PAYROLL AND EXPATRIATE

Payroll and Expatriate Tax Review

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FY2025 | Prepared for the fictional management team | 3 October 2026

Executive assessment

Complete the employee compensation bridge and expatriate fact records before validating withholding. The sample identifies 1,200 million of gross-pay differences; it does not establish the statutory calculation or residency treatment of any employee.

The fictional workforce comprises 120 local employees and eight inbound assignees. The HR compensation register records IDR 18,000 million, while the payroll taxable-pay register contains 16,800 million. The difference comprises 800 million of allowances and 400 million of offshore-paid compensation.

Priority	Matter requiring a decision	Current evidence position
High	Allowances are not consistently classified	Open for professional review
High	Offshore compensation is outside the local feed	Open for professional review
High	Residency evidence is incomplete	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

- Payroll and compensation reconciliation
- Employee tax and personal fact records
- Expatriate assignment and offshore compensation
- Year-end adjustment and certificate controls

Reconcile HR, payroll, general ledger and offshore compensation populations. For each relevant person, establish the actual facts supporting residency and employment treatment; nationality or a job title is not enough. Reperform the applicable withholding method only after verifying classification, period and employee data.

Evidence population

Ref	Illustrative record	Role in the analysis
E01	HR compensation and allowance register	Starting population and primary bridge
E02	Payroll calculation and withholding register	Classification and factual support
E03	Offshore compensation schedule	Exception or corroboration testing
E04	Assignment and travel fact records	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 Allowances are not consistently classified

High priority. E01 includes 800 million of allowances missing from E02's taxable-pay register.

Professional implication. The difference could reflect a valid classification or an omitted compensation component.

Recommended response. Review allowance terms, beneficiaries and current rules, then document the employee-level treatment.

Finding 2 Offshore compensation is outside the local feed

High priority. E03 records 400 million of assignee compensation without a local payroll reconciliation.

Professional implication. The company lacks a complete view of remuneration connected with the assignment.

Recommended response. Establish a recurring offshore compensation feed and assess the actual Indonesian treatment.

Finding 3 Residency evidence is incomplete

High priority. E04 contains assignment dates but no complete travel, domicile or treaty fact review.

Professional implication. A blanket expatriate classification could apply the wrong framework to individuals.

Recommended response. Prepare person-specific factual records and obtain specialist review of residence and treaty questions.

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
HR compensation register	18,000	E01
Payroll taxable-pay register	16,800	E02
Reconciliation difference	1,200	18,000 minus 16,800
Allowance component	800	E01
Offshore component	400	E03

Amounts are IDR million. The 1,200 million difference equals 800 plus 400 million. It is not an underwithheld tax figure because the employee allocation, taxable treatment, applicable computation and prior withholding are not established. A person-by-person review should distinguish cash pay, benefits, reimbursements and offshore compensation.

Alternatives for management discussion

Alternative	Practical rationale	Condition before adoption
Correct the compensation feed	Establishes a complete population	Classification remains subject to review
Perform employee-level calculations	Tests withholding once facts are complete	Requires current method and personal data
Introduce assignment controls	Improves ongoing visibility	Needs privacy and secure data access

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.

Employment related withholding

PMK 168 of 2023 - Check the current original framework, subsequent measures, employee facts and any separate treaty questions.

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.