



Efficiency for E-Commerce Business Actors

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Abstract. E-commerce is a business transaction that is conducted electronically in order to facilitate both marketing and purchasing transactions at any time and place, as well as transactions with anyone involved in online transactions. This adaptability is what attracts customers, whereas this method satisfies Internet users. This study's objectives were as follows: 1) to determine the impact of implementing E-Commerce taxes in Indonesia; 2) to examine the obstacles encountered in implementing taxes on E-commerce transactions; and 3) to determine the feasibility of implementing taxes on E-commerce transactions. This study aided the Director General of Taxes in disseminating knowledge about E-Commerce actors' tax rights and responsibilities and in educating E-Commerce actors and the public about taxation. This study employed a descriptive qualitative method with a normative legal approach to data analysis. This study utilized both primary and secondary sources. The results of this study demonstrated that online merchants should be taxed on e-commerce transactions given the clarity of tax regulations and the fact that the taxation sector generates the most revenue for the state. However, non-optimized e-commerce business actors, insufficient socialization, and difficulty to detect e-commerce transactions brought their own issues, such as the government's difficulty in establishing clear and equitable tax regulations.

Keywords: Taxes · E-Commerce Business

1 Introduction

Today, the development of communication technology is accelerating rapidly, and nearly every person on earth is evolving. This development is characterized by three characteristics: the flexibility and opportunity for various communication methods to serve human needs; the possibility of combining distinct technologies, methods, and systems; and the tendency toward decentralization, individualization, and communication technology usage patterns.

The effects of technological advancement on the economy can be observed in the development of the business sector in the information technology field. (Younus 2021) Communication technology's capabilities produce convenience and comfort for the continuity of business transactions, specifically E-Commerce. E-Commerce is known as a business transaction, conducted electronically in facilitating both marketing and purchasing transactions wherever, whenever, and with whomever is involved in online transactions. This adaptability is what attracts customers, whereas this method frustrates

internet users or netizens. Affiliate marketing is a type of Internet-based marketing that is currently expanding.

This affiliate marketing provides benefits for all parties involved. Initially, content provider websites that become affiliates can provide benefits to internet users via text, banners, and articles. Second, merchants can expand their product sales by partnering with multiple websites. Thirdly, it is simple and quick for consumers to locate the desired products without having to interact directly with the seller.

It is difficult to determine the subject and form of goods and services traded, the majority of which are in digital (non-physical) format, all of which make it challenging to determine the tax object due to the ease of online transactions and the short duration of transactions. Online transactions are difficult to predict in online transaction areas, not only in the Indonesian customs area but also because many have penetrated the geographical boundaries of other countries, posing a tax problem for countries that will collect taxes on e-commerce.

The government continues to broaden tax objects and subjects to increase tax revenues for Indonesian infrastructure development. Optimization of tax revenue is ongoing, including for the online transaction trading business, or E-Commerce, which continues to expand due to the emergence of the era of globalization and communication technology.

Advances in telecommunications and information technologies have a profound impact on human life. This opportunity ultimately affects the management of information telecommunications system services in the life of society, nation, and state, which in turn affects the mindset and perspective that did not previously recognize being a trans-seter and follower (ÇalÖukan 2015). A positive perspective can lead to global humans using technology for business purposes, whereas a negative outlook can increase criminal activity and cybercrime. This is because there are no boundaries, which is both unethical and unethical. The government issued Law of the Republic of Indonesia regarding Information and Electronic Transactions (ITE) No. 11 of 2008 due to the overlap between the advantages and disadvantages of this technology, particularly for online business actors.

Due to the numerous types of online transactions that are not regulated by law, the government issued Government Regulation No. 82 of 2012 regarding the Implementation of Electronic Transactions and Systems (PTSE). This regulation will specifically regulate online transaction payment services.

2 Method

This study employed a descriptive qualitative methodology and a normative legal perspective. (Amiruddin dan Zainal Asikin 2004). Secondary data were utilized for qualitative analysis. This method was a research technique that describes an existing phenomenon. This study was conducted by reading and analyzing a portion of the relevant scholarly literature. Field Research (File Research), Library Research (Library Research), and Internet Research (Online Research were data collection techniques which were used in this study.

