# Analysis of Implications of Digital Economy Development on Tax Treatment of E-Commerce

Dewi Noor Fatikhah Rokhimakhumullah(✉), Devi Nur Cahaya Ningsih, Aji Widya Firmansyah, and Ayun Hanafiyah

Study Program of Taxation, Department of Business Administrative, Faculty of Administrative Science, Universitas Brawijaya, Malang, Indonesia
dewi.noor@ub.ac.id

**Abstract.** Digital economy shows economic growth and development in the future. In the last three years, Indonesia has achieved the fastest and largest growth in Southeast Asia in the context of the value of digital economy. In contrast to conventional trade, e-commerce transactions have their own characteristics so that the imposition of tax is quite complicated. The e-commerce development is also not covered by tax regulations, despite the latest regulations. Based on the problems, this research aims at determining the potential, implementation, and tax treatment of e-commerce in Indonesia and reviewing the challenges and comparison of tax policies on e-commerce in Indonesia. This research is descriptive qualitative with in-depth interview and direct observation as the data collection methods. This research used an interview guide for key informants as the research instrument and data triangulation as the data analysis technique. Since 2018, DGT has adaptively made new Regulation of the Minister of Finance (PMK). The next step is making marketplace, platforms, or others as DGT's partners in helping to collect revenue. The tax treatment of e-commerce is the same as that general or conventional, except for PMSE. One of the challenges faced by DGT is how the platform appointed as the final VAT collector can differentiate between taxable entrepreneur (PKP) and non-taxable entrepreneur (non-PKP) merchants and comparative data. Therefore, the researcher recommends DGT should act decisively in asking for transparency to e-commerce actors and carry out a more comprehensive expansion of extensification of taxpayers who have the potential to be taxed.

**Keywords:** Digital Economy · E-Commerce · Tax

## 1 Introduction

Digital economy shows economic growth and development in the future. This is marked by the rapid development of business or e-commerce as a means of communication and collaboration between companies or individuals [1]. In the last three years, Indonesia has achieved the fastest and largest growth in Southeast Asia in the context of the value of digital economy. Based on the report of Technology-empowered Digital Trade in Asia Pacific from Deloitte, the total e-commerce market in Indonesia reached up to US$ 43,351 billion or equivalent to 620 trillion rupiah in 2021 [2]. Indonesia has good


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probability and potential in facing the free-market and digital economy. Various parties estimate that the rapid growth of digital economy can provide great benefits for the economy, from transactions to investment in the digital industry in Indonesia [3].

Based on data on Indonesian internet users who applied e-commerce service, as many as 88.1% ranked first in the world in consuming certain products over the last few months [4]. This is in line with the opinion of Director of Information Empowerment, Directorate General of Informatics Applications of the Ministry of Communication and Informatics, Septriana Tangkary, that Indonesia experienced the trade value development electronically or from the e-commerce sector, reaching 78% the highest in the world. The sectors that use e-commerce platforms vary such as in the economic, educational, political, and social sectors [5]. Judging from this, the government is expanding the tax base on the e-commerce potential due to the high e-commerce market in Indonesia.

In line with the findings, the potential for tax revenue from the e-commerce sector is dominating. In the e-commerce sector, Indonesia was the market leader with a business value of $12 billion in 2018 [6]. In 2018, various e-commerce are developing widely in Indonesia such as Tokopedia, Shopee, and other marketplaces. Observing the huge potential, DGT (Directorate General of Taxes) is required to make an adjustment [7]. The application of taxes on e-commerce is conducted through exploring the potential of e-commerce-related parties. Currently, DGT has collaborated with partners from marketplaces, platforms, and others appointed to collect and deposit taxes. In addition, partners can assist DGT in collecting revenue from the tax [7].

In contrast to conventional trade, e-commerce transactions have their own characteristics so that the imposition of tax is quite complicated. The e-commerce development is also not covered by tax regulations, despite the latest regulations. Thus, the government views e-commerce as one of the biggest challenges of significant loss of state revenue [8]. Looking at the rapid development and growth of the e-commerce sector in Indonesia, the tax authorities need an effective strategy in responding to it.

