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Tax Alert

News from EY Indonesia Tax Services

Marketplace is now
appointed as Article 22
income tax collector for
e-commerce trading
transactions



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On 11 June 2025, the Minister of Finance (MoF) issued Regulation No. 37/2025 (PMK-37) in relation to the appointment of a Trading Organizer Through Electronic System/e-commerce platform (*Penyelenggara Perdagangan Melalui Sistem Elektronik*), i.e., Marketplace, as Article 22 Income Tax collector for e-commerce trading transactions. PMK-37 came into force on 14 July 2025.

The Directorate General of Tax (DGT) in its press release No. SP-14/2025 states that the reason for the issuance of PMK-37 is to respond to the rapid growth of e-commerce trading transactions through Marketplaces in Indonesia, especially after the COVID-19 pandemic. These developments have led to a thriving digital trade environment. Therefore, regulations are needed to simplify tax administration for businesses using electronic systems. This regulation also aims to ensure fair competition between digital and traditional businesses.



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PMK-37 also regulates the withholding tax mechanism, tax payment process and tax reporting procedures on the income received by online traders through e-commerce transactions.

Key aspects of PMK-37 are:

1. The MoF appointed Marketplace to collect, pay, and report Article 22 Income Tax on income received or earned by Domestic Traders who use Trading Through Electronic Systems mechanism (i.e., Online Traders).
2. The amount of Article 22 Income Tax that should be collected by the Marketplace from the Online Traders is 0.5% of the gross turnover received by the Online Traders as stated in the invoice document, excluding Value Added Tax (VAT) and Luxury Goods and Sales Tax (LGST).
3. Marketplaces appointed as Article 22 Income Tax collectors are those that are domiciled within or outside the territory of Indonesia and meet certain criteria. The criteria are:
 - a. Using escrow accounts to manage income received by the Online Traders;
 - b. Having a transaction value with users of electronic service providers used for transactions in Indonesia that exceeds a specified amount within 12 months; and/or
 - c. Having a certain amount of traffic or access that exceeds a specified number within 12 months.

The specified amount and numbers as above shall be determined by the MoF. However, the MoF has delegated this authority to the DGT.

4. Online Traders are individuals or entities that meet the following criteria:
 - a. They receive income by using a bank account or similar financial account; and
 - b. They transact using an internet protocol address in Indonesia or telephone number with the Indonesian country code.

Included as Online Traders are delivery or expedition service companies, insurance companies and other parties who conduct transactions with buyers for goods and/or services through online transactions.

5. The Online Traders must submit the following information to the Marketplace appointed as tax collectors:
 - a. Tax Identification Number (NPWP) or Resident Identification Number (NIK); and
 - b. Correspondence address.

If the Online Traders have a gross turnover of up to IDR 500 million per fiscal year, they must also provide additional information in the form of a statement letter. If the Online Traders have a certificate of tax exemption from income tax withholding/collection (SKB), the Online Traders should also submit the SKB to the Marketplace.

This information must be submitted to the Marketplace before the Online Traders receive income from their online trading activities. The information must be resubmitted at the beginning of the next fiscal year if the Online Traders receive income with gross turnover no more than IDR 4.8 billion in one fiscal year. For those who have SKB, the SKB must also be resubmitted. The statement letter must be made in the prescribed format as attached in PMK-37.

6. Article 22 Income Tax from online transactions is payable at the time the payment is received by the Marketplace. The Article 22 Income Tax is a tax credit and can be counted as the payment of income tax for the current fiscal year for the Online Traders. If the income of the Online Traders is subject to final income tax, this Article 22 income tax is considered part of the final tax payment for the Online Traders.

7. Marketplace is not required to collect Article 22 income tax on income received by the Online Traders in connection with transactions involving:
- The sale of goods and/or services by domestic individual taxpayers who have gross turnover no more than IDR 500 million in the current fiscal year and have submitted the statement letter;
 - The sale of delivery services or expedition by domestic individual taxpayers who are partners of technology-based application companies providing transportation services;
 - The sale of goods and/or services by the Online Traders who submit an SKB to the Marketplace;
 - Sales of top up credits (pulsa) and SIM cards starter packs;
 - Sales of gold jewelry, gold bars, jewelry whose materials are not entirely made of gold, gemstones, and/or other similar stones, carried out by gold jewelry manufacturers, jewelry gold traders, and/or gold bar entrepreneurs; and/or
 - Transfer of land/or building rights or binding purchase and purchase agreements on land and/or buildings and their amendments.

Although, Article 22 income tax is not collected on the above income, they are still subject to income tax and any tax collection, payment and reporting must be carried out in accordance with the prevailing tax laws and regulations.

8. Marketplace must submit to the DGT:
- Information from Online Traders as stated in point (5) above;
 - Other information in form of: (i) the name, account name, and/or country of choice of the Online Traders; (ii) the Marketplace's Tax ID Number and/or correspondence address; and (iii) e-mail address or telephone number of the buyers of goods and/or services;
 - Information as a proof of the collection of Article 22 income tax.

This information must be attached to the Marketplace's unification monthly withholding tax returns.

9. The provisions regarding the submission of information as stated in point (5) above for fiscal year 2025 shall be summited no later than one month from the appointment of the Marketplace as Article 22 income tax collector.

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