

ARTICLE 22 WITHHOLDING TAX OBLIGATIONS FOR E-COMMERCE MARKETPLACES IN RELATION TO TRANSACTIONS BY DOMESTIC TRADERS

RSM INDONESIA CLIENT ALERT – 20 August 2025

The Government has expanded its efforts to tax the e-commerce sector by issuing Minister of Finance Regulation No 37 Year 2025 concerning “the Appointment of Other Parties as Income Tax Collectors and the Mechanism of Collection, Deposit, and Reporting Income Tax collected by the Other Parties from Income earned by Domestic Traders through e-commerce Marketplaces” (PMK-37) on 11 June 2025.

PMK-37 states that e-commerce marketplaces can be appointed by the Director-General of Taxation (via delegated authority from the Minister of Finance) to collect Article 22 income tax from transactions involving domestic traders.

PER-15/PJ/2025, the related regulation stipulating the monetary and/or traffic/user thresholds to be met before an e-commerce marketplace can be appointed to collect Article 22 tax, was issued on 5 August 2025 (PER-15).

WHEN IS PMK-37 EFFECTIVE?

PMK-37 is effective commencing 14 July 2025, although it required the issue of the Director-General of Taxation (DGT) regulation stipulating the monetary and traffic/user thresholds. These thresholds are now stipulated by PER-15 and therefore the DGT can proceed with appointing e-commerce marketplaces as Article 22 tax collectors (refer to next page regarding the thresholds).

WHICH TAXPAYERS ARE SUBJECT TO ARTICLE 22 TAX PER PMK-37?

PMK-37 applies to domestic traders that earn income using e-commerce marketplaces that have been appointed as Article 22 tax collectors.

“Domestic traders” are defined as individuals or entities (*badan*) that reside or are domiciled in Indonesia who conduct e-commerce using facilities that are either created and managed directly by themselves or that are owned by an e-commerce marketplace or using other electronic systems that provide facilities for e-commerce.

ARTICLE 22 WITHHOLDING TAX OBLIGATIONS FOR E-COMMERCE MARKETPLACES IN RELATION TO TRANSACTIONS BY DOMESTIC TRADERS

Further, these individuals or entities must:

- Receive income using a bank account or similar financial account; and
- Conduct transactions using an internet protocol address in Indonesia or a telephone number with an Indonesian country code.

Finally, domestic traders shall also include delivery companies, insurance companies, and other parties conducting transactions with buyers of goods and/or services via e-commerce marketplaces.

WHICH E-COMMERCE MARKETPLACES CAN BE APPOINTED AS ARTICLE 22 TAX COLLECTORS AND WHAT ARE THE THRESHOLDS?

Both foreign and domestic e-commerce marketplaces can be appointed by the DGT as an Article 22 tax collector if the marketplace meets the following criteria:

- a) Uses an escrow account to receive income earned by the domestic traders (i.e. the e-commerce marketplace has the ability to collect Article 22 tax from those funds), and
- b) The e-commerce marketplace's activity exceeds either:
 - i. A certain threshold for total transaction value during a 12 months period and/or
 - ii. A certain threshold for the traffic amount or users who access the marketplace during a 12 months period

The monetary and traffic/user thresholds shall be stipulated by the DGT in accordance with delegated authority from the Minister of Finance.

The threshold criteria per (b) are the same as those regulated in Part 19 of Minister of Finance Regulation No. 81/2024 dated 14 October 2024 (PMK-81), regarding the appointment of parties as collectors of VAT where intangible goods and/or services are provided via e-commerce from overseas to buyers/users in the Indonesian customs area.

Further, the actual threshold amounts stipulated in PER-15 are the same as those stipulated by the implementing regulation for PMK-81¹. That is:

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

E-commerce marketplaces can also proactively request appointment as an Article 22 collector through submission of a form stating, amongst others, the business conducted and the level of activity. The DGT will then review and determine if the applicant will be appointed as an Article 22 collector.

WHAT IS THE RATE OF ARTICLE 22 TAX AND WHAT IS THE TAX OBJECT?

