



## **INCOME TAX ANALYSIS OF E-COMMERCE TRANSACTIONS IN INDONESIA**

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### **ABSTRACT**

*Tax on online transactions is one of the expansion of tax revenue which presents challenges for the taxation system in Indonesia. Basically, taxpayer obligations for conventional businesses and online businesses (e-commerce) are no different. In Indonesia, people like to make buying and selling online. This research uses a normative and empirical approach that is applied by conducting library studies and field studies through data collection from interviews that will be conducted for e-commerce players in Indonesia, Tax Practitioners of the Tax Service Office (KPP) in Indonesia and academics who master taxation. The results of interviews with e-commerce actors obtain information that most e-commerce actors do not agree with the imposition of tax collection on transactions on e-commerce transactions. The head of the extensification and extension department at the Tax Service Office (KPP) revealed that the potential for online business transactions in Indonesia is growing very rapidly but the data available so far have not been able to distinguish payments from taxes on e-transaction and conventional trading.*

***Keywords: Taxpayers, Income Taxes, E-Commerce, Online Transactions***

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### **A. Introduction**

According to Wibawa (2010), "The phenomenon of e-commerce in Indonesia has been known since 1996 with the emergence of the site <http://www.sanur.com/> as the first online bookstore". The phenomenon of buying and selling e-commerce has transformed traditional business processes into digital-based businesses by eliminating market inefficiencies so as to form a business with a new dimension. E-commerce changes the marketing process that was previously carried out conventionally by switching to a marketing model through a digital system. The government has set rules related to e-commerce in several legal studies. Among them are listed in Law (Law) No. 7 of 2014 concerning trade which explains legal certainty and understanding of Trade through Electronic Systems (PMSE) and consumers in conducting trading activities through electronic systems. Likewise, Regulations regarding e-commerce taxation have also been explained by the government through the Directorate General of Tax Circular Letter Number SE/62/PJ/2013 concerning Affirmation of Taxation Provisions for e-commerce Transactions and Circular Letter SE-06/PJ/2015 concerning Withholding and or Income Tax Collection for e-commerce Transactions.

The regulation consists of Income Tax (PPh) and Value Added Tax (VAT) on e-commerce transactions which include taxes on business processes providing services for place and/or time (online market place), taxes on business processes of selling goods and/or services (classified ads), taxes on business processes of depositing sales proceeds to online market place merchants by online market place providers (daily deals) and taxes on online retail. Circular Letter of the Director General of Tax Number SE/62/PJ/2013 concerning Affirmation of Taxation Provisions for e-commerce Transactions and Circular Letter SE-06/PJ/2015 concerning Income Tax Withholding and / or Collection of e-commerce transactions is a form of legal confirmation of the imposition of e-commerce transaction tax which implies that taxation provisions related to transactions on e-commerce are the same as conventional taxation which consists of registering, calculating, paying and reporting for each business actor conducting e-commerce activities.

According to Nufransa who served as Head of Transformation Management Sub Directorate in the Taxation Seminar (2014) revealed that, "Even though the E-Commerce market is growing rapidly in Indonesia, only a handful of E-Commerce actors already have a Taxpayer Identification Number (NPWP)". There are 1,600 (one thousand six hundred) sampling (E-Commerce actors) that have been tried, of which there are 600 (six hundred) which have not been identified and 1,000 (one thousand) have been identified. Out of 1,000 (one thousand) new business operators 620 (six hundred and twenty) who already have a Taxpayer Identification Number (NPWP) and most have reported but the reporting is not known according to the facts at the time of the transaction. In this study, Indonesia is one of the countries whose people love to do buying and selling online. On the other hand, the majority of online business potential is MSME but it has not been explored properly and must be explored optimally. Until now the Government is trying to encourage the development of Village-Owned Enterprises (BUMDes) online through a training movement to increase the business capacity of BUMDes businesses by providing packaging training through online media and promoting taxation on e-commerce transactions in Indonesia. The government's expectation with the extension can develop MSME market share through digital systems and make online businesses understand about taxes on e-commerce transactions so that they can contribute to tax revenue.