Based on the problems, this research aims at determining the potential, implementation, and tax treatment of e-commerce in Indonesia and reviewing the challenges and comparison of tax policies on e-commerce in Indonesia. This research can be used as historical data on tax policy on e-commerce in Indonesia that can be used as policy recommendations in the future.

## 2 Literature Review

Research conducted by Sari entitled *"Kebijakan Perpajakan atas Transaksi E-Commerce"* explains that, in principle, there is no difference between buying and selling transactions through e-commerce and conventional ones in which both are subject to tax in accordance with applicable regulations [9]. Therefore, DGT took several actions to confirm this bias, including through the issuance of circulars, socialization, and cross-checking of e-commerce-related taxpayer data. Furthermore, it is expected that the collaboration between the Ministry of Communication and Informatics and the Ministry of Finance can be carried out to formulate certain categories for individuals who conduct online transactions. Finally, the Ministry of Finance, especially DGT, can collaborate with third parties such as banks to make it easier to capture e-commerce transactions.

Other research conducted by Cahyadini & Margana [10] entitled *"Kebijakan Optimalisasi Pajak Penghasilan dalam Kegiatan E-Commerce"* explains the same thing as Sari's research [9], including, normatively, the implementation of PPh in electronic transactions is the same as that in direct transactions. In line with the e-commerce development, DGT issued Circular Letters No. SE-62/PJ/2013 and SE-06/PJ/2015. In its implementation, DGT has encountered many obstacles, such as data on e-commerce users, low levels of awareness, and business actors who did not have Tax Identity Number (TIN). Besides, DGT faces difficulties in terms of supervision of e-commerce business actors because the locations of the transaction can occur outside Indonesian territory. Finally, the number of business actors and the exact value of e-commerce transactions are difficult to monitor and observe. Hence, DGT is obliged to strengthen supervision of e-commerce business actors. This can be done by requiring business actors to have a reliability certificate (trust mark). Finally, DGT can also collaborate with other parties to find data and supervise e-commerce business actors.

Research conducted by Bahtiar [11] entitled *"Potensi, Peran Pemerintah, dan Tantangan dalam Pengembangan E-Commerce di Indonesia"* explains that e-commerce contributes to improving the state economy, including cost saving activities that come out of each transaction, blurring of the boundaries of space and time, and easy access to communication between merchants and buyers. In Indonesia, the use of e-commerce in transactions at online stores and online shopping platforms is growing and becoming an opportunity to develop access to economic digitization. The government plays a role in implementing six strategies regarding knowledge building, knowledge distribution, subsidy, mobilization, idea direction, and standard setting. On the other hand, there are challenges in developing e-commerce activities regarding consumer safety and protection, supply and infrastructure, and tax on e-commerce.

### 2.1 Digital Economy

Digital economy is comprehensive application of information technology in every economic aspect. Simply put, buying and selling transactions are carried out online. Although it looks complicated, the existence of the digital economy currently dominates almost every level of society. This is evidenced by means of information technology to carry out various things, such as buying and selling transactions [12]. In Marcus et al. [13], digital economy is a new phenomenon that is increasingly crucial because of the increasing economic growth around the world. The underlying reasons for the emergence of the digital economy are politics and economics based on technological innovation. For the digital economy to provide benefits to society and business actors, an effective regulatory framework is necessary so that market conditions can take place in a competitive and proportional manner. It is expected that the developed ideas can generate products and innovations [14].