The Article 22 rate is 0.5%. This is imposed on the gross turnover earned by the domestic trader from transactions conducted through the appointed e-commerce marketplace, excluding VAT and Luxury Goods Sales Tax (*PPN BM*). "Gross turnover" is before deducting discounts or similar.

¹The implementing regulation is DGT Regulation No. PER-12/PJ/2025 dated 22 May 2025 concerning "Thresholds for Other Parties and the Appointment of Other Parties, Collection, Deposit, and Reporting of VAT on the utilization of Intangible Goods and/or Taxable Services from outside the Customs Areas within the Customs Area through Electronic Commerce in the Framework of implementing the Core Tax Administration System".

ARTICLE 22 WITHHOLDING TAX OBLIGATIONS FOR E-COMMERCE MARKETPLACES IN RELATION TO TRANSACTIONS BY DOMESTIC TRADERS

The table below summarizes the types of transactions conducted through an appointed e-commerce marketplace (commencing the month after the marketplace has been appointed) that are subject to Article 22 tax, or are not subject to Article 22 tax:

Type of transaction	Whether subject to Article 22 tax? (Note 1)
Sales of goods or services by individual resident taxpayers whose gross turnover for the current year does not exceed IDR 500 million	Yes, if <u>have not</u> provided a statement letter. (Note 2)
	No, if have provided a statement letter. (Note 2 & 3)
Delivery services, insurance and goods/services provided by other parties conducting transactions with buyers of goods and/or services via e-commerce marketplaces	Yes.
Provision of delivery services by individual resident taxpayers who are partners of application-based transportation companies	No.
Sales of goods/services by domestic sellers who are eligible to obtain a Tax Exemption Letter (<i>Surat Keterangan Bebas/SKB</i>), e.g., because subject to PP-55/2022	Yes, if have not provided the SKB.
	No, if have provided the SKB. (Note 2)
Sales of prepaid phone credit (<i>pulsa</i>) and SIM card starter packs (<i>kartu perdana</i>)	No.
Sales of gold jewelry, gold bars, jewelry made entirely of non-gold materials, gemstones, and/or similar types of stones, conducted by gold jewelry manufacturers, gold jewelry traders, and/or gold bar entrepreneurs	No.
Transfer of rights to land and/or buildings or binding agreements for the sale/purchase of land and/or buildings	No.
Income subject to Final Tax, other than from the transfer of rights to land and/or buildings or binding agreements for the sale/purchase of land and/or buildings	Yes, except income subject to PP-55/2022 if an SKB has been provided.
Income earned by non-residents	Yes, if <u>have not</u> provided a Certificate of Tax Residence. (Note 2)
	No, if <u>have</u> provided a Certificate of Tax Residence. (Note 2)

Note 1: Transactions not subject to Article 22 tax under PMK-37 are subject to taxation in accordance with the general prevailing tax regulations.

Note 2: Notifications/documents must be provided to the e-commerce marketplace before the transactions occur. The e-commerce marketplace is permitted to determine the procedures for reporting. If the relevant condition exists in the following year, then these documents must be re-submitted at the beginning of that year.

Note 3: If the individual's gross turnover exceeds IDR 500 million then that individual must advise the e-commerce marketplace no later than the end of the month when the turnover exceeds IDR 500 million.



For certain transactions the tax object might include other amounts and/or there could be more than one tax subject:

- Third party delivery charges (unless not subject to Article 22 tax per above table) and insurance costs borne by the seller that are charged through the marketplace are not deducted from gross turnover to determine the amount subject to Article 22 tax. Further, these costs are subject to separate Article 22 tax collection – on the total (for the main trader) and, as applicable, the delivery provider and the insurer.
- Own delivery charges (*kurir toko*) are added to the gross turnover to determine the amount subject to Article 22 tax.

IMPLICATIONS FOR DOMESTIC TRADERS SUBJECT TO FINAL TAX

With the exception of income from the transfer of titles over land/buildings or from the transfer of binding buy sell agreements over land/buildings, and income subject to PP-55/2022 (provided an SKB is provided), other final taxed income earned through appointed e-commerce marketplaces is subject to Article 22 tax.