3 Result and Discussion

3.1 Taxes Applicable to E-Commerce Transactions in Indonesia

Taxes are legal subjects because they support obligations and rights. As a defender of rights and obligations, tax law is not a tax subject, but a taxpayer (Zulvina et al. 2017). Article 1 number 1 of the Law on General Provisions and Tax Procedures defines a taxpayer as a person or entity that is obligated to carry out tax obligations, including the collection or withholding of certain taxes, in accordance with the provisions of the taxation legislation. In general, the taxpayer's individual status cannot be preserved if the circumstances in which he or she is taxed is removed. Legal entities and entities with the status of legal entities, Taxpayers might come from both the public and the private sector (Saidi 2014). As a result of the escalating growth of trade transactions of goods and/or services via electronic systems, referred to hereafter as E-Commerce, there is a need for a special affirmation regarding the collection of PPH and VAT on E-Commerce transactions. Confirmed in Director General of Taxes Circular Letter No. Se-62/PJ/2013 on Affirmation of Tax Provisions on E-Commerce Transactions. And Director General of Taxes Circular Letter No. Se-06/PJ/2015 Regarding Income Tax Withholding and/or Collection on E-Commerce Transactions.

According to this rule, the following four E-Commerce models are subject to a 10 percent Value-Added Tax levy:

1. Online Marketplace
Rather than being the owner of the products and services offered online, this form of company model acts as a venue for the conduct of commerce, such as an Online Mall. Classified advertising are the most common E-Commerce business concept in underdeveloped countries.
2. Classified Ads
Classified advertising are the most common E-Commerce business concept in underdeveloped countries. In order to submit their advertisements online, advertisers use classified ads.
3. Deals on a daily basis
Merchants on a daily deals merchant website sell goods and services to customers for vouchers on the site.
4. E-commerce and online shopping
Customers can purchase goods and/or services directly from internet retailers using this business model (Sari 2018). As a result, e-commerce transaction perpetrators might be categorized as tax subjects who must pay their fair share of state taxes. Those who are subject to taxation pay taxes on any income they receive or generate. It is regulated by Law No. 36 of 2008, which deals with Income Tax. This law regulates the taxation of income received or earned by tax subjects during the tax year (Sitorus 2017). E-commerce transactions may be subject to federal and state sales taxes, as well as the V.A.T.

In general, e-commerce stores are regarded the same as traditional ones when it comes to PPH because there are no restrictions dictating how it is handled. For e-commerce

entrepreneurs with gross income/turnover of less than 4.8 billion Rupiah, 0.5 percent of turnover is taxed at the same rate as MSMEs, according to PP Number 46 of 2013 regarding Income Tax on Income from Business Received or Obtained by Taxpayers with Certain Gross Circulation, which was later revised to PP Number 23 of 2018. Value-Added Tax (VAT) is currently only applicable to online retailers with a yearly income of Rp. 4.8 billion or more (Arimbhi 2019).

3.2 Tax Implementation System for E-Commerce Transactions

The vendor must also be confirmed as a Taxable Entrepreneur if their E-Commerce site revenue exceeds 4.8 billion dollars, and they must pay Final Income Tax and VAT on top of that E-commerce transactions have a unique tax implementation structure, which will be discussed in more depth below.

1. Online Marketplace

E-commerce tax implementation for online marketplace transactions contains three business operations that are taxable: offering a location and/or time, marketing goods and/or services, and depositing sales money to the online marketplace merchant by an organizer.

2. Income Tax and Value Added Tax will be imposed in the meantime. Online Marketplace

In the online marketplace scheme, the e-commerce tax implementation system for online marketplace transactions includes three business processes that are taxable: providing a place and/or time, marketing goods and/or services, and depositing sales proceeds to the online marketplace merchant by the organizer. In the meantime, two tax objects will be imposed: Income Tax and Value-Added Tax.

The procedure for applying taxes to e-commerce transactions implemented in Indonesia can be described as follows (based on Circular Letter No. 63, 2013):

1. Providing Location and/or Timing as a Business Process

- a. The Online Marketplace Merchant registers and accepts the terms of the Online Marketplace Operator's agreement.
- b. The Online Marketplace Operator verifies, approves, and bills the registration application for the monthly fixed fee.
- c. The Online Marketplace Merchant pays the Monthly Fixed Fee via the Online Marketplace Operation.
- d. The Online Marketplace Operator provides a location and/or time for Online Marketplace Merchants to display content (text, graphics, explanatory videos, information, etc.) of goods and/or services and conduct transactions at Internet Shops through Internet Malls.

In terms of PPh, Place and/or Time Provision Services are taxed on income received by online marketplace organizers for the provision of place and/or time in other media

for information delivery. Where the subject is a person or organization that earns money by providing a place and/or time for the delivery of information in other media.

