



Indonesia Tax Alert July 2020

Appointment of VAT Collectors for E-Commerce Parties Delivering Intangible Taxable Goods and/or Services to Customers in Indonesia

Indonesia has recently introduced new tax treatments on transactions through electronic system (*Perdagangan Melalui Sistem Elektronik* (PMSE)). The regulation stipulates that Value Added Tax (VAT) on PMSE is to be collected, paid, and reported by the foreign traders, foreign service providers, foreign PMSE providers (PPMSE), and/or domestic PPMSEs (collectively referred to as “e-commerce parties”) (please refer to [Tax Alert April 2020 – 1st edition](#)).

Following the issuance of Minister of Finance (MoF) Regulation Number 48/PMK.03/2020 (PMK-48) regarding PMSE VAT Collection on Intangible Taxable Goods and/or Services Transactions for E-Commerce Business (please refer to [Tax Info May 2020 edition](#)), the Directorate General of Taxation (DGT) issued Regulation Number PER-12/PJ/2020 (PER-12) on 25 June 2020. PER-12, which came into effect from 1 July 2020, was issued to serve as an implementing regulation for the criteria and procedures on appointment of PMSE VAT collectors, as well as settlement and reporting of PMSE VAT collected on e-commerce transactions.

PER-12 was issued to regulate the criteria and procedures on appointment of PMSE VAT collectors, as well as settlement and reporting of PMSE VAT collected on e-commerce transactions

1. Appointment of PMSE VAT collector

The DGT can appoint an e-commerce party to be the PMSE VAT collector for the following e-commerce transactions:

- a. A direct PMSE transaction with a customer; or
- b. A PMSE transaction conducted through a foreign or domestic PPMSE/platform.

If the PMSE VAT is not collected by the e-commerce party, VAT should remain to be collected, paid, and reported by the Indonesian customer as per the existing general VAT rules.

PER-12 determines that an e-commerce party meeting the following criteria can be appointed as a PMSE VAT collector:

- a. An e-commerce party whose transactions with customers in Indonesia exceed IDR 600,000,000 in a twelve-month period or IDR 50,000,000 in a month; or
- b. An e-commerce party whose transactions exceed 12,000 traffics or accesses in a twelve-month period or 1,000 traffics or accesses in a month.

Based on the above, it appears that if transactions within a month reaches the monthly threshold, even though this may be a one-off event and the transactions in a year do not exceed the annual threshold, the e-commerce party may already be subject to be appointed as PMSE VAT collector. It remains unclear on how the number of transactions is determined.

The obligation on PMSE VAT will come into effect starting from the month after the date of the applicable appointment decree from the DGT. The PMSE VAT collector will be given an identification number for the tax administration process.

Any e-commerce party that has met the criteria, but has not yet been appointed as a PMSE VAT collector, may submit a notification to the DGT to be appointed as a PMSE VAT collector.

The DGT can revoke the appointment of PMSE VAT collector if the e-commerce party no longer meets the criteria. Upon the revocation by the DGT, the tax identification number can be revoked in accordance to the prevailing regulations. Under the general tax regulation, revocation of a tax ID number (NPWP) will trigger a tax audit as the tax authority needs to assess whether all the tax obligations have been fulfilled before the NPWP is revoked. However, since the tax identification number for PMSE VAT collector is separate from NPWP, it is unclear whether a PMSE VAT collector will also be subject to a tax audit prior to revocation of the tax identification number.

PER-12 determines that an e-commerce party meeting certain criteria can be appointed as a PMSE VAT collector.

2. PMSE VAT rate

The PMSE VAT rate on e-commerce transactions is 10%, and the tax base shall constitute the amount paid by the customers. Under the general VAT regulation, delivery of taxable services in certain industries (e.g., travel agent) applies different tax base. PER-12 is silent on whether application of different tax base is extended to e-commerce transactions for such certain industries.

3. Proof of PMSE VAT collection

The regulation stipulates that PMSE VAT collected will be payable at the time of payment by the customer. However, further observation and clarification with regards to the timeline of PMSE VAT collection will still need to be made.

The PMSE VAT collector may use its usual billing document as proof of PMSE VAT collection and such billing document will be treated as equivalent to a PMSE VAT collection evidence (*Bukti Pungut*). The billing document can be in the form of commercial invoice, billing, order receipt, or other similar document that states the amount of PMSE VAT collected and that it has been paid. This means that the PMSE VAT collector is not required to issue the standard VAT invoice (*Faktur Pajak*) that commonly applies to the domestic VAT-able entrepreneurs in Indonesia.

To be treated as equivalent to a VAT invoice, the PMSE VAT collection evidence must contain the following information:

- The name and NPWP of the customer; or
- The email address of the customer as registered in the DGT's administrative system.

In the case the PMSE VAT collection evidence does not show the information above, the e-commerce party must be able to show that the information above is already recorded in the e-commerce party's system.

Our high-level observations found that several issues may arise in regard to this matter, such as:

- It is unclear how the e-commerce party would be able to determine that the email address of the customer is already recorded in the DGT's administrative system.
- Providing access and sharing personal information owned by the DGT and various e-commerce parties may raise data privacy and confidentiality issues.

The PMSE VAT collection evidence must contain the information on the name and NPWP of the customer; or the email address of the customer as registered in the DGT's administrative system.

