Open for professional review
Medium	Pricing model has not been delineated	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

- Business purpose and operating model
- Entity substance and decision rights
- Treaty permanent establishment and withholding questions
- Transfer pricing and implementation dependencies

Start with the commercial flow, personnel, contractual rights and actual decision locations. Map potential domestic and treaty questions in each jurisdiction. Model operating economics separately from tax, then apply only verified jurisdiction-specific assumptions. Compare implementation effort and governance alongside forecast cash outcomes.

Evidence population

Ref	Illustrative record	Role in the analysis
E01	Commercial forecast and costs	Starting population and primary bridge
E02	Proposed operating and decision model	Classification and factual support
E03	Jurisdiction and treaty research register	Exception or corroboration testing
E04	Intercompany transaction design	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 Decision location is undefined

High priority. E02 proposes a regional entity but retains pricing approval and contract decisions with the Indonesian team.

Professional implication. The proposed legal structure may not reflect the intended commercial substance.

Recommended response. Document decision rights, staff, assets and operational budgets before evaluating tax outcomes.

Finding 2 Treaty assumptions are unsupported

High priority. E03 assumes favourable withholding without a verified treaty and eligibility memorandum.

Professional implication. A headline treaty rate cannot be inserted into the model as an assured result.

Recommended response. Verify the actual treaty, residence, beneficial ownership and other applicable conditions.

Finding 3 Pricing model has not been delineated

Medium priority. E04 does not define the regional entity's services or risk-bearing role.

Professional implication. Intercompany remuneration cannot be selected from the preferred tax outcome.

Recommended response. Prepare a functional analysis and transaction-specific pricing assessment.

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
Forecast contribution before operating costs	12,000	E01
Direct export operating cost	1,000	E01
Direct export contribution after costs	11,000	12,000 minus 1,000
Regional entity operating cost	1,900	E01
Regional entity contribution after costs	10,100	12,000 minus 1,900
Incremental annual operating cost	900	1,900 minus 1,000

Amounts are IDR million. These are pre-tax operating scenarios, not after-tax cash forecasts. The regional model would require a separate commercial benefit or verified tax outcome sufficient to justify its incremental cost. No conclusion about residence, permanent establishment, treaty relief or local licensing is drawn from the numerical comparison.

Alternatives for management discussion

Alternative	Practical rationale	Condition before adoption
Direct export	Lower sample operating cost	Market and contract limitations need review
Regional commercial entity	Potentially supports local activity	Requires real substance and governance
Phased expansion	Tests demand before full investment	Interim tax and contracting risks still need 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

Indonesian tax administration

PMK 81 of 2024 and amendment history - The JDIH page lists amendment history including PMK 1 of 2026. Retrieve applicable originals and check all later amendments before use.

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.