

## HOW DO ASEAN COUNTRIES TAX THE DIGITAL ECONOMY

By

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### ABSTRACT

*A concise and factual abstract is required (maximum length 200 words). The abstract should state briefly the purpose of the research, the principal results and major conclusions. An abstract is often presented separate from the article, so it must be able to stand alone. References should therefore be avoided, but if essential, they must be cited in full, without reference to the reference list. Non-standard or uncommon abbreviations should be avoided, but if essential they must be defined at their first mention in the abstract itself. Abstract in italics, spacing 1, size 11, Font Book Antiqua also include keywords. The number of words for the abstract is min. 150-200 words, which contain the problem, objectives, methods and results. While keyword maximum five words that reflect the content of the manuscript. Immediately after the abstract, provide a maximum of five keywords, avoiding general and plural terms and multiple concepts (avoid, for example, 'and', 'of'). Be sparing with abbreviations: only abbreviations firmly established in the field may be eligible. These keywords will be used for indexing purposes.*

**Keywords:** *Taxing the Digital Economy*

### A. Introduction

1. What is digital economy?

the result of a transformative process brought by information and communication technology (ICT), which has made technologies cheaper, more powerful, and widely standardised, improving business processes and bolstering innovation across all sectors of the economy. Three main characteristics of the digital economy

- a. Scale without mass : The ability to have a significant economic presence in a country without a major physical presence.
- b. Reliance on intellectual property : Particularly heavy reliance on intangible assets, including intellectual property
- c. User participation and the value of data : Many evolving business models include elements of data, user participation, user-generated content and network effects.

Elements of Digital Economy



## B. Research Finding

### 1. Key issues

Income tax : Fair taxing right dan VAT : Level playing field. Key issue of Taxing the Digital Economy : Income Tax.



Key issue of Taxing the Digital Economy : Value Added Tax



Experience of ASEAN Countries : Taxing the Digital Economy: ASEAN Countries and Experience of Indonesia

TOP 20 COUNTRIES WITH HIGHEST NUMBER OF INTERNET USERS - JUNE 30, 2019						
#	Country or Region	Population, 2019 Est.	Population 2000 Est.	Internet Users 30 June 2019	Internet Users 31 Dec 2000	Internet Growth 2000 - 2019
1	China	1,420,062,022	1,283,198,970	829,000,000	22,500,000	3,584 %
2	India	1,368,737,513	1,053,050,912	560,000,000	5,000,000	11,100 %
3	United States	329,093,110	281,982,778	292,892,868	95,354,000	207 %
4	Brazil	212,392,717	175,287,587	149,057,635	5,000,000	2,881 %
5	Indonesia	269,536,482	211,540,429	143,260,000	2,000,000	7,063 %
6	Japan	126,854,745	127,533,934	118,626,672	47,080,000	152 %
7	Nigeria	200,962,417	122,352,009	119,506,430	200,000	59,653 %
8	Russia	143,895,551	146,396,514	109,552,842	3,100,000	3,434 %
9	Bangladesh	168,065,920	131,581,243	94,445,000	100,000	94,345 %
10	Mexico	132,328,035	101,719,673	88,000,000	2,712,400	3,144 %
11	Germany	82,438,639	81,487,757	79,127,551	24,000,000	229 %
12	Turkey	82,961,805	63,240,121	69,107,183	2,000,000	3,355 %
13	Philippines	108,106,310	77,991,569	67,000,000	2,000,000	3,250 %
14	Vietnam	97,429,061	80,285,562	64,000,000	200,000	31,900 %
15	United Kingdom	66,959,016	58,950,848	63,356,621	15,400,000	311 %
16	Iran	82,503,583	66,131,854	62,702,731	250,000	24,981 %
17	France	65,480,710	59,608,201	60,421,689	8,500,000	610 %
18	Thailand	69,306,160	62,958,021	57,000,000	2,300,000	2,378 %
19	Italy	59,216,525	57,293,721	54,798,299	13,200,000	315 %
20	Egypt	101,168,745	69,905,988	49,231,493	450,000	10,840 %
<b>TOP 20 Countries</b>		<b>5,187,499,066</b>	<b>4,312,497,691</b>	<b>3,131,087,014</b>	<b>251,346,400</b>	<b>1,145 %</b>
<b>Rest of the World</b>		<b>2,528,724,143</b>	<b>1,832,509,298</b>	<b>1,291,407,608</b>	<b>109,639,092</b>	<b>1,077 %</b>
<b>Total World</b>		<b>7,716,223,209</b>	<b>6,145,006,989</b>	<b>4,422,494,622</b>	<b>360,985,492</b>	<b>1,125 %</b>





## 2. Indonesian current digital economy overview

NUMBER OF ONLINE SHOPPERS IN INDONESIA  
(in millions)



Source: Statista, e-Commerce Indonesia, User in millions

eshopworld

**Retail Ecommerce Sales as a Percent of Total Retail Sales in Select Countries in Asia-Pacific and Worldwide, 2014-2019**

	2014	2015	2016	2017	2018	2019
China*	12.4%	15.9%	19.6%	23.8%	28.6%	33.6%
South Korea	10.3%	11.2%	12.1%	13.0%	13.9%	14.7%
Japan	5.9%	6.7%	7.5%	8.2%	9.0%	9.7%
Australia	5.6%	5.9%	6.3%	6.6%	6.9%	7.2%
India	0.8%	1.7%	2.6%	3.6%	4.4%	4.8%
Indonesia	0.8%	1.4%	2.2%	3.1%	3.9%	4.4%
Other	3.0%	3.2%	3.4%	3.4%	3.7%	3.8%
<b>Asia-Pacific</b>	<b>8.2%</b>	<b>10.2%</b>	<b>12.4%</b>	<b>14.9%</b>	<b>17.6%</b>	<b>20.4%</b>
<b>Worldwide</b>	<b>6.3%</b>	<b>7.4%</b>	<b>8.6%</b>	<b>9.9%</b>	<b>11.4%</b>	<b>12.8%</b>

Indonesia is the 6th largest retail e-commerce buyers in Asia- Pacific, with total purchase USD10.92 million in 2018. However, retail e-commerce sales in Indonesia grows 22% annually, which is the highest.

### E. Conclusion

Indonesia position on Income Tax Potential. Potential drawbacks of unilateral measures:

1. Double taxation
2. Dispute
3. Economic disruption
4. Legal & technical issues
5. Must be revoked when a global consensus is reached

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