### 2.2 E-Commerce

According to Hidayat [15], electronic commerce or e-commerce is part of a modern lifestyle that applies selling and buying activities through online commerce from various directions. E-commerce can be interpreted as a business process using digital technology

connected to companies, users of goods, and community in the form of digital exchanging and selling goods, services, and information [16]. It is the sale, purchase, and marketing of goods and services through online, such as radio, online applications, and internet and television networks. It can be accessed easily and quickly and providing flexibility in its usage. In the digital economy, e-commerce platforms are used in developed and developing countries. Initially, e-commerce was seen as a solution to overcome the development of e-commerce itself in the form of a result of the competitive strategy of producers in trade. Channel switching can increase the drive for producers to follow up on a dual channel strategy that focuses on expanding the market so that it can reach consumers. Good digital trade can provide satisfaction to consumers so that they build trust in the security of digital transactions and it leads to attract many consumers to buy products and services offered by the companies [17].

### 2.3 Tax

According to Law Number 28 of 2007 Article 1 Paragraph 1, tax is a form of compulsory participation to the state for debts owed by individuals or entities that are coercive in nature according to the law, which does not get direct reciprocity and is allocated for the needs of the state for public prosperity. According to Deutsche Reichs Abgaben Ordnun [18], tax is assistance in the form of money paid at a certain time and collected by the state to obtain revenue in a process targeted based on the law because it is tax payable. It is essential for the state, especially in terms of implementing development because it acts as a source of state revenue allocated to finance several expenditures based on binding provisions.

## 3 Methods

This research is descriptive qualitative with in-depth interview and direct observation as the data collection methods. It was conducted in the form of in-depth interview with key informants to determine the potential and treatment of e-commerce taxation in Indonesia in the context of the rapid digital economy in Indonesia. Moreover, to explore the challenges and implementation of Directorate General of Taxes (DGT) in the e-commerce tax, this research used an interview guide for key informants as the research instrument, as a guide to obtain information related to the research objectives.

### 3.1 Plans and Stages

This research used interview as the data collection method. So, before the research was carried out, the interviewees would be determined as source of information. In this research, they had been determined beforehand, so the data obtained were directed data. The interviewee was the Head of Compliance Sub-Division of Directorate General of Taxes. The research instruments were interview guide, laptop, cell phone, books, notes, and stationery. The interview guide was used so that the interview topics focused on what was necessary, the cell phone was used to document the research locus in the form of images and as a recording device during the interview, while the notebooks and stationery were used to record research information.

### 3.2 Research Location and Subject

The research location in this research was the Directorate General of Taxes Office. The research subjects used in this research were interviewees from the Directorate General of Taxes, Head of Compliance Sub-Division.

### 3.3 Research Stages

The steps in conducting this research were as follows.

1. Determining research object. The research object was the Directorate General of Taxes of Republic of Indonesia. The selection was intended so that the researcher could see the potential, implementation, and tax treatment of e-commerce in Indonesia.
2. Conducting literature study on the digital economy and e-commerce potential, implementation that has been carried out by the government in imposing tax on e-commerce, and the obstacles. This was done because it required a thorough understanding of everything related to e-commerce to be able to analyse its use in the context of the digital economy development.
3. Formulating research limitations and making a short list of questions. This research used the in-depth interview method, particularly semi-structured interview so that interview data were not only based on the interview guide, but also became wider and more diverse.
4. Analysing data that had been obtained by data triangulation so that the findings were valid and reliable.

### 3.4 Data Analysis Technique

This research used a qualitative approach in the form of data triangulation as the data analysis technique. After obtained, the interview data were transcribed into dialogue between the researcher and interviewee and written into research notes or with the diary method [19]. Writing notes or the so-called research diary method needs to be done so that the data and understanding obtained in the field do not lost. The data were reduced and triangulated before analysed. The data reduction was done to sort out representative data to answer the research question. Next, triangulation was carried out. The triangulation technique is used to validate data by comparing documents, photos, news, and interviews [20]. The documents, photos, and news used were related to e-commerce. The documents and photos could be obtained from the relevant agencies. On the other hand, news and photos could come from printed or electronic media and personal documentation.

## 4 Results and Discussion

After the text edit has been completed, the paper is ready for the template. Duplicate the template file by using the Save As command, and use the naming convention prescribed by your conference for the name of your paper. In this newly created file, highlight all of the contents and import your prepared text file. You are now ready to style your paper; use the scroll down window on the left of the MS Word Formatting toolbar.