## **B. Literature Review**

### **1. E-Commerce Tax Regulations**

According to Article 1 number 1 of Law Number 28 Year 2007 concerning General Provisions and Tax Procedures, the definition of tax is a mandatory contribution to the State stated by individuals or entities that are forcing based on the Law by not getting direct compensation and used for the needs of the State for the greatest prosperity of the people. The tax collection system that applies in Indonesia is a self assessment system, which is a system that gives greater trust and responsibility to calculate, deposit and self-report the amount of tax owed by the Government taxpayer, in this case the tax officer is obliged to carry out guidance, research and supervision of the implementation fulfillment of tax obligations, one of which is income tax.

The rules related to e-commerce are regulated in Law (Law) No. 7 of 2014 concerning trade which explains legal certainty and understanding of Trade through



Electronic Systems (PMSE) and consumers in conducting trading activities through electronic systems. Law (Law) No. 7 of 2014 states that every business actor that trades goods and or services using an electronic system must provide complete and correct data and or information. Every business actor is prohibited from trading goods and or services using an electronic system that is not in accordance with the data and or information and the use of the electronic system must fulfill the provisions stipulated in the Electronic Information and Transaction Law. Data and or information on Trade Through Electronic Systems (PMSE) at least include the identity and legality of Business Actors as producers or Distribution Business Actors, technical requirements of goods offered, technical requirements or qualifications of Services offered, prices and ways of payment of goods and or services as well as delivery methods goods.

The Trade Law defines Trade Through Electronic Systems (PMSE) as trading which is carried out through a series of electronic devices and procedures. The types of PMSE business actors include merchants and Electronic Trading Operators (PPSE), consisting of Electronic Communication Operators, Electronic Advertising, electronic offers, electronic transaction application system operators, service providers and payment application systems and service providers and goods delivery application systems. . A PMSE company can be in the form of an individual or legal entity. Regarding taxation, electronic trading transactions are subject to tax according to the applicable laws and regulations. Businesses that carry out electronic trading must comply with Indonesian taxation provisions because they are deemed to meet physical presence and carry out permanent business activities in Indonesia. Regarding stamp duty, stamp duty on electronic transaction evidence documents is applied to proof of transactions made in writing on paper. Audited sites are entitled to a trustmark. Irresponsible sites can be included in the blacklist. Some legal studies that will be interrelated and/or influence each other with e-commerce transactions include IPR (Copyright Law No. 19/2002, Trade Secret No. 30/2000, Industrial Design No. 31/2000, Layout Design Integrated Circuit No. 32/2000, Patent No.14/2001 and Brand Np. 15/2001, Consumer Protection No. 8/1999, Fair Business Competition No. 5/1999, Civil Code and Law on Funds Transfer No. 3/2011.

## **2. Definition of Income Tax**

Income Tax is regulated in Act Number 36 of 2008 concerning Income Tax is a tax withheld on income in the form of salaries, wages, honoraria, benefits and other payments by name and in any form in connection with work, services or activities carried out by taxpayers private person in the country. Definition of Income Tax Article 21 based on the Director General of Taxes Regulation Number PER-32/PJ/2015 is a tax on income in the form of salary, wages, honorarium, benefits and other payments by name and in any form in connection with work or position, services , and activities carried out by individuals who are domestic tax subjects. Income tax subjects are taxed if they receive or receive income. Tax subjects who receive or obtain income in Law No. 36 of 2008 concerning Income Taxes (PPH) called Taxpayers.

Taxpayers are taxed on the income received or obtained during one tax year or can also be taxed for income in the taxable portion if their subjective tax obligations begin or end in a tax year. Income Tax is a subjective tax type whose tax obligation is

attached to the relevant Tax Subject, meaning that the tax obligation is intended not to be delegated to other Tax Subjects. Therefore, in order to provide legal certainty, determining the time at which the subjective tax obligations begin and end becomes important.

