
ANALYSIS OF VALUE ADDED TAX IMPOSITION ON VIRTUAL GOODS

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ABSTRACT

This research aims to find out how Value Added Tax (VAT) is imposed on digital goods transaction. This research uses a qualitative descriptive method by utilizing primary data and secondary data. The research results show: a) VAT collection on digital goods transactions is carried out when the transaction takes place with a tariff of 11%, and the company issues an order receipt after the transaction is successful. The Ministry of Finance specifically appointed 171 domestic and foreign companies as VAT collectors on digital goods with criteria that must be met. b) VAT payments on digital goods transactions are made every month by attaching the required files. From the results obtained, 157 companies have deposited VAT on time and experienced no delays; However, 14 collection companies were found that had not deposited VAT. c) VAT reporting on digital goods transactions is carried out quarterly by collectors by attaching files in accordance with applicable regulations.

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1. INTRODUCTION

The development of the digital world has greatly facilitated human life, especially in the economic sector. Nowadays, people can easily conduct digital economic transactions due to the widespread accessibility of the internet.

Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) announced that the number of internet users in Indonesia in 2024 reached 221,563,479 people, out of a total population of 278,696,200 in 2023. This large figure indicates that the majority of Indonesia's population is accessing the internet. It can be concluded that there is significant potential in the digital economy.

The convenience of the internet can still be felt today, with many features introduced to simplify tasks. The impact of internet convenience on life depends on how society approaches it. If used wisely, it can have a positive impact on life. The widespread use of the internet in Indonesia has attracted the interest of digital market players to offer their products in the country. There are several types of digital goods that can be delivered through various means, such as music, videos, movies, online games, and more.

Developers and business actors in the digital industry design digital transactions under the term "virtual goods." Virtual goods are a collection of computer data that are considered



equivalent to tangible money. Virtual goods also benefit users by offering more functions than those who do not purchase virtual goods when using an application.

In order for the revenue generated by developers with a market share in Indonesia to function as a source of state income, it is necessary to impose taxes on digital platform providers for the income they earn from Indonesia. Digital platform providers charge taxes to users by collecting Value Added Tax (VAT). Transactions involving digital goods are taxed through the collection of VAT on the Electronic System Providers for Trade (PPN PMSE).

The Directorate General of Taxes (DJP) of the Ministry of Finance has reported that Value Added Tax (VAT) on PMSE (Electronic System Providers for Trade) digital services has successfully been collected starting from 2020, with a total of IDR 731.4 billion. In 2021, the amount collected reached IDR 3.9 trillion, in 2022 it was IDR 5.51 trillion, and in 2023, the collection amounted to IDR 6.76 trillion.

According to (Anggita Putri, Suparma: 2022), the high volume of digital e-commerce transactions in Indonesia creates a potential opportunity for tax revenue. The implementation of VAT on PMSE in Indonesia has had a positive impact, as it has resulted in optimal VAT revenue collection.

Based on the identification above, the researcher is interested in conducting a study with the title "Analysis of the Imposition of Value Added Tax on Digital Goods (Virtual Goods) Transactions."

2. LITERATURE REVIEWS

2.1. Consumption Theory

The theory of consumption in economics is a theory that explains consumer behavior in spending their income to purchase goods and/or services to fulfill their needs (Aji, 2022).

2.2. Compliance Theory

According to Sutinen (2023), the compliance theory states that every company must comply with the rules established by the legal authorities, as these authorities have the right to regulate the behavior of companies. Based on this explanation, tax compliance is mandatory because it is regulated by law.

2.3. Destination Principle

According to Pohan (2021), the Destination Principle is a principle in which taxation on goods consumed does not consider the place where the goods are produced.

2.4 Tax Accounting

Tax accounting is a financial recording activity within a business or institution to determine the amount of tax that must be paid. In the field of taxation, accounting is actually not an official term; the more accurate terms would be bookkeeping and recording.