It is unclear how the e-commerce party can determine that the email address of the customer is already recorded in the DGT's administrative system.

4. PMSE VAT settlement

The PMSE VAT collector must settle the PMSE VAT collected on a monthly basis by the end of the following month via electronic transfer to the State Treasury account, using the following currency:

- Indonesian Rupiah (IDR) converted using the exchange rate issued by the MoF on the date of settlement;
- United States Dollar (USD); or
- Another foreign currency as determined by the MOF.

If the PMSE VAT amount settled to the State Treasury is lower than the collected amount that should have been settled, the PMSE VAT collector has to settle the underpaid amount for the relevant fiscal period.

The cancellation of PMSE VAT collector appointment by the DGT does not stop the obligation of the PMSE VAT collector to settle all the PMSE VAT collected to the State Treasury.

If the PMSE VAT collector overpaid the PMSE VAT collected to the State Treasury, such overpayment can be compensated to the following month.

In the case the PMSE VAT has been collected by the e-commerce party and the Indonesian customer also self-assesses the same PMSE VAT, the Indonesian customer can:

- Overbook the self-assessed VAT amount to other taxes;
- Request for a self-assessed VAT refund;
- Credit the self-assessed VAT against its output VAT; or
- Treat the self-assessed VAT as a deductible expense in its annual income tax return.

PER-12 regulates that in the case a tax audit is carried out on the Indonesian customer, and the customer credits the PMSE VAT collected from the e-commerce transaction, the following supporting documents will be reviewed by the tax auditor:

- The proof of PMSE VAT collection evidence (i.e., the billing document); and
- The proof of PMSE VAT payment.

5. PMSE VAT reporting

There are two reports that must be submitted by the PMSE VAT collector:

- Mandatory Quarterly PMSE VAT Return (*SPT Masa PPN PMSE*); and
- Annually PMSE VAT Report (*Laporan Tahunan PPN PMSE*)—only if requested by the tax office.

PMSE VAT Return is to be submitted on a quarterly basis (i.e., January-March, April-June, July-September, and October-December). The PMSE VAT Return must provide at the minimum the following information:

- The number of customers;
- The total payment amount, excluding PMSE VAT;
- The amount of PMSE VAT collected;
- The amount of PMSE VAT settled to the State Treasury; and
- The amount of PMSE VAT compensated from previous quarter and the information on which quarter is the PMSE VAT overpayment incurred (if any).

The PMSE VAT collector must settle the PMSE VAT collected on a monthly basis.

At the request of the tax office, the PMSE VAT collector must submit an Annual PMSE VAT Report which covers the transactions for the whole calendar year.

The minimum information that must be disclosed for each transaction are:

- The number and date of the PMSE VAT collection evidence;
- The amount of tax base for each of the PMSE VAT collection;
- The amount of PMSE VAT for each of the PMSE VAT collection;
- The name and NPWP of the customer (if any); and
- The phone number, email address or other identification information of the customer.

The reports above must be submitted through DGT's online application/system. PER-12 does not provide the format of the reports.

It is noteworthy that considering the level of information detail requested in the e-Commerce Annual PMSE VAT Report, the PMSE VAT collector should start adjusting its system to accommodate the data request by the tax office.

At the request of the tax office, the PMSE VAT collector must submit an Annual PMSE VAT Report which covers the transactions for the whole calendar year.

Closing remarks

Since the criteria threshold for the appointment as a PMSE VAT collector is now determined, multinational digital companies should immediately start assessing the potential implications of the new PMSE VAT rules and be ready when they are appointed.

Contact Persons

Questions concerning any of the subjects or issues contained in this newsletter should be directed to your usual contact in our firm, or any of the following Tax Partners:

Business Tax

Melisa Himawan

Tax Managing Partner

mehimawan@deloitte.com

Business Tax and M&A

John Lauwrenz

Deputy Tax Leader

jlauwrenz@deloitte.com

Transfer Pricing

Roy David Kiantiong

Deputy Tax Leader

rkiantiong@deloitte.com

Business Tax

Ali Mardi Djohardi

alimardi@deloitte.com

Business Tax and

Business Process Solutions

Ratna Lie

ratnalie@deloitte.com

Transfer Pricing

Balim

bbalim@deloitte.com

Business Tax and International Tax

Cindy Sukiman

csukiman@deloitte.com

Business Tax, Business Process Solutions and Gi3

Roy Sidharta Tedja

roytedja@deloitte.com

Transfer Pricing

Shivaji Das

shivdas@deloitte.com

Business Tax

Dionisius Damijanto

ddamijanto@deloitte.com

Business Tax and Indirect Tax

Turmanto

tturmanto@deloitte.com

Global Employer Services and Business Process Solutions

Irene Atmawijaya

iatmawijaya@deloitte.com

Business Tax

Heru Supriyanto

hsupriyanto@deloitte.com

Business Tax and

Tax Management Consulting

Yan Hardyana

yhardyana@deloitte.com

Deloitte Touche Solutions

The Plaza Office Tower, 32nd Floor

Jl. M.H. Thamrin Kav 28-30

Jakarta 10350, Indonesia

Tel: +62 21 5081 8000

Fax: +62 21 2992 8303

Email: iddtl@deloitte.com

www.deloitte.com/id

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

About Deloitte Indonesia

In Indonesia, services are provided by Deloitte Touche Solutions.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms or their related entities (collectively, the "Deloitte organization") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.