### **3. Potential Income Taxes on E-Commerce Transactions**

The definition of e-commerce is a process of buying and selling products electronically by consumers and from company to company with computers as intermediaries for business transactions (Laudon and Laudon, 1998, in Asih, 2011). The Government through Circular of the Director General of Taxes SE number 62/PJ/2013 concerning the reaffirmation of the imposition of tax on e-commerce transactions emphasized that the taxation of e-commerce transactions still refers to the applicable tax laws such as Law on number 16 of 2009 concerning the stipulation of government regulations in lieu of law number 5 of 2008 concerning the fourth amendment to law number 6 of 1983 concerning General Provisions for Taxation and Taxation Procedures into Laws (KUP Law), Law number 36 years 2008 concerning income tax (PPh law) and law number 42 of 2009 concerning the latest Value Added Tax and Luxury Goods (VAT law). Attachment to Circular Letter number 62/PJ/2013 provides an overview of business processes, revenue models, and examples of the application of the provisions referred to in the General Provisions and Tax Procedures, the Income Tax Act, and the Added Tax Act Value is related to 4 (four) e-commerce transaction models, namely Online Marketplace, Classified Ads, Daily Deals, and Online Retail.

### **4. Pengaturan Pemungutan Pajak penghasilan Atas Transaksi *E- Commerce***

Pengaturan pemungutan pajak penghasilan atas transaksi *E-Commerce* dalam Surat Edaran Direktur Jenderal Pajak Nomor SE-62/PJ/2013 tentang Penegasan Ketentuan Perpajakan Atas Transaksi *E-Commerce* adalah sebagai berikut:

#### **a. Business Process for Providing Place and/or Time (Online Marketplace)**

The object of the tax is income from the provision of place and/or time services in other media for the delivery of information is an income tax object (PPh) that must be withheld Article 21, Article 23, or Article 26 Income Tax. Included in other media for information delivery is the site internet used to operate shops, display content (sentences, graphics, explanatory videos, information, etc.) of goods and/or services, and/or make sales. Rewards relating to the provision of place and/or time on the internet site for the delivery of information in this Online Marketplace business process example can be Monthly Fixed Fee, Rent Fee, Registration Fee, Fixed Fee, or Subscription Fee. The tax subject is an individual or entity that earns income from services providing space and / or time in other media for the delivery of information. With a legal basis, namely Article 4 paragraph (1) and paragraph (2), Article 17, Article 21, Article 23 and Article 26 of the Income Tax Law.

Tariffs for Online Marketplace Providers as service providers whose income is not subject to final tax, Article 17 Income Tax rates are applied to Taxable Income calculated from gross income from sales reduced by costs to obtain, collect and maintain income as well as for Obligations Personal Taxes are reduced by Non-Taxable Income. This arrangement does not meet the principle of justice as one of the principles of taxation, because gross income does not show a net profit from the



results of operations. One of the principles of tax collection is the principle of justice. Like the tax law product also has the aim to create justice in tax collection. Fair in legislation as well as fair in its implementation. An example is by regulating the rights and obligations of taxpayers, taxes are applied to every citizen who qualifies as a taxpayer and sanctions for tax violations are generally applied in accordance with the severity of the violation. Provisions for Income Tax Deduction are if the Online Marketplace Merchant as a service user is an Individual or Corporate Taxpayer designated as a tax deduction, then the service user is required to withhold Article 23, Article 21, or Article 26 withholding according to applicable regulations. Article 23 Income Tax rates on income from services providing space and/or time in other media for the delivery of information are 2% (two percent) of the gross amount not including Value Added Tax (VAT). In the event that the referred service provider does not have a Taxpayer Identification Number, the deduction rate is 100% (one hundred percent) higher, which is to be 4% (four percent) of the gross amount excluding VAT. Income Tax Article 26 on income from services providing space and/or time in other media for the delivery of information is 20% (twenty percent) of the gross amount excluding VAT, or based on the applicable Double Tax Avoidance Agreement (P3B).

