



REVISION OF REGULATION REGARDING E-COMMERCE VAT COLLECTORS

RSM INDONESIA CLIENT ALERT – 26 APRIL 2022

On 30 March 2022, the Minister of Finance issued 14 regulations to implement changes to VAT as a consequence of the enactment of Law No. 7/2021 to Harmonize Tax Regulations (Law 7). These were primarily issued to reflect the imposition of the new 11% rate of VAT, effective on 1 April 2022, and the 12% rate that will be applied no later than 1 January 2025. However, there are also other amendments to some of the existing regulations.

This Client Alert summarises key aspects of Minister of Finance regulation No.60/PMK.03/2022 (PMK-60) that amends 48/PMK.03/2020 (PMK-48) regarding the application of VAT for foreign e-commerce businesses. PMK-60 and, previously, PMK-48 regulate the collection of VAT where intangible goods and/or services are provided from overseas to buyers/users in the Indonesian customs area via e-commerce (*Perdagangan Melalui Sistem Elektronik* or PMSE). E-commerce refers to trade conducted through electronic systems. Therefore PMK-60 regulates the collection of VAT by foreign e-commerce businesses that undertake relevant transactions with parties located in Indonesia.

Please refer our Client Alerts dated [20 May 2020](#) and [4 August 2020](#) for details of PMK-48 and its implementing regulation, Director General of Taxation regulation No. PER-12/PJ/2020 (PER-12).

WHEN IS IT EFFECTIVE & TRANSITION?

PMK-60 is effective on 1 April 2022.

From 1 April, PMK-48 ceases to be effective, except for previous appointments of e-commerce VAT Collectors. PER-12 remains effective except where it contradicts PMK-60.

WHAT TRANSACTIONS ARE SUBJECT TO THE REGULATION?

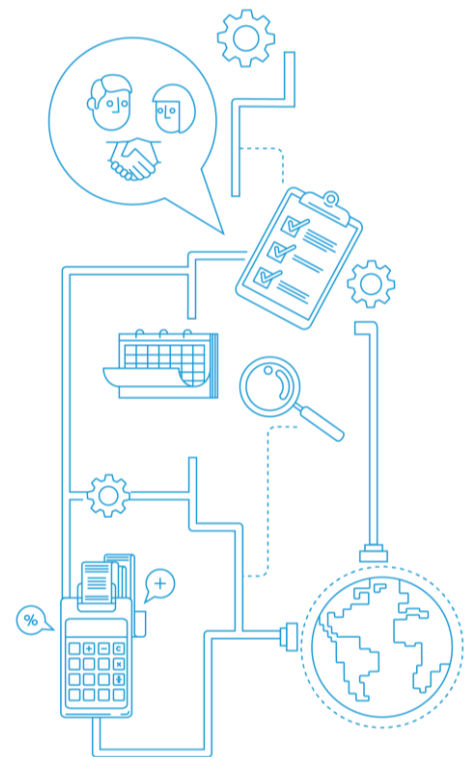
There is no change to the transactions that were stipulated in PMK-48.

The transactions subject to VAT are taxable intangible goods¹ (including digital goods) and taxable services (including digital services) provided by foreign e-commerce businesses that are utilized by individuals or organisations that meet any of the following criteria:

- Their place of residence or domicile is in Indonesia (based on correspondence or billing address and/or country selection as per the registration process with the e-commerce business)
- Payment is made using debit, credit or other payment facilities that are provided by an institution in Indonesia
- The transaction uses an internet protocol (IP) address in Indonesia or uses a telephone number with the Indonesian country code

Other transactions involving the utilization of taxable intangible goods and/or services from overseas that are not subject to VAT collection in accordance with PMK-60 are still subject to the existing obligation to self-assess and pay Offshore VAT (PPN JKPLN). For example, the utilisation in Indonesia of consulting advice provided by an overseas adviser would be subject to Offshore VAT and not subject to collection of VAT under PMK-60. Offshore VAT will also apply if the intangible goods or services are covered by PMK-60, however, no party has been appointed as an e-commerce VAT Collector.

PMK-60 does not apply to intangible goods or services that are not subject to VAT.



WHO IS REQUIRED TO CHARGE & COLLECT THE VAT?