### 4.1 Potential, Implementation, and Provisions of Tax Policies on E-Commerce

SE-62/PJ/2013 regulates the affirmation of tax provisions on e-commerce transactions covering KUP, Income Tax (PPh), VAT (PPN), and Sales Tax on Luxury Goods (PPnBM) aspects on e-commerce transactions. This Circular Letter is aimed at uniformity in the aspect of understanding taxation on e-commerce transactions and increasing the potential for tax revenue from the e-commerce sector. In connection with the classification of the types of e-commerce transactions that will be subject to tax, it is stated in SE-06/PJ/2015 which regulates the withholding and/or collection of income tax on e-commerce transactions which are divided into four transaction models, including: 1) Online marketplace involving several parties, such as internet malls and shops, online marketplace, merchants, and buyers; 2) Classified ads involving several parties, such as classified ads operators, advertisers, and users; 3) Daily deals involving several parties, such as daily deals site, daily deals organizer, daily deals merchant, vouchers, and buyers; 4) Online retail involving several parties, such as online retail site, organizers, buyers, and purchasing that make payments through accounts that have been determined by the online retail operators [7].

Based on research, the potential for tax revenue from the e-commerce sector is very large. In addition, Indonesia has a very big market share where it becomes a challenge for the Directorate General of Taxes (DGT) on how to enable it to adapt to changes in business models and capture existing potential. Indonesia is the fastest growing country and has the largest market size in SEA. In 2018, the figure reached $27 billion and will contribute $100 billion in 2025. The digital economy growth in Indonesia is very rapid because in 2015 the figure only reached $8 billion, meaning that this year it has grown more than 4x. In the e-commerce sector, Indonesia remained the market leader with business value reaching $12 billion in 2018 [6]. In conducting the digital economy transactions, DGT has a task force which is a combination of several directorates to map digital economy business actors. Besides, it can be done to explore the potential of data acquisition of each digital economy actor [7].

Since 2018, the development of Tokopedia, Shopee, and other marketplaces has been quite large. DGT has adaptively made new Regulation of the Minister of Finance (PMK) such as crypto and fintech as part of the regulation to capture the digital economy potential. For e-commerce itself, DGT plans to conduct further studies and plan carefully with several related parties. It is indeed not easy because there is resistance from merchants in the marketplace. Looking at the huge potential, DGT is required to be adaptive [7]. From several new PMKs, DGT has obtained additional revenues, especially from PMSE which is quite large from its transactions. Like crypto and fintech, they have received additional revenues reaching billion rupiah. The Head of Sub-Directorate of Value Added Tax for Trade, Services, and Other Indirect Taxes, Bonarsius Sipayung estimates that value added tax (VAT) levies from crypto asset trading transactions can contribute more than 1 trillion rupiah in revenue to the country per year. This is concluded by looking at the realization of total crypto transactions in Indonesia in 2020 which reached 850 trillion rupiah. If 0.2% VAT is imposed, then 1.7 trillion rupiah will be obtained [21]. The Minister of Finance, Sri Mulyani, also said that tax revenues from tax imposition for fintech had reached 83.15 billion rupiah, or an increase of 13.77% from the achievement in June 2022 which amounted to 73.08 billion rupiah [22].

The next step is making marketplace, platforms, or others as DGT's partners in helping to collect revenue. Just like PMKs that have been issued, DGT appoints another party to collect, deposit taxes, and supervise partners. Since digital transactions are very fast and numerous, relying on a self-assessment system from taxpayers or an official assessment from DGT will be difficult to capture existing transactions. Ten business actors who become DGT partners as VAT collectors are Facebook Ireland Ltd, Facebook Payments International Ltd, Facebook Technologies International Ltd, Amazon.com Services LLC, Audible, Inc, Alexa Internet, Audible Ltd, Apple Distribution International Ltd, Tiktok Pte. Ltd, and The Walt Disney Company (Southeast Asia) Pte. Ltd [23]. Therefore, DGT involves partners to collect taxes and make their supervision easier [23].