## 2. Business Processes for the Sale of Goods and/or Services (Classified Ads).

The tax object is income from the sale of goods and/or the provision of services is the object of income tax. If the income from the sale of goods and/or service provision is the object of withholding/collecting income tax, then it is necessary to carry out withholding/collecting income tax. The tax subjects are individuals or entities that earn income from the sale of goods and/or service provision. The seller of goods or service providers in this example of an Online Marketplace business process is an Online Marketplace Merchant. The legal basis is Article 4 paragraph (1) and paragraph (2), Article 17, Article 21 and Article 22.

## 3. Business Process of Depositing Sales Results to Online Marketplace Merchants by Online Marketplace Organizers.

The object of tax is income from payment intermediary services which is an object of income tax that must be withheld in Article 23, Article 21, or Article 26 withholding income. Rewards in connection with payment intermediary services in this Online Marketplace business process example may be in the form of Per Sale Fees and/or other bills. The Tax Subject is an individual or entity that earns income from a payment intermediary service. Payment intermediary service providers in this Online Marketplace business process example are Online Marketplace providers. The legal basis is Article 4 paragraph (1) and paragraph (2), Article 17, Article 21, Article 23, and Article 26 of the Income Tax Law.

Tariffs for Online Marketplace Providers as service providers whose income is not subject to final tax, Article 17 Income Tax rates are applied to Taxable Income calculated from gross income from sales reduced by costs for obtaining, collecting, and maintaining income and for Personal taxpayers are reduced by non-taxable income. Withholding tax is carried out with the provisions that if the Online Marketplace Merchant as a service user is an Individual or Corporate Taxpayer designated as a tax deduction, then the service user is required to deduct Article 23, Article 21, or Article 26 withholding tax in accordance with applicable regulations.



Income Tax Article 23 on income from payment intermediary services is 2% (two percent) of the gross amount excluding VAT. In the event that the referred service provider does not have a Taxpayer Identification Number, the deduction rate is 100% (one hundred percent) higher, which is to be 4% (four percent) of the gross amount excluding VAT.

#### 4. Online Retail

Online retail is the activity of selling goods and/or services carried out by online retail organizers to buyers on online retail sites. The tax object is income from the sale of goods and/or the provision of services is the object of income tax. If the income from the sale of goods and/or the provision of services is the object of withholding/collecting income tax, then it is necessary to carry out withholding/collecting income tax. The Tax Subject is an individual or entity that earns income from the sale of goods and/or service provision. the seller of goods or service providers in the example of the Online Retail business process is the Online Retail Provider. The legal basis is the same as the legal basis for the business of depositing the proceeds of sales to the online marketplace merchants by the online marketplace providers mentioned above. Tariffs for Online Retail Providers (as well as Merchants) as sellers of goods or service providers whose income is not subject to final tax, Article 17 Income Tax rates are applied to Taxable Income calculated from: (1). Gross income from sales reduced by costs to obtain, collect, and maintain income and for individual taxpayers reduced by non-taxable income; or (2) Net income using calculation norms as referred to in Article 14 of the Income Tax Law and for individual taxpayers reduced by non-taxable income.

#### 5. Propositions and Conceptual Framework

The framework of thought in this study was taken from theories and hypotheses taken from previous studies. The writing of this research was conducted by collecting data derived from library research and is a research study, study and analysis of secondary data in the form of primary, secondary and tertiary legal materials. Primary legal material as legal material obtained directly from various laws and regulations related to taxation. The type of data in this research is descriptive phenomenological qualitative data, the research data is presented in accordance with the phenomena that exist around the scope of the study and is described in the form of words that contain meaning.

