The Director General of Tax ("DGT") has issued Regulation No. PER-12/PJ/2020 ("PER-12"), dated 25 June 2020, related to value added tax ("VAT") on offshore e-Commerce transactions. Effectively a supplement to Law No. 2 Year 2020 and Ministry of Finance Regulation No. 48/PMK.03/2020 ("PMK-48"), this regulation provides the implementation rules regarding PMK-48 and became effective 1 July 2020.

PMK-48 stipulates that any transaction related to the utilization of offshore intangible taxable assets and/or taxable services within Indonesia via e-Commerce is subject to 10% VAT.

Please refer to our May 2020 Tax News Flash which lists the type of transactions subject to VAT under and other additional details regarding PMK-48.

The obligation to collect this VAT from payments made by Indonesian buyers/customers lies with the E-Commerce Business Providers ("ECBPs"), i.e. the e-Commerce offshore/local providers or offshore traders. The Indonesian Tax Office ("ITO") will appoint ECBPs as VAT collectors.

Qualifications
An ECBP qualifies to be appointed as a VAT collector if its activities in the Indonesian market meet either of the following thresholds:

a. The value of its transactions with buyers/customers in Indonesia exceeds IDR 600 million in a year or IDR 50 million in a month; and/or
b. Traffic or visitors to its e-Commerce platforms from Indonesia exceeds 12,000 users in a year or 1,000 users in one month.

An ECBP may notify DGT electronically to be appointed as a VAT collector. Upon receiving such a request, DGT will determine whether or not to appoint the entity as a VAT collector. The possibility to notify DGT is an option and not an obligation.

Appointment and Revocation
DGT will issue a Decision Letter to each ECBP appointed as a VAT collector, which is effective at the beginning of the month following the Decision Letter issuance. These ECBPs will also receive a Tax Identification Number Card (Kartu Nomor Identitas Perpajakan) and a Notification Letter of Registration from DGT.

If there is any incorrect information stated in DGT’s Decision Letter, the ECBP can request an amendment electronically. DGT will then amend the Decision Letter, but this will not change the appointment status.

An appointment as a VAT Collector may be revoked if the ECBP no longer meets one of the thresholds or based on DGT considerations. A revocation is effective from the beginning of the month following the Revocation Decision Letter issuance.

Compliance Obligations
1. Account activation
   Once appointed, an ECBP must activate its DGT online account and update its information in DGT’s database before the effective date of its appointment as a VAT collector.

2. VAT collections
   An ECBP VAT collector should collect 10% VAT based on the sales value (excluding the 10% VAT) from its buyers/customers in Indonesia. If VAT is not collected, then the buyers/customers must pay and report the VAT in accordance with Article 3A of VAT Law.

   An ECBP must issue VAT collection slips providing information on each VAT collection and payment, which can be in the form of commercial invoices, billings, order receipts or other documents stating the VAT amount and that payment is already settled.
These VAT collection slips can be treated as VAT Invoices and claimed as Input VAT by buyers/customers if they contain the following buyer/customer information:

a. Name and Tax Identification Number (Nomor Pokok Wajib Pajak/"NPWP"); or
b. Email address registered with the DGT system.

3. Payments of VAT collected
The VAT collected must be paid electronically or by any other available method by the end of the month following the month in which the VAT charge takes place. An ID Billing code must be generated for the payment using DGT’s e-billing system. Payments may be made in IDR, USD or any other currency stipulated by DGT, as selected by the ECBP in the DGT system.

4. VAT reporting
VAT reports must be submitted on a quarterly basis by the end of the month following each quarterly period and must contain at least:

a. The number of buyer/customers;
b. The total amount of payments received (excluding VAT);
c. The amount of VAT collected; and
d. The amount of VAT transferred.

It is also possible for the DGT to request for a detailed VAT report for each calendar year containing the following information for each VAT collection slip:

a. Its number and date;
b. The amount of payment (excluding VAT);
c. The amount of VAT collected;
d. The name and NPWP of the buyer/customer – if available; and
e. The phone number, email address or other items related to the buyer/customer’s identity.

The VAT reporting will be done electronically via DGT’s system, either in Bahasa Indonesia or English, and using the currency previously selected by the ECBP. DGT will issue receipts upon submission of these reports.

5. VAT overpayments
If an ECBP collects VAT and the buyer/customer also self-pays VAT on the same transaction, the self-paid VAT can be:

a. Overbooked to other tax payments;
b. Requested as a refund of tax that should not have been paid;
c. Credited as Input VAT; or
d. Claimed as a deductible expense in the corporate income tax calculation.

© 2020 KPMG Advisory Indonesia, an Indonesian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.
Contact us

KPMG Advisory Indonesia
Tax Services
33rd Floor, Wisma GKB
28, Jl. Jend. Sudirman
Jakarta 10210, Indonesia
T: +62 (0) 21 570 4888
F: +62 (0) 21 570 5888

Abraham Pierre
Partner In Charge, Tax Services
Abraham.Pierre@kpmg.co.id

Aaron Brunier
Aaron.Brunier@kpmg.co.id

Andy Tanu Utomo
Andy.Utomo@kpmg.co.id

Anita Priyanti
Anita.Priyanti@kpmg.co.id

Adeline Harriman
Adeline.Harriman@kpmg.co.id

Bambang Budiman
Bambang.Budiman@kpmg.co.id

Diana Ria Hutagaol
Diana.Hutagaol@kpmg.co.id

Eko Prajanto
Eko.Prajanto@kpmg.co.id

Esther Kwok
Esther.Kwok@kpmg.co.id

Hamdanus Lukman
Hamdanus.Lukman@kpmg.co.id

Irwan Setiawan
Irwan.Setiawan@kpmg.co.id

Iwan Hoo
Iwan.Hoo@kpmg.co.id

Jacob Zwaan
Jacob.Zwaan@kpmg.co.id

Julya Permata Tjen
Tjen.Permata@kpmg.co.id

Natalia Yamin
Natalia.Yamin@kpmg.co.id

Sontang Ruli Siregar
Sontang.Siregar@kpmg.co.id

Sutedjo
Sutedjo@kpmg.co.id

Tonggo Aritonang
Tonggo.Aritonang@kpmg.co.id

Yoshiyuki Misao
Yoshiyuki.Misao@kpmg.co.id

home.kpmg/id

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG Advisory Indonesia, an Indonesian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.