Currently, DGT is still doing data matching in DIP which is then used to explore potential for taxpayers, and it takes a long time because there are millions of data in excel. So far, it is very difficult for DGT to obtain data because of the debates, such as on the protection of personal data and rules that should be discussed with top parties. The data that have been obtained from several platforms can be used by DGT for potential analysis. Moreover, several study cases that have been carried out by employees in vertical units are usually crawling. There is one regional office that manages to get data from Shopee in the form of star merchants in its area by data crawling. It also finds the TIN of business actors and confirms through counselling so that there was additional revenue from 0.5% of MSME Income Tax. However, this depends on the creativity and innovation of each existing regional office. The Central DGT itself will also provide data not only in the form of crawling, but also can be obtained from the platform through cooperation agreements with certain parties. For example, DGT cooperates with Ministry of Communication and Informatics to obtain data needed by DGT regarding merchants and then enters into a cooperation agreement to be the input data for DGT and processed for potential exploration. Data and information received by the Directorate General of Taxes from agencies, institutions, associations, and other third parties, including data from the Directorate General of Post and Informatics will be used to improve the effectiveness of supervision and service and help taxpayers to comply with the applicable tax provisions [24].

With great potential and new regulations, the tax gap will probably decrease, due to a new source of revenue from the digital economy. From the online administration system like what we have in the past, such as making TIN at KPP office by filling out forms which took a long time, now we can access it digitally from gadgets. This is one of the policies made by DGT for taxpayers to increase their compliance. Tax administration is the key to the success of taxation policies so that in the current digital era, the government has carried out tax administration reforms to improve tax services to the public. An online service system from a number of applications and websites that can be accessed via gadgets or laptops, making it easier for taxpayers to carry out their tax obligations [25]. In terms of convenience, it greatly facilitates taxpayers, increases compliance and revenue, and reduces the number of tax gaps in Indonesia.

There is no difference in the imposition of online and offline sales. As long as turnover and income meet the requirements, then PPh and VAT are imposed on TIN. So far, there is no PPh or VAT for e-commerce. The only difference is in the way of selling, whether it is digital or conventional. At the time of the annual tax return, the income will

be combined and reported. The difference is that online sales are captured more easily when partners report their tax data. Nonetheless, the supervision will make it easier for DGT because each transaction will be collected by the merchants or marketplace [7]. This statement is in line with research conducted by Sari which explains that, in principle, there is no difference between buying and selling transactions through e-commerce and conventional ones in which both are subject to tax in accordance with applicable regulations [9].

### 4.2 Tax Treatment, Challenges and Comparison of E-Commerce

The tax treatment of e-commerce is the same as that general or conventional, except for PMSE, which is better known as PMSE VAT where it is imposed on goods or services abroad and there are rules for self-reporting. Domestic e-commerce is treated the same, for example, the majority of MSME sellers use PP 23/2018. DGT itself is studying how to improve compliance, especially literacy on taxes to MSMEs. Hence, DGT is conducting a study on how the performance of this task can later become a partner of DGT, such as crypto and fintech platforms that can collect and cut taxes through the platform. The reporting is the same, there is no difference between merchants or online platforms, except that a new PMK will be issued later. There is imposition of income tax and VAT on the e-commerce marketplace, except if the merchants did not have taxable entrepreneur (PKP) status and are not obliged to withhold or collect VAT [7].

One of the challenges faced by DGT is how the platform appointed as the final VAT collector can differentiate between taxable entrepreneurs (PKP) and non-taxable entrepreneur (non-PKP) merchants. For the imposition of taxes, there must be income tax, but specifically for the digital economy, uniquely there is VAT on services of virtual place providers. Actually, DGT's internal data can map who are the merchants in the marketplace by pulling invoice data for the services of virtual place providers. As a result, if there is VAT on this, the opposite of the transaction is the seller. DGT can get one of the data for comparison of merchants by using data [7].