From PPN perspective, taxation on Place and/or Time Services is imposed at the time of delivery, at the time of payment, or when using the services for the provision of place and/or time in other media. The imposition of tax is based on the Services or Goods.

1. Process of Marketing Products and/or Services

- a. Online Marketplace Merchant offers for sale goods and/or services by uploading data and/or information about goods and/or services to be sold in Internet Stores via Internet Malls.
- b. The Online Marketplace Operator verifies and displays data and/or information about products and/or services to be sold in Internet Shops via Internet Malls.
- c. The purchaser makes a purchase from the Internet Store via the Internet Mall. Some Online Marketplace Operators require Buyers to register in order to order products and/or services at Internet Malls.
- d. The Online Marketplace Operator provides transaction details and the amount to be paid by the Buyer via the Internet Mall (for example, the type of goods, the price of the goods, the quantity of the goods, the payment method, the delivery mechanism, and other related costs).
- e. Buyers make payments via an Escrow Account established by the operator of the online marketplace.
- f. In order for the products and/or services to be delivered, the Online Marketplace Operator must notify the Online Marketplace Merchant.
- g. An Online Marketplace Merchant delivers products and/or services to Buyers using either their own shipping facilities or delivery service providers.
- h. Additionally, the Online Marketplace Merchant notifies the Online Marketplace Operator that it has delivered the goods and/or services to the Buyer.

A subject of income tax is taxation on the sale of goods and/or services derived from income from the sale of goods and/or the provision of services. When the subject is a person or organization that profits from the sale of goods and/or the provision of services. From the perspective of VAT, the sale of goods and/or services is subject to taxation at the time of delivery of BKP and/or JKP. The tax is imposed based on the marketing price, replacement cost, and/or export value, as well as all fees requested or that should be requested by the online marketplace merchant due to the submission of the BKP and/or JKP.

2. Sales Proceeds Deposit Business Process to Online Marketplace Merchant by Online Marketplace Organizer

- a. The Online Marketplace Operator deposits the proceeds of the sale into an account designated by the Online Marketplace Merchant.

- b. When the Online Marketplace Operator makes a payment to the Online Marketplace Merchant, it deducts the transaction value from the total amount due.
- c. The period for depositing sales profits to the online marketplace merchant by the online marketplace operator conforms to the terms of the agreement.

Depositing sales proceeds to online marketplace merchants by the online marketplace operator is a subject of income tax that must be deducted from Article 23, Article 21, or Article 26 for income tax purposes, where the subject of the charge is a person or entity that generates revenue through payment intermediary services. Deposit of Sales Proceeds to an Online Marketplace Merchant by an Online Marketplace Operator is subject to VAT taxation at the time payment intermediary services are rendered.

The JKP, including any charges requested or that should be demanded by the online marketplace operator due to the filing of the JKP, is the basis for tax imposition. Shopee (93.4 million), Tokopedia (86.1 million), Bukalapak (35.2 million), Lazada (22 million), and Blibli (22 million) are the five largest sales platforms in Indonesia based on the number of monthly visitors in the second quarter of 2020. (18.3 million). In addition to the status of the conventional market, which is continuously falling, Indonesia has the potential to become an e-commerce industry leader based on the facts shown above. E-commerce has enabled the business model to be significantly more efficient than traditional trading. On the other hand, statistics from the Indonesian Employers' Association (Apindo) indicate a movement in consumers' shopping habits toward e-commerce products. According to the constitution, every person has the right to the same level of public service, but they also have the same obligation to contribute to the nation's development through taxation.

3.3 Inhibiting Factors in the Imposition of Taxes on E-Commerce Actors

1. E-Commerce Transactions Where the Business Type Is Difficult to Detect
The e-commerce industry has a unique characteristic in that existing transaction processes must be executed efficiently and effectively via the internet. This distinguishes it from other conventional trades in that it has its own issues, particularly the government's difficulty in setting clear and equitable tax legislation. The second issue is how to detect digital goods transactions so that they can be subject to the application of tax compliance, particularly for cross-border digital goods transactions. It is highly possible that neither the tax authorities in the seller's nor the buyer's country of origin are aware of the potential for lost taxes.
2. Taxpayer Understanding And Awareness Of Taxation Are Not Maximized
Taxation in Indonesia is done through a self-assessment method. Every year, taxpayers (WP) are expected to keep track of their tax obligations, deposit the appropriate amounts, and file frequent reports with either the tax service office or the KPP. In accordance with the constitution, every citizen is entitled to the same degree of public service, but they are also all required to make a financial contribution to the growth of the country. E-Commerce taxes are seen as critical to a country's long-term goals.

