E-ISSN 2985-7910

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023
"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

Tax Imposition Treatment on E-Commerce Business Enterprises in Indonesia

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ABSTRACT

This study aims to determine the tax treatment of e-commerce business actors in Indonesia. This study uses a descriptive qualitative research method. The data analysis method used is the library studies method, and interview with KPP Pratama Kediri. From research conducted by business actors in the e-commerce sector, they are subject to final tax at a rate of 0,5% for business with a gross circulation of no more than IDR 4,8 billion. In 2022 there are additional rules based UU HPP if business actor hae gross until Rp 500 millions there is a non-taxable or tax at a rate 0%. However, in the imposition of taxes there are still several inhibiting factors, one of which is the low compliance of taxpayers from business actors in the e-commerce sector.

Keywords: Treatment on E-Commerce Business Enterprises

INTRODUCTION

The existence of technological developments in the current digital era is developing very rapidly, causing people to be required to keep up with changes so as not to be eroded by the times. In addition, the impact of the Covid-19 pandemic has caused a change in people's behavior patterns, which previously made transactions in person, are now changing to using social media or online in carrying out activities. The emergence of marketplaces such as Shopee, Tokopedia, Lazada, Bukalapak, and other e-commerce is a manifestation of technological developments in the field of trade. (Rahayu et al., 2022)

The development of the world of information technology in the last two decades has developed rapidly and penetrated all aspects of people's lives. Information from all corners of the world can easily be available before our eyes in a matter of seconds, without having to make us leave our house. Users are also provided with all kinds of choices, from using a large or small device, wanting to use a colorful or simple display, and wanting to use a relatively fast, medium or slow speed. One aspect of life that has been affected by developments in the world of information technology is the world of commerce.(Pudjisaputro, 2020)

The trading world, which was previously carried out in a traditional way, requiring buyers to meet sellers, has now been reformed. With the influence of the development of the world of information technology, now buyers do not have to meet with sellers if they want an item. This trade can be known as *e-commerce* . According to *Kompas.com* , electronic commerce or often referred to as *e-commerce* is a business model that allows companies or individuals to buy or sell goods via the internet (*online*).(Idris, 2022). In different articles, *e-commerce is* defined as all forms of trade transactions of goods or services that use internet intermediary media. (Tashia, 2017)

Based on articles published by *parselday.com* , it is stated that the development of *e-commerce* in the world cannot be separated from the services of Tim Barnes-Lee. Barnes-Lee is someone who invented a *web browser* that can access the *world wide web server* (www). Then in 1994, a company originatings from Germany launched the world's first online site called intershop. Then, followed by Amazon.com, and Ebay.com the following year. In 1998, the Google company made its debut in *e-commerce* . This company was later followed by its competitors, the Yahoo company, which launched Yahoo Stores in the same year. *E-commerce* companies are growing very rapidly, judging from a survey conducted in the United States on customer satisfaction with transactions in the *e-commerce world* , which resulted in an increase of around 8% to USD 142.5 from retail transactions made worldwide. United States. (pman, 2015)

The same thing is experienced *by the e-commerce industry* in Indonesia. Currently, the *e-commerce industry* in Indonesia is growing rapidly all across the country. This is based on a report prepared by Google and Temasek entitled "E-conomy Sea 2018," that the size of the *e-commerce market* in Indonesia in 2018 reached US$12.2 billion. According to the report, consumers in Southeast Asia will increasingly rely on *e-commerce* to buy a variety of products that are not available in stores, as a result of the lack of modern retail networks outside major cities. The growth of the *e-commerce industry* is predicted to grow more than quadruple by 2025, reaching US$53 billion. In this regard, Indonesia leads far above other Southeast Asian countries. In comparison, Thailand, which is just below Indonesia, has a market size of US$3 billion, followed by Vietnam with a market size of US$2.8 billion. (Koynja et al., 2019)

Based on Google, Temasek, and Bain & Company reports, 32% of respondents stated that they would use more *e-commerce* in the next 12 months. Meanwhile, only 18% stated that they would reduce the use *of e-commerce* . The percentage of respondents who will use online supermarkets more in the next 12 months is 19%. Meanwhile, only 16% of respondents would reduce their use of these digital services. For online transportation, there are 24% of respondents who will use it more in the next 12 months. However, this percentage is lower than respondents who would reduce the use of online transportation by 25%. Then, as much as 13% of respondents will increase the frequency of using online food delivery services. The percentage is also lower than respondents who would reduce their use of food delivery services by 18%. (Windi, 2022)