The data are processed through the results of interviews and lays out an explanation of online trading transactions along with evidence of e-commerce transactions such as proof of transactions, sales invoices and proof of delivery. Sources of data used in this study came from internal sources, namely data obtained from the results of direct interviews with e-commerce transaction players, both sellers and buyers. In addition, the data obtained is data or evidence or reports originating from users of online trading transactions, namely proof of transactions such as sales invoices and bank transfer slips, proof of shipping slips through shipping services such as JNE, TIKI, or via POS and proof of return note (if there is an item returned). The unit of analysis in this study is the calculation of income tax on e-commerce transactions adjusted according to the Income Tax Law The treatment of tax collection on e-commerce transactions is the same as tax collection on conventional buying and

selling transactions, which is adjusted with the applicable laws and regulations. It's just that tax collection on e-commerce business players requires the process of capturing or filtering data that is quite difficult so that detecting e-commerce transactions through internet media (cyberspace) becomes a new challenge for the DGT. The following is a concept framework for potential e-commerce taxation.

### **C. Research Methods**

#### **1. Research Approach**

This research approach is a qualitative approach which is done by describing the data obtained descriptively using the phenomenological research approach. According to Moleong (2005: 6), "Qualitative research is research that intends to understand phenomena about things experienced by research subjects by means of descriptions in the form of words and languages, in a special natural context by utilizing various scientific methods". This study uses a non-linear (cyclical) pattern that allows researchers to repeat the steps of the study to achieve optimal results (logic in practice).

#### **2. Types and Sources of Data**

Types and sources of data for research can be obtained from a variety of things. Based on how to obtain research data, the source of data for research comes from two sources, namely primary data sources and secondary data. Primary data is data obtained directly from the source, for example data obtained from respondents through questionnaires, focus groups, panels or also data from researchers' interviews with sources. Meanwhile, according to Sugiono (2012: 62), "Secondary data sources are data sources that do not directly provide data to researchers or data obtained by researchers from existing sources, such as notes, company documentation, data obtained from magazines and so on". Sources of data in this study were obtained through interviews with researchers while sources of secondary data obtained from the e-commerce PPh Law. While the types of data acquisition in this study are:

##### **a. Field Research**

The Field Study was conducted using the Interview method with the parties involved in discussing the research problem and conducted in depth to obtain the desired information. Interviews are conducted with interview guidelines that have been prepared by researchers but do not rule out the possibility of researchers asking questions outside the interview guidelines that will be useful in exploring more details about the research discussion. The research interview was conducted by digging up relevant information. Hold question and answer or interviews to obtain data directly with tax office employees who are competent in their fields, professionals in the field of tax law and experts in the field of e-commerce. The informants or informants presented in this study were key informants who were deliberately chosen by the researchers.

##### **b. Virtual Studies, i.e. collect data and materials obtained from sites on the internet.**

#### **3. Data Collection Techniques**

Data collection techniques are techniques or methods used by researchers for data collection. Data collection techniques are the most important step in the research process, because the main purpose of research is to get data. The data collection

technique needed is the most appropriate data collection technique, so that truly valid and reliable data is obtained. In this study, data collection was done by in-depth interviews with predetermined informants. This qualitative research will produce a study that is naturalistic because the research is carried out in natural conditions (natural setting), the data collected and the analysis is more qualitative.

#### **4. Unit of Analysis**

The unit of analysis is something related to the focus under study. The unit of analysis is a study that can be in the form of objects, individuals, groups, regions and time according to the focus of the research. According to Hamidi (2005: 75-76) states that, "The unit of analysis is the unit under study that can be an individual, group, object or a setting of social events such as individual or group activities as research subjects. The data analysis unit of this study is e-commerce business people who are in Indonesia. Researchers collected data related to e-commerce business based on the results of interviews, observations, and literature studies then analyzed by linking the e-commerce taxation rules to obtain a conclusion of e-commerce phenomena in Gresik district.

