

Indonesia issues implementing regulations for VAT collection on digital transactions

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Indonesia's Director General of Tax (DGT) issued, on 25 June 2020, implementing regulations (DGT Regulations)¹ that provide additional details related to the regulations issued by the Minister of Finance (MOF) (MOF Regulations) on 5 May 2020 with respect to Value-Added Tax (VAT) collection on digital transactions.² The DGT Regulations are effective from 1 July 2020 and include: (i) thresholds for appointment of VAT collectors; and (ii) registration, collection, payment and reporting procedures.

Appointment of VAT collectors

International sellers, international service providers, and international or local e-commerce platform providers will be identified and registered by the DGT as VAT collectors if they exceed thresholds in a 12-month period with respect to either of the following conditions:

- ▶ Transaction values of US\$42,000 per year or US\$3,500 per month.³
- ▶ Traffic or access numbers of 12,000 per year or 1,000 per month.

Consistent with the MOF Regulations, other companies which have not been identified and registered by the DGT for VAT purposes may voluntarily register if they exceed the above thresholds. The MOF and DGT Regulations are silent on any potential consequences for companies if they exceed the thresholds but do not voluntarily register.

On 7 July 2020, the DGT announced that six international companies have been appointed as VAT collectors. The list of VAT collectors has been issued publicly and will be updated over time.

Endnotes

1. Director General of Tax Regulation No PER-12/PJ/2020.
2. Minister of Finance Regulation No 48/PMK.03/2020. See also EY Global Tax Alert, [Indonesia issues implementing regulation for VAT on digital transactions](#), dated 9 June 2020.
3. IDR600 million per year or IDR50 million per month.

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