2.5. Value Added Tax (VAT)

According to Subadriyah (2022:7), Value Added Tax (VAT) is a tax imposed on every increase in value of goods or services in their distribution from producers to consumers.

2.6. Virtual Goods

According to Prasty (2020:7-8), Digital Goods (Virtual Goods) are goods that can be delivered through digital networks. One type of digital goods that is traded is found in online games.

2.7 Regulations on VAT for Digital Goods Transactions

The procedure for the collection, remittance, and reporting of VAT on Electronic System-based Trade (PMSE) is regulated in PMK No. 60 of 2022, which replaced PMK No. 48 of 2020 due to the development and adjustment of VAT rates. Through PMSE, intangible goods and/or services that are taxable and used within the customs territory from outside the customs territory are subject to VAT. Explained that VAT must be collected, remitted, and reported by Electronic System-based Trade Business Actors who are appointed by the Minister.

3. RESEARCH METHOD

3.1. Type of research

The type of research used by the researcher in this study is a descriptive qualitative approach, which is based on the philosophy of postpositivism. This approach is used to study natural object conditions, where the researcher acts as the key instrument (Sugiyono, 2022).

3.2. Type of Data

The type of data in this study is qualitative data, Primary data is obtained directly from interviews and observations. Secondary data is obtained by studying government regulations, literature, books, journals, and information sources from the internet.

3.3. Data Source

The data sources for this research include primary and secondary data. Primary data is obtained directly through interviews and observations. Secondary data is obtained by studying government regulations, literature, books, journals, and information sources from the internet.

3.4. Data Collection

The analysis process used in this research involves interviews, documentation, and observations at the research site. The steps in this research are as follows:

1. Collecting data from the DJP Suluttenggomalut Regional Office related to the imposition of Value Added Tax (VAT) on digital goods (virtual goods) transactions.
2. Conducting interviews with parties involved in VAT matters and presenting the interview results in narrative text form.
3. Carrying out observations with the aim of obtaining supporting data from the research site.
4. Analyzing the existing data by examining the calculations made on the VAT object and subject, including the application of the tax rate for taxpayers.
5. Drawing Conclusions: The conclusion will explain how the imposition of Value Added Tax (VAT) on digital goods (virtual goods) transactions works.
6. The Final Stage: The last stage is to provide recommendations based on the results of the research obtained from interviews, documentation, and observations, with the goal of suggesting changes or improvements to the research.

4. RESULTS AND DISCUSSIONS

4.1. Research Results

4.1.1 VAT Collection on Virtual Goods Transactions

Based on the research findings, digital goods transactions in Indonesia are subject to tax using the Value Added Tax on Trade through Electronic Systems mechanism, or VAT PMSE for short. VAT PMSE is regulated under PMK No. 60 of 2022 and the Director General of Taxes Regulation No. PER-12/PJ/2020. Not solely based on ordinary qualifications, but with criteria that must be met as outlined in Article 4, Paragraph (2), which states:

1. The transaction value with buyers in Indonesia exceeds IDR 600,000,000 (six hundred million rupiah) in 1 (one) year or IDR 50,000,000 (fifty million rupiah) in 1 (one) month; and/or



2. The number of traffic or access in Indonesia exceeds 12,000 (twelve thousand) in 1 (one) year or 1,000 (one thousand) in 1 (one) month.

The process of VAT collection on digital goods transactions (PPN PMSE) begins when a buyer makes a digital goods purchase. Automatically, a VAT rate of 11% will be collected when the transaction occurs. Once the transaction is successfully completed, the buyer will receive a transaction receipt that shows the VAT collected.

Therefore, the collection of VAT on digital goods is done immediately when the transaction takes place.

Since April 1, 2022, the VAT rate has increased to 11% following the ratification of Law No. 7 of 2021 on Tax Regulation Harmonization. The rate is expected to increase gradually to 12% by the latest in January 2025.