#### **5. Data Analysis Techniques**

In qualitative research basically data analysis uses logical thinking, analysis with logic, with induction, deduction, analogy, comparison and the like. Stevict, et al (2008) put forward the opinion of the phenomenological data analysis stages as follows:

- a. Determine the scope of the phenomenon to be examined: The research is carried out by establishing the phenomenon that will be studied through an informant and understanding the philosophical perspective of the research.
- b. The initial stage after determining the scope of the phenomenon is to fully describe the phenomenon experienced by the subject. Records and writings of interview results are transcribed into written language.
- c. Horizontalization Phase: researchers inventory questions that are relevant to the research topic. At this stage of the research, the researcher must be objective and specify the important points as research data.
- d. Cluster of Meaning Stage: The process of classifying questions that are relevant to the research topic. At this stage carried out: (a) Textural Description: researchers describe what is experienced by individuals; (b) Stuctural Description: Researchers write phenomena experienced by individuals. Researchers also look for various meanings based on research reflection, in the form of opinions, judgments, feelings, expectations of research subjects about the phenomena they experience.

#### **6. Phase Description of Essence**

Researchers construct (construct) a thorough description of the meaning and essence of the subject's experience.

#### **7. Interviewees**

According to the Big Indonesian Dictionary the meaning of the resource person is the person who knows and gives clearly or becomes a source of information





or informant (the person who gives an information). The informants criteria in accordance with this research are as follows:

a. E-Commerce Actors:

- 1) Male or female, physically and mentally healthy with an age limit of at least 20 years and a maximum age of 55 years.
- 2) Own and run a business online, domiciled and Gresik KTP.
- 3) Engaging in online e-commerce business for more than two years.
- 4) Owns online shop and is registered on one of the national online sites (Lazada, Tokopedia, Shopee, Open Stall, JD.ID)
5. Interviews were conducted on samples of research subjects.

b. Consultant Practitioner of the Gresik North Tax Office

- 1) Male or female, physically and mentally healthy with an age limit of at least 20 years and a maximum age of 55 years.
- 2) Work at the Gresik Utara tax office and understand the tax flow of PPh E-Commerce.

c. Academic Taxation E-Commerce

- 1) Male or female, physically and mentally healthy with an age limit of at least 20 years and a maximum age of 55 years.
- 2) Taking tax education.
- 3) Understanding taxation on income tax on e-commerce transactions.

## **D. Research and Discussion Results**

Online businesses in Indonesia come from various walks of life. Generally they are young business people who glance at business opportunities through online media. In addition, the UMKM trade has also begun to expand and introduce its business through online media, the Government is aggressively developing MSME products (Micro, Small and Medium Enterprises) through online media by equipping small businesses in the villages incorporated in the Village Owned Enterprises (BUMDes) so that good at doing e-commerce business (online sales) and packaging (packaging). Although online businesses in Gresik have started a lot, the majority of online businesses do not know and do not know that there is an obligation to pay taxes on online trading transactions. In addition, the majority of online business entrepreneurs (e-commerce) have not officially registered their businesses so they do not have a TIN and proof of business licenses. In fact, the Directorate General of Taxes has confirmed tax collection on e-commerce transactions by issuing Circular Letter, namely SE-62 / PJ / 2013 and SE-06 / PJ / 2015.

### **1. Research Results**

This research was carried out by working on the stages mentioned in the previous section. Research uses a qualitative phenomenological approach that aims to gain understanding and describe complex realities. The focus of this research is an analysis of the application of Income Taxes to e-commerce transactions in Indonesia. The informants chosen in this research are 4 (four) people consisting of: 2 (two) e-commerce players as well as online shop owners. 1 (one) practitioner at the same time working as an extensification and extension department at the Gresik North Tax Service Office (KPP) and 1 (one) e-commerce taxation academic. Based on the results of an interview with an e-commerce actor named Mr. Mohamat Solihin, information