If the tax collected is less than the amount due under the relevant final tax regime (e.g., 10% for income earned from land/building rental) then the domestic trader is required to self-withhold, pay and report the balance in the monthly tax return for the month of the transaction.

If the tax collected exceeds the amount due under the relevant tax regime then the taxpayer may submit a request for refund of taxes withheld that were not due.

INCOME TAX CREDIT

If the income is not subject to Final Tax, the Article 22 tax collected by the marketplace (as evidenced by the invoice issued through the e-commerce marketplace) may be used as an income tax credit to be deducted against gross Article 29 income tax payable at year-end.

WHAT ARE THE OBLIGATIONS OF THE APPOINTED E-COMMERCE MARKETPLACES?

Following appointment as an Article 22 tax collector, the e-commerce marketplace is required to:

- Collect Article 22 tax from applicable transactions from domestic traders, commencing the month after appointment as an Article 22 tax collector:
 - ✓ The Article 22 tax shall then be deposited to the State Treasury (*Kas Negara*) no later than the 15th of the month following collection, and
 - ✓ Reported no later than the 20th of that following month.
- Issue an invoice that, at minimum, includes the following:
 - ✓ Number and date of the invoice
 - ✓ Name of the appointed e-commerce marketplace
 - ✓ Account name of the domestic trader
 - ✓ Name and address of the buyer of the goods/services
 - ✓ Detail of the goods/services, price, and any discount
 - ✓ Amount of Article 22 tax collected for each domestic trader
- Obtain, maintain and report to the DGT (via the Unified Tax Return) the following information from domestic traders:
 - ✓ NPWP/NIK, name, account name, country and correspondence address of the domestic trader
 - ✓ Email address or telephone number of the buyer of the goods/services
 - ✓ The invoice (i.e., including details per above)
 - ✓ The Article 22 tax collected and paid
 - ✓ The statement letter if the domestic trader is an individual and their annual turnover does not exceed IDR 500 million per annum
 - ✓ The statement letter advising the turnover of an individual domestic trade exceeds IDR 500 million per year (if it previously notified turnover did not exceed IDR 500 million per year)
 - ✓ The SKB if the domestic trader is eligible

RSM COMMENTS

- Although the DGT might delay implementation (e.g. by delaying the actual appointment of Article 22 tax collectors), e-commerce marketplaces should review now whether they are likely to be appointed as an Article 22 tax collector and initiate work programs to update their systems to capture data, generate the required documentation and arrange tax payment and reporting (while maintaining data privacy).
- E-commerce marketplaces should plan their communications strategy to explain the obligations and implications for their traders – both domestic and foreign (remembering that foreign traders are subject to Article 22 tax collection unless they provide a Certificate of Tax Residence).
- There is a risk of over-withholding if the trader is subject to Final Tax (e.g., on construction services or income from rental of land and/or buildings) or Article 23 withholding tax. In these cases the recipient of the service already has an obligation to withhold tax. PMK-37 does not remove this obligation and the e-commerce marketplace must also withhold. Accordingly:
 - ☐ If the trader's business activity is not subject to Final Tax then the additional Article 22 tax collected by the e-commerce marketplace will impact on cashflow, but can be used as an income tax credit at year-end.
 - ☐ If the trader's business activity is subject to Final Tax then the trader will need to request the marketplace to refund that over-withheld tax. This process potentially requires a formal "Return of Tax that should not have been Withheld/Paid" per PMK-81 rather than the marketplace being able to resolve using a tax overbooking (*pemindahbukuan*) process.

ARTICLE 22 WITHHOLDING TAX OBLIGATIONS
FOR E-COMMERCE MARKETPLACES IN RELATION TO TRANSACTIONS BY DOMESTIC TRADERS

For further information please contact:

RSM Indonesia
Plaza ASIA Level 10
Jl. Jend. Sudirman Kav.59
Jakarta 12190
T: +62 21 5140 1340
E: inquiry@rsm.id
www.rsm.id