3. Insufficient Time Was Spent on Socialization

The degree to which Fiskus has neglected socialization is strongly proportional to taxpayer awareness and comprehension. When Circular Letter No. 62 of 2013 was first published, taxes on electronic commerce transactions had already been socialized. Numerous taxpaying citizens who volunteered as informants indicated that they had not received socialization about taxes on e-commerce transactions and that they wished for the socialization because not all businessmen have an economics degree. Business players are eager to help the government if they are given guidance on how to tax e-commerce, according to the majority of taxpayers.

E-commerce is one of the tax-paying entities that must pay taxes without exception. With the development of the E-Commerce industry in Indonesia, state revenue should increase since the state receives more tax, but in reality, state tax revenue is still far behind the aim. This raises the potential that many taxpayers do not report their duties, and there are also taxpayers whose tax payments are not in conformity with the applicable tax laws. In addition, another impeding issue is that E-Commerce transactions are able to cross international borders, and that the exchanged goods and services can be in digital format, such as computer software, music, and magazines, among others. So that only digital transfers are required, eliminating the necessity for physical transactions.

E-Commerce transactions around the world occur so rapidly in such a short period of time that additional criteria are required to capture potential taxation based on these variables when imposing taxes on E-Commerce Transactions. Non-optimal tax collection from the online industry has also resulted from the absence of online business actors. Because the accuracy of the database is crucial for assessing the accuracy of tax payments using the Self-Assessment system. The ineffectiveness of the taxation of online business actors is quite regrettable, given that the potential for taxes to be collected is substantial but cannot be captured by the tax system due to insufficient efforts. This can also be caused by a lack of a clear and authentic point of sale, making it harder to recognize the existence of a fraudulent online business actor. Low knowledge of online business actors as taxpayers creates a gap that reduces state treasury income.

When it comes to tax administration, a Taxpayer Identification Number (NPWP) is an essential tool for online business players since it can be used to identify and manage the tax rights and obligations indicated on each tax document, as well as to preserve order (Riani and Indri 2019). On the other hand, a number of methods are available to reduce the barriers to online business players being taxed. Self-Assessment Tax Compliance (SAC) is used in Indonesia for tax collection, allowing the taxpayer to determine his own tax compliance (Lubis 2017). Because of this, income taxes in Indonesia are collected in an equitable yet inefficient manner. It is imperative that the government enact regulations governing the imposition of taxes, including income tax and value-added tax, on electronic commerce and conventional transactions in order to provide equality for all Indonesians.

Another important factor is the role of law enforcement. Neither law enforcement officers nor taxpaying residents should be allowed to relax their commitment to paying their fair share of taxes in accordance with Indonesian tax legislation. Improved government control is important to reduce the risk of tax dollars being misused. If the

general public is to be held accountable for timely and compliant tax payments, it must be made aware of the importance of taxation and given clear instructions on how to do so. Indonesia's self-evaluation system must be able to run smoothly. There must be a government that is open and willing to provide equivalent benefits for national growth and that requires every online business actor to have a license and registration in order to facilitate E-Commerce actor oversight and taxation.

4 Conclusion

E-commerce transactions may be subject to income tax and value-added tax. Because there are no formal restrictions regarding the treatment of PPH on E-Commerce Entrepreneurs, they are treated in the same way as traditional shops.

According to PP Number 46 of 2013, which was changed to PP Number 23 of 2018, E-Commerce entrepreneurs with gross income/turnover less than 4.8 billion Rupiah are taxed at the same rate as MSMEs, which is 0.5 percent of turnover. Meanwhile, E-Commerce company players whose annual turnover surpasses 4.8 billion rupiahs are subject to VAT.

In addition to the status of the traditional market, which is gradually falling, Indonesia has the potential to become a leader in e-commerce, according to statistics from the five major marketplaces in Indonesia. E-commerce has enabled the business model to be significantly more efficient than traditional trading. There is a movement in consumer shopping habits toward e-commerce products. Every citizen has the right to the same level of public service, but every citizen also has the same obligation to contribute to nation-building through taxation. Factors Preventing the Implementation of E-Commerce are:

- a. E-Commerce Transactions Where the Business Type Is Difficult to Detect.
- b. Taxpayer understanding and awareness of Taxation are not maximized.
- c. The socialization process has not been executed thoroughly.

The ineffectiveness of the taxation of internet business actors is quite regrettable, given that the potential for taxes to be collected is enormous and cannot be captured by the tax system due to insufficient efforts.

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