was obtained that he was not aware of the regulations regarding e-commerce taxes, but as a public aware of tax obligations, he still paid personal income tax as stated in the interview "We do not know there are regulations on e-commerce tax, but we pay income tax on behalf of individuals not on behalf of stores. "According to the researchers, the ignorance might be due to the lack of knowledge of taxation science especially the education of e-commerce actors is only limited to Senior High Schools so it is natural to have limited knowledge about taxation". Furthermore, Mr. Mohamat Solihin revealed that, "Our response should be that the government more often socializes these regulations through online media and the buying and selling community". According to researchers, the government should be more agile and flexible in socializing taxes on e-commerce transactions and socialization can be carried out on the online trading community in stages. It is intended that online businesses can know the obligations and apply taxes on e-commerce transactions in the online business they run. According to researcher Mr. Mohamat Solihin agreed and willing to obey the tax collection rules on e-commerce transactions provided that the regulations are clear and direct PPh deductions from third parties or online shop service providers as he revealed at the interview "I agree as long as the regulations are clear and direct PPh deductions from parties third or online shop service provider in addition, we respond openly as long as it does not burden us online sellers and buyers ". The next e-commerce informant came from an online shop owner who traded online in the form of children's clothing and equipment. The informant is an employee of a company but has a side business in the form of an online shop and the informant is named Dian Dian Wulandari. Informants make buying and selling transactions online by buying merchandise from large agents and then sold online and sent through a freight forwarding service expedition.

Information obtained from the interview revealed that the informant did not know and had never before heard of the imposition of Income Tax on the sale and purchase transactions online (e-commerce) as he revealed "Don't know and had never before heard". The informant also revealed that he was very familiar with taxation so he could not provide a response regarding taxation on e-commerce transactions. According to the conclusions of the informant's research results, he disagrees, if the taxation on e-commerce transactions is carried out. There is a need for regulations on tax restrictions on e-commerce transactions, for example transactions above online buying and selling that have reached sales above 10 Million as he expressed "Because I am very unfamiliar with taxation, I personally can not provide a response regarding e-commerce taxation". The informant also did not pay the Income Tax imposed on the e-commerce transactions that he had been doing. Based on observations and information as well as information from practitioner informants who also work as Section Head of extensification and counseling of the Tax Service Office, it is obtained information that the potential for online business transactions is growing very rapidly as he revealed at the interview "It is inevitable that trends in trade through the internet network commerce) has progressed very rapidly along with technological advances. "E-Commerce taxation is not distinguished from conventional buying and selling taxation this is because the Tax Service Office has not been able to differentiate and has not been able to identify between conventional transactions and e-commerce transactions", Mr. Suhermadi revealed "Due to limited data available, until now I have not been able to distinguish tax payments on businesses from e-



commerce and conventional transactions". According to the Study Literature results obtained information that several government agencies participated in conducting coaching and socialization so that MSME businesses develop through online businesses including: Initiation from PT. Bank Negara Indonesia (Persero) Tbk or Bank BNI together with the Regency Government hold a training of small businesses in villages that are incorporated in BUMDes with a variety of products on display, ranging from food, drinks, even clothing: "Start Up" Seminar on SME development held by the Service Office Tax.

E-commerce entrepreneurs may be subject to Income Tax in accordance with Government Regulation (PP) 46 of 2013, which is a Government Regulation governing Income Tax on Income from businesses that are received or obtained by taxpayers who have a certain gross circulation (MSME). The object of tax that is subject to Income Tax based on the provisions of PP No. 46 of 2013 is income from businesses that are received or obtained by taxpayers with a gross income (turnover) that does not exceed Rp 4,800,000,000 in 1 tax year. Gross circulation (turnover) is the total gross circulation of all outlets/counters/outlets or the like, both the center and branches. The tax due and payable is 1% of the total gross amount (turnover). Taxpayers who are subject to income tax after PP No. 46 are: Individuals and Entities, not including Permanent Establishments (BUT) who receive income from businesses with a gross circulation (turnover) that does not exceed Rp 4,800,000,000 in 1 tax year. In addition, the government has also given special affirmations regarding the obligation to withhold and/or collect income tax on e-commerce transactions confirmed in the Director General of Tax Circular Number SE-62/PJ/ 2013 concerning Affirmation of Taxation Provisions for E-Commerce Transactions and Circular Letters SE-06/PJ/2015 concerning Withholding and/or Collection of