Similar to PMK-48, PMK-60 applies for foreign e-commerce businesses that do not have a Permanent Establishment (PE) in Indonesia. If the business has a PE in Indonesia then it is required to comply with the general VAT law and regulations, in addition to other tax laws and regulations.

¹ Amongst others, taxable intangible goods include the use or right to use copyrights, patents, designs or models, trademarks, intellectual property, the use or right to use industrial, commercial or scientific equipment, the use of knowledge or information in the science, technical, industrial or commercial fields, the use or right to use films, video or sound.



E-commerce business players (*Pelaku Usaha Perdagangan Melalui Sistem Elektronik*) that exceed the activity criteria can be appointed as e-commerce VAT Collectors by the Minister of Finance, whose authority is delegated to the Director-General of Taxation (DGT). The thresholds remain as stipulated in PER-12:

1. If the value of transactions in Indonesia within a 12-month period exceeds IDR 600 million or IDR 50 million per month and/or
2. If the amount of traffic or users within a 12-month period exceeds 12,000 or 1,000 per month

Pelaku Usaha Perdagangan Melalui Sistem Elektronik refer to parties that undertake e-commerce activities, comprising foreign sellers, foreign service providers, foreign e-commerce marketplaces (*Penyelenggara Perdagangan Melalui Sistem Elektronik* or PPMSE) and/or domestic e-commerce marketplaces. Where the transaction involves a direct sale or provision of services then the foreign seller or service provider can be appointed. If the transaction is conducted via a foreign or domestic e-commerce marketplace then the foreign seller, foreign service provider, foreign e-commerce marketplace or domestic e-commerce marketplace provider can be appointed.

E-commerce businesses that meet the criteria, but are not yet appointed by the DGT can request registration.

The e-commerce VAT Collector will then receive an identification number for the purposes of tax administration.

The obligation to collect VAT commences the beginning of the month following the date of appointment.

In the case where more than one party has been appointed then Article 2(4) of PMK-60 clarifies that the party required to collect VAT is the party that issues an invoice, billing, receipt or similar.

WHAT IS THE TAX BASE?

The Tax Base is the amount payable (excluding VAT) by the buyer or user of the intangible goods or services sold or provided by the foreign e-commerce business.

WHAT IS THE TAX RATE?

The Tax Rate follows the provisions of Law 7:

- 11% commencing from 1 April 2022, and
- 12% commencing no later than 1 January 2025

VAT ADMINISTRATION

The e-commerce VAT Collector is required to provide evidence to the customer of the collection of VAT on the invoice or other transaction document. Provided this document includes the name and NPWP of the buyer or their email (that is also recorded in the DGT's administration system) then it is considered similar to a VAT Invoice (*Faktur Pajak*) and an input credit can be claimed, subject to the prevailing regulations.



WHEN IS THE VAT TO BE COLLECTED (CHARGED), PAID AND REPORTED?

The VAT must be collected commencing the month after the e-commerce business was appointed as an e-commerce VAT Collector.

The obligation to collect VAT occurs on the date of payment by the resident buyer or user.

The VAT must then be transferred to the State Treasury before the end of the following month through e-billing using Indonesian Rupiah, USD or such other currency as is stipulated by the DGT.

The e-commerce VAT Collector is required to lodge a quarterly report of total customers, total payments, total VAT collected and a list of the transactions per month. The list of transactions shall include:

- The number and date of each VAT collection slip;
- The amount of payment (not including VAT) for each VAT collection slip;
- The amount of VAT collected per transaction; and
- The name and NPWP of the customer if this information is provided in the VAT collection slip.

Previously, PMK-48 only required the list of transactions be provided annually, if/when requested by the DGT.

The report shall be e-filed no later than the end of the month after the previous quarter. However, if the e-filing system is not operational then the list of transactions is not required and is replaced with the total VAT paid to the State Treasury per month. The DGT can then later request an annual report that includes the information that would otherwise be provided in the quarterly report (i.e. including the list of transactions).

RSM COMMENT:

Other than implementing the new 11% VAT rate, e-commerce VAT Collectors must be ready to provide detailed lists of transactions each month, instead of only providing annually on request by the DGT.

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