A total of 171 business actors under VAT PMSE with SP-15/2024 have been announced. Below is a table listing the PKP (Taxable Entrepreneur) designated as VAT PMSE collectors, starting from July 2020 through March 2024, during which data updates and revocations of VAT collectors have occurred.

4.1.2 Analysis of VAT Remittance on Virtual Goods

After the collection, VAT collectors are required to remit the VAT to the government, whether the company is domestic or foreign, within a maximum period of 1 month. There are 157 out of a total of 171 VAT PMSE collectors who have made the collection and remittance of VAT PMSE. This indicates that there are 14 companies registered as collectors but have not yet remitted the VAT. The reasons for this delay are unclear, but based on the data, these six companies are relatively new in registering as VAT PMSE collectors.

The data shows that the collection and remittance of VAT on digital goods by 157 VAT collectors amounted to a total of IDR 20.15 trillion. This highlights the significant potential for VAT revenue from digital goods in Indonesia, which needs to be further developed by the government, considering the large potential and the VAT rate increase to 12% next year. According to the Regulation of the Minister of Finance of the Republic of Indonesia No. 60 of 2022, Article 6, Paragraph (1b), the VAT rate for PMSE is 12%, which will be applied to the VAT on digital goods.

The remittance of VAT PMSE by the collectors signifies compliance in paying taxes. The application of tax compliance theory ensures that both domestic and foreign companies adhere to the applicable regulations. By implementing the concept of compliance theory, it is expected that companies collecting VAT will remit VAT PMSE on time in accordance with the prevailing regulations.

4.1.3 Analysis of VAT Reporting on Virtual Goods

After collecting and remitting VAT, VAT PMSE collectors are required to report to the government, submitting several documents that must be included on a quarterly basis, or once every three months, in accordance with PMK No. 60 of 2022. In interviews, it was mentioned that the three-month reporting period is provided as a concession for the collectors, as most of the companies are based abroad.

According to reports, at least 157 VAT collectors have reported VAT PMSE with a total revenue of IDR 20.15 trillion. This demonstrates that VAT PMSE collections are the largest contributor, surpassing several other taxes in the digital economy sector, such as Cryptocurrency Tax, Fintech Peer-to-Peer (P2P) Lending Tax, and the Government Procurement Information System (SIIP) Tax.

The comparison of VAT PMSE revenue, which amounts to IDR 20.15 trillion, is significantly higher than the Cryptocurrency Tax at IDR 746.16 billion, Fintech Peer-to-Peer (P2P) Lending Tax at IDR 2.11 trillion, and SIIP Tax at IDR 1.99 trillion. This indicates that

the tax revenue from digital goods transactions is a substantial potential and requires more attention, as it is the largest contributor among other digital taxes. For the total VAT revenue this year, it amounts to IDR 234.16 trillion or 8.59% of the total overall VAT revenue in 2024.

5. CONCLUSION

Based on the research and discussions conducted in the analysis of Value Added Tax (VAT) imposition on digital goods transactions (Virtual Goods), the following conclusions can be drawn:

1. The imposition of VAT on digital transactions uses the same mechanism for all digital transactions, which is the VAT PMSE mechanism with a VAT rate of 11%. There is no specific classification for digital goods transactions as they are intangible goods and use a single tariff system.
2. The collection of VAT on digital goods transactions must be carried out through a special designation by the government, particularly the Ministry of Finance, with specific criteria that must be met. As a result, 171 companies have been appointed as VAT PMSE collectors.
3. The VAT on digital goods transactions must be remitted by the VAT collectors no later than the end of the following month, along with the necessary documents required for the remittance.
4. The VAT reporting on digital goods transactions is done quarterly because most of the companies are from abroad. This approach ensures that these companies report VAT systematically and conveniently every quarter.
5. The contribution of VAT PMSE revenue is the largest contributor among several other taxes in the digital economy sector.
6. The imposition of VAT on digital goods transactions follows the regulations outlined in PMK No. 60 of 2022 and the Director General of Taxes Regulation No. PER-12/PJ/2020.

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