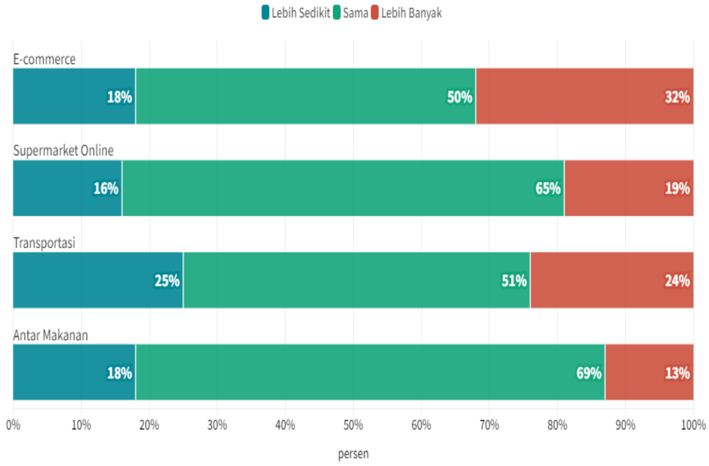

Figure 1. Indonesian Society's Frequency of Digital Services (2022)
Sources: Google, Temasek and Bain & Company

Based on the research that has been conducted by Pudjisaputro, it can be concluded that the public still does not understand tax treatment in the *e-commerce sector* .(Pudjisaputro, 2020). it is contained in SE-62/PJ/2013.(Leonardo & Tjen, 2020). In line with previous studies, other studies obtained results that support the results of other studies where the low level of awareness of *e-commerce actors* as taxpayers has a significant effect on barriers to the imposition of income tax because a significant level of 0.002 is obtained at α=5% and a significant value of 0.002 < 0.05.(Jamain, 2019).

Based on the published journals, it is stated in outline that there are still people who are unclear about the tax treatment in the *e-commerce sector*, especially for business actors who use *e-commerce* as a place to sell. Therefore, the author is interested in discussing and studying further regarding the tax treatment of *e-commerce business actors* in Indonesia and conducting research with the title " Tax Imposition Treatment of E-Commerce Business Actors in Indonesia ". The purpose of this study is to determine the tax treatment of *e-commerce business actors* in Indonesia.

METHOD

The research method used by the author is descriptive qualitative research. According to Cresswell (2014) the definition in qualitative research is a research process that flows from philosophical assumptions, towards an interpretive lens, then towards the procedures involved in studying social or human issues. In addition, in the research conducted by (Fitriandi, 2020) the definition of qualitative research put forward by Bungin is a study with limited research objectives. However, with the limitations of the research target, as much existing data as possible will be explored. For the data collection method used by the author, namely the Literature Study Method, where this method is used to dig up more in-depth information about government policies in imposing taxes for business actors in *e-commerce*.

RESULT AND DISCUSSION

So far, the Director General of Taxes has observed the development of *e-commerce* in Indonesia. Maybe people have always thought that there was no tax imposition on the implementation of *e-commerce transactions* , even though in principle there is no difference between *e-commerce* buying and selling transactions and conventional buying and selling transactions. Both must be taxed according to applicable regulations. (Sari, 2018)

Therefore, the government issued Regulation of the Minister of Finance Number 210/PMK.010/2018 which functions to maintain equal treatment between trading through electronic systems (*e-commerce*) and conventional trading. In addition, the government wishes to supervise marketplace platform providers, traders, and service providers in marketplaces by requiring them to fulfill administrative obligations such as submitting NPWP or NIK and recapitulating trade transactions. (Fitriandi, 2020)

Based on research conducted by (Sudrajat, 2020) William Fox and Donald Bruce revealed that *e-commerce* has caused two tax losses at once. First, *e-commerce* is a replacement and expansion of *remote sales* where taxes are never collected. Second, *e-commerce* which is a substitution or extension is also not covered by local tax or levy regulations, even the newest ones. This is estimated by the government to be the biggest cause of significant loss of tax revenue to the state. According to (Sudrajat, 2020) put forward by Nufransa, he saw that there was a very rapid development of the growth of *e-commerce in the* world, including in Indonesia. Therefore, it is necessary to have an effective strategy for the tax authorities in responding to it. So far, the taxation aspect of *e-commerce* has been under the spotlight of tax authorities in the world, especially whether there should be a new tax imposition on these transactions and also how to align existing tax regulations with the current developments in *e-commerce* .

Meanwhile, the business model or business based on *e-commerce* is very different from conventional business. For example, like Amazon, this company only has a head office but has no physical outlets. This is different from conventional bookstores which have outlets in many places to reach their target market. To do business like a retail network, *e-commerce* players can enjoy the existing network. This means that this business involves a third party that supports the implementation of the network. The purchase process can be done online, but delivery is done offline.

In addition, another model of *e-commerce* is products and services that are converted in digital format (*digitized*), generally in the form of articles, books, songs and so on and are delivered both to other companies and *end-users* . This model is more difficult to reproduce from where it goes and where it goes. Where from this statement it means that a method of proof is needed in addition of the conventional methods that already exist. As a result, products and services that are *digitized* are not only prone to evasion, but also difficult to be subject to any type of tax.