Income Taxes on e-commerce Transactions with reference to Law Number 36 of 2008 concerning Income Taxes, so that researchers can conclude that the tax collection regulations on e-commerce transactions in Indonesia are still not run optimally, but as a Tax Service institution, the Tax Service Office has conducted socialization related to the Income Tax Imposition on e-commerce transactions, "Because e-commerce actors are still subject to tax (WP and WP Candidates) KPP Pratama continues to conduct socialization because in principle all income is a tax object ". This study concluded that the ineffectiveness factor of income tax collection (PPh) on e-commerce transactions was caused because the general public did not know of any taxation information on e-commerce transactions as mentioned by the resource person "Because of the limited data available, until now I not yet able to know the effectiveness of tax payments from entrepreneurs who carry out e-commerce and conventional transactions" besides the ineffectiveness of collecting income tax on e-commerce transactions is also due to the lack of public knowledge of tax regulations. They are very unfamiliar with the world of taxation and tend to be passive to comply with tax collection. Literature study results show that the Tax Service Office has conducted several socialization activities related to taxation on e-commerce transactions including:

- a. The socialization at the E-Commerce Tax Business Forum held in collaboration with Universitas Indonesia in this forum conveyed the importance of understanding business and taxes related to e-commerce tax with extensification and extension staff speakers from the Tax Service Office.



- b. The seminar conducted by the Tax Service Office held a "Start Up" Seminar on Development of SMEs as well as conducting socialization related to the imposition of taxes on online trading transactions (e-commerce)" with extensification and extension staff speakers from the Tax Service Office.

## **2. Discussion**

Online trading through internet media in Indonesia is very widespread and has a lot of demand. This is because online-based business models or e-commerce are very different from conventional businesses. E-commerce players can use online media through the internet to reach markets and make buying and selling transactions. The process of buying and selling transactions can be done online, but the delivery of goods is done offline by using a courier service or shipping expedition. The development of online business is very fast making it one of the tax collection sectors that can increase revenue for taxation in Indonesia. The Directorate General of Taxes has issued SE/62/PJ/2013 concerning Affirmation of Taxation Provisions for e-commerce Transactions and Circular Letter SE-06/PJ/2015 concerning Withholding and or Collection of Income Taxes on e-commerce Transactions as a form of confirmation that transactions on e-commerce (buying and selling online) is subject to taxation. Determination of tax on e-commerce transactions aims to implement justice for all taxpayers both for conventional sale and purchase transactions and e-commerce (online). Basically the taxpayers' obligations for conventional business people and online business (e-commerce) are no different. Taxes on e-commerce transactions in accordance with SE/62/PJ/2013 and SE-06/PJ/2015 confirm that there are no new taxes in e-commerce transactions so that sellers and buyers of sale and purchase transactions are conventional.

E-commerce are subject to tax according to the provisions of the applicable tax legislation. Based on the results of research interviews that have been obtained information that most online businesses do not know of any taxation on online trading transactions (e-commerce). The perpetrators of e-commerce in Indonesia are very common and do not know taxation. In addition, most of the e-commerce actors have not registered their online business. The e-commerce actors who came from Gresik admitted that they objected and did not agree if taxes on e-commerce transactions were applied. Especially in the online business that they run they only act as dropshippers and marketing of suppliers or large agents. However, the e-commerce actor named Mr. Mohamat Solihin agreed and responded openly to the existence of tax collection regulations on e-commerce transactions, but these regulations must have clear regulations and collection grounds and do not burden online sellers and buyers. Informant Mr. Mohamat Solihin also believes that as SMEs, there are often problems with bookkeeping so that if the tax rates that will be charged and calculated by themselves may be inconvenient but if it is directly determined by the online shop service provider it will be very easy and effective. The results of the study concluded that to date collection and supervision related to taxation on e-commerce transactions has not been effective yet. There are many obstacles in the application of tax collection on e-commerce transactions, including the difficulty of tracking the flow of transaction movements that are still ambiguous and not transparent so that the government is still having difficulty in identifying the perpetrators of e-commerce transactions.



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