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Tax Alert

News from EY Indonesia Tax Services

New VAT regulation for foreign digital transactions in Indonesia

The Minister of Finance issued implementing guidance on Value Added Tax (VAT) collection for foreign digital transactions through MoF Regulation No. 49 Year 2026 on 20 July 2026, establishing detailed mechanisms, real-time data transmission rules, and compliance obligations for Issuers and the SPP-TDLN Operator.

Executive summary

On 20 July 2026, the Minister of Finance (MoF) released Regulation No. 49 Year 2026 (PMK-49) regarding the procedures for collecting VAT on Foreign Digital Transactions (*Transaksi Digital Luar Negeri*/TDLN) through the Foreign Digital Transaction Tax Collection System (*Sistem Pemungutan Pajak atas Transaksi Digital Luar Negeri*/SPP-TDLN).

PMK-49 serves as the technical implementing regulation under Presidential Regulation No. 68 Year 2025 (PR-68) and Article 32A of the Law on General Tax Provisions and Procedures (KUP Law). This regulation shifts the VAT collection mechanism for offshore digital merchants and service providers that have not been designated as direct PMSE VAT collectors to designated payment service provider and payment gateway operators.

Key takeaways include:

- **Appointment of Issuers (*Pihak Lain*)**: Financial institutions, such as banks, card issuers, and payment gateway, may be appointed by the Director General of Taxation (DGT) as Other Parties (*Pihak Lain*) under delegated authority to collect VAT directly at the time of payment authorization.
- **Central Role of SPP-TDLN Operator**: A designated legal entity, PT Jalin Pembayaran Nusantara, operates the SPP-TDLN as a central switching hub that processes real-time transaction confirmations, receives VAT payments from Issuers, remits the VAT collected to the State Treasury, and file consolidated VAT returns.
- **Scope and Prevention of Double VAT Collection**: PMK-49 applies exclusively to foreign digital transactions for which VAT has not already been collected by a designated direct PMSE VAT collector. Real-time validation through SPP-TDLN prevents double collection.
- **B2B Input Tax Crediting**: billing statements, invoices, or equivalent documents issued by the relevant issuers are recognized as documents equivalent to Tax Invoices (*Dokumen Tertentu yang kedudukannya dipersamakan dengan Faktur Pajak*). Indonesian corporate buyers registered as VAT-able Entrepreneurs (*Pengusaha Kena Pajak*/PKP) may credit the Input VAT, provided that their registered corporate email address or telephone number matches the information in DGT's records.

Background and Regulatory Context

Under the existing PMSE VAT rules, foreign sellers, service providers, or marketplace operators that meet specific sales volume or traffic thresholds are directly appointed by the DGT as PMSE VAT Collectors. However, the existing rules cannot capture all transactions with non-designated offshore merchants.

To address this tax gap, the Government enacted PR-68, establishing the SPP-TDLN infrastructure. PMK-49 sets out the operational rules, data transmission standards, and mechanisms to execute VAT collection across Indonesia's payment ecosystem.

Key Provisions of PMK-49

Scope and Taxable Objects

PMK-49 governs the collection of VAT on the utilization of:

1. **Digital goods:** Intangible goods in electronic or digital form that originate outside the Customs Area and are utilized within the Customs Area.
2. **Digital Services:** Services delivered over the internet or through an electronic network or platform, involving automated or minimal human intervention, that cannot be provided without information technology.

Issuer Onboarding, Sandboxing, and Appointment

To be appointed as an Other Party *(Pihak Lain)*, an Issuer must undergo a two-phase onboarding process:

1. **Development Period:** Development of the internal systems to establish connectivity with SPP-TDLN within one business day after receiving technical specifications.
2. **Stabilization Period (*Sandboxing*):** Testing of system interconnection and security, subject to review by the sandboxing implementation team.

DGT issues formal appointment decisions based on either the Minutes of System Readiness *(Berita Acara Kesiapan Sistem)* or the result of sandboxing review.

Time of Supply, VAT Calculation, and Exchange Rate

- **Time of Supply:** VAT becomes due when SPP-TDLN provides confirmation to the Issuer that the transaction is subject to VAT.
- **Tax Calculation:** VAT to be collected is calculated using the following formula: **VAT = (11/111) × Total Payment (including VAT).**
- **Exchange Rate:** Transactions denominated in foreign currency must be converted into IDR using the Minister of Finance Exchange Rate *(Kurs KMK)* applicable on the confirmation date.

Data Transmission and Security

Issuers must transmit transaction metadata, including reference number, transaction amount, currency, merchant name and country, and hashed account or card numbers, to SPP-TDLN at or before payment authorization. The SPP-TDLN Operator is responsible for ensuring the security, retention, and confidentiality of the data.

Remittance and Tax Filings

Compliance Action	Responsible Party	Timeline/Mechanism
VAT Remittance (Stage 1)	Issuer → SPP-TDLN Operator	Within 7 days from SPP-TDLN confirmation.
VAT Remittance (Stage 2)	SPP-TDLN Operator → Treasury	Within 7 days from receiving funds from Issuers (remitted to Tax Deposit/*Deposit Pajak*, KAP 411618/KJS.
VAT Return Filing	SPP-TDLN Operator → DGT	Monthly VAT Return (*SPT Masa PPN*) filed on an aggregated basis.

> ***Deemed Filing for Issuers:*** *The transmission of transaction data and the remittance of VAT by Issuers to the SPP-TDLN Operator are deemed to constitute an integral part of the Issuers' Periodic VAT Return filing obligations.*

Invoicing and Input VAT Credibility for B2B Consumers

Issuers must issue billing documents (bill statements or equivalent document) upon collecting VAT.

- **Required Invoice Content:** The billing document must include the Issuer identity, foreign merchant's identity, buyer's identity (name, email address, phone number), the VAT collection date, the reference number, the taxable base, and the amount of VAT collected.
- **Equivalent Tax Invoice Status:** Bill statements or similar documents issued by Issuers are recognized as documents equivalent to Tax Invoices *(Dokumen Tertentu yang kedudukannya dipersamakan dengan Faktur Pajak)***.**
- **B2B Input VAT Crediting:** Corporate buyers (PKP) in Indonesia can credit the Input VAT in their Periodic VAT Return provided that:
    - The buyer's email address or phone number stated in the transaction document is registered in the DGT administration system.
    - The transaction meets general Input VAT crediting requirements under Indonesian Tax Law.

Refund and VAT Return Amendments

In the event of cancelled transactions or incorrect VAT collection:

- Customers may request for a refund through the Issuer to the SPP-TDLN Operator.
- The Operator will file an Amended VAT Return *(SPT Masa PPN Pembetulan)***.**
- Overpaid tax will be offset against VAT payable in subsequent VAT returns that have not been reported.

Insights and Practical Implications

- **For Financial Institutions/Issuers:** Issuers should immediately evaluate and align their payment authorization systems and prepare for IT integration and sandboxing reviews with PT Jalin Pembayaran Nusantara. Their system must support real-time data transmission and data-hashing algorithm for sensitive account information.
- **For Corporate Buyers (B2B):** Indonesian companies subscribing to foreign SaaS solutions, digital tools, or cloud services should ensure that the corporate email address used during checkout matches the email address registered in DGT's Coretax system to safeguard their ability to credit Input VAT.

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