Meanwhile, many business actors in the *e-commerce sector* have sprung up to date. This is shown from research conducted by (Ardila & Ulfa, 2022) which states that Indonesia is the 10th largest country with *e-commerce growth* reaching 78% and is ranked first in the world. The number of transactions that occur in the marketplace is exceptionally large. The amount of transactions in the online marketplace can be seen from several online marketplaces that are widely used in Indonesia, such as Tokopedia, Bukalapak, and also Shopee.

Therefore, the government issued a Regulation of the Director General of Taxes Number Per – 32/PJ/2010, in which business actors through *e-commerce* are categorized as Individual Taxpayers of Certain Entrepreneurs. In addition, for *e-commerce transactions* that have been circulated by the Director General of Taxes Number SE-62/PJ/2013 concerning Affirmation of Tax Provisions on *e-commerce Transactions* .

The way online buying and selling works does not incur so many operational costs, so that it earns more income than conventional buying and selling. Hence it is appropriate for online entrepreneurs to be taxed on the income from buying and selling transactions in the marketplace. Regarding income tax from businesses that are obtained by taxpayers who have a certain gross turnover, they are subject to a tax rate in accordance with Government Regulation Number 28 of 2018 concerning taxation for MSMEs, which is subject to a rate of 0.5%. This regulation is specifically imposed for *e-commerce entrepreneurs* who have an annual turnover of under IDR 4.8 billion. Meanwhile, for *e-commerce entrepreneurs* who have a turnover above IDR 4.8 billion, they must follow the laws and regulations in the tax sector (Ardila & Ulfa, 2022) After the emergence of the Tax Harmonization Law in 2021, there have been changes regarding the MSME tax. Where this policy regulates the turnover layer boundaries that are subject to MSME taxes. If the turnover is up to Rp. 500 million, an MSME tax rate of 0% will be imposed, while turnover between Rp. 500 million - Rp. 4.8 billion will be charged with a rate of 0.5%, if the turnover is above Rp. 4.8 billion - Rp. 50 billion, it will be charged Article 31E rates, while above IDR 50 billion is subject to the tariff of Article 17 of the Income Tax Law. (Rahayu et al., 2022)

Meanwhile, judging from the use of *e-commerce in Indonesia, which reaches 78%* (daon001, 2019), *Indonesia has great potential for e-commerce* transaction tax revenue . This should be utilized by the government in taking the existing potential for tax revenue. However, in reality there are still inhibiting factors in the imposition of taxes on *e-commerce transactions*, for example there are still taxpayers who do not report receipts from *e-commerce transactions* , business actors in the *e-commerce sector have not been recorded* , and awareness from business actors to report and paying taxes on *e-commerce transactions* is still low.

CONCLUSION

Trade using *e-commerce* has recently growth. Of course, the development of *e-commerce* is also in line with the obstacles that occur, one of which is the obstacle in the field of taxation. The government through the Ministry of Finance has issued PMK-210/PMK.010/2018 with the aim of regulating the fulfillment of the tax obligations of *e-commerce actors* so that there is equality or fairness with conventional business actors. The issuance of this provision has received various responses from *e-commerce actors* , causing confusion in the existing information. They consider that a new type of tax has emerged, namely the *e-commerce tax* . To prevent the confusion from continuing, the Ministry of Finance revoked PMK-210/PMK.010/2018. Even though the Minister of Finance Regulation has been revoked, the tax imposition on business actors in the *e-commerce sector* has been set at 0% for entrepreneurs who have a gross turnover not exceeding IDR 500 million. When entrepreneurs have a gross IDR 500 milion – IDR 4,8 billion is subject to a tax rate of 0,5%.

However, in its implementation, tax revenues still experience several obstacles, including the lack of awareness of business actors in the *e-commerce sector* to report and pay taxes on income earned in the *e-commerce sector* .

ACKNOWLEDGEMENT

This research would not have been completed properly without the support from the Faculty of Economics, both financially and administratively. Thank you for the support given by the Faculty of Economics, Uniska Kediri and other than, thank you for the support from KPP Pratama Kediri staff and the parties involved in this research. The author's hope is for the government to socialize regarding the imposition of tax on business actors in the e-commerce sector so that business actors can better understand the imposition of tax rates from e-commerce activities. In addition, the government is expected to take more advantage of the high number of e-commerce users in Indonesia to attract tax revenue from e-commerce. For further research, it is hoped that researchers can add to the methods used to determine tax revenue that has been obtained by the state from transactions that occur in e-commerce. As well as expanding supporting data to support further research, and adding existing variables to be studied.

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