

## Indonesia: Top Five Tax Haven Countries as the Strategy to Tax Avoidance

**Authors :** Maya Safira Dewi

**Abstract :** Indonesia is one in the top ten countries most funds flowing into Tax Haven. Illegal funds flowing out of Indonesia reached USD 10.9 billion per year. While the total to 2010 of the Indonesian financial assets are in tax havens from Indonesia amounted to USD 331 billion (Kar and Freitas, 2012). Singapore, Netherlands, Virgin Island, Mauritius and Cayman Island are the highest countries that became the location of companies affiliated with the company listed in Indonesia Stock Exchange. The 469 companies listed on the stock exchange there are 128 companies (27.29%) with overseas entities, listed total overseas affiliated companies amounted to 417 firms in 2012 and 415 companies in 2011. The most of the branches or the parent company are located in Singapore, Netherlands, Virgin Island, Mauritius and Cayman Island. Judging from the existing tax provisions in these countries, have corporate tax rates that is lower than Indonesia. Tax avoidance to tax haven countries can be made by using some Strategies. They are transfer pricing, shopping treaty, thin capitalization and the controlled foreign company. Singapore, Netherlands, Virgin Island, Mauritius and Cayman Island are tax haven countries which become a tax heaven for Indonesian tax payer. It can be concluded that tax havens are a serious problem for Indonesia, and the need for a more assertive policy establishment and more detail about tax havens.

**Keywords :** tax avoidance, tax haven, transfer pricing, tax rate, tax payer

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