Google itself is appointed as PMSE VAT collector which is obliged to collect PMSE VAT from markets in Indonesia. The buyers will pay for the transaction, collect it, then pay it to the state treasury. The challenge for DGT is comparative data. For example, there are parties who collect taxes and then remit them to Indonesia, but DGT should check the reported deposits. DGT is still trying to cooperate with related parties, such as Bank Indonesia, visa, etc. to collect these comparative data. So far, DGT has only accepted it without the need for a balance check. The outstanding issue is the difficulty of imposing income tax because there is no physical presence of the company. The Director General of Taxes of the Ministry of Finance, Robert Pakpahan, said that digital companies operating in Indonesia are difficult to tax because there is no physical evidence listed in their transactions, so there will be efforts to carry out tax planning or tax avoidance [26]. Currently, there is a global consensus followed by OECD countries with 137 countries. They are still compiling a global consensus which will produce pillar one and pillar two. It has a high urgency, otherwise, some countries will set their own tariffs [7].

For example, France regarding digital service tax or India regarding equalization levy, in which they set their own PPh rates. In Suwardi et al. [27], Digital Service Tax (DST) is set by France with the consideration that giant companies such as Google,

Apple, Facebook, and Amazon which are established in the country, pay a fair tax rate in the European Union. The tax is levied at 3% of the gross income earned from users in France. Next, Equalization Levy in India is imposed on online advertising or provision of digital space at 6% of the gross income if it exceeds INR 100,000. The implementation of Equalization Levy in India from June 2016 to March 2017 earned revenues of INR 3.2 billion and during the 2017–2018 period the total revenue earned was INR 7.0 billion. There is an interest rate imposed on late payments to the government of 1% per month. If each country sets its own tariffs, it is feared that there will be potential conflicts or trade wars because the companies subject to taxes will move to other countries. Hence, a global agreement is needed regarding tax policies [27].

In classifying the turnover of merchants with low, medium, and high incomes, this is a bit tricky because there is a limit from DGT as a VAT collector of 4.8 billion in line with PP 23 of 2018. For example, DGT obtains data from 10 different platforms. It could be in platform A the turnover is only 500 million and it is included in PP 23 of 2018. Apparently, other data found on platform B has a turnover reaches 5 billion, so it can be confirmed as taxable entrepreneur (PKP). Moreover, DGT should track business actors who sell on several platforms. For classification from DGT, 0–500 million is non-taxable, 500 million - 4.8 billion is subject to 0.5% final Income Tax, and if above 4.8 billion, the normal corporate income tax rate is imposed. Nevertheless, the challenge is not to be ignorant of the amount of earnings on different platforms. For example, at Tokopedia, it is included in 0.5% tariff with a turnover of 1 billion but has a higher turnover on other platforms where its threshold has exceeded the limit if it is added up. However, once business actors obtained TIN, DGT can lock onto several platforms to be used as data so that they can explore their potentials. Nonetheless, based on the facts, it is quite complicated in the field because some business actors sometimes commit fraud by entering TIN that belongs to someone else instead of their own. Currently, DGT can only approve it even though various TINs are inputted. This is used as the basis for issuing invoices so that it becomes a challenge for DGT to determine the threshold and still applies in e-commerce [7].

If there is e-commerce with merchants whose orders are uncertain, the imposition of taxes is quite complicated due to the system complexity. Since our system is a self-assessment, so far, DGT trusts the taxpayers. If later valid data are found that can be traced and compared, then it will conduct an examination. It is obliged to supervise the taxpayers who transact and cross up to get sales estimates. Consequently, its direction to explore the digital economy potential is very wide and has a great potential. It will confirm to taxpayers if it has data and conducts independent analysis by vertical units. If the taxpayers refuse, usually Account Representative (AR) will ask for a sales dashboard because that is where the data that are valid or happened are located [7].

The tax equalization is usually performed by AR. It usually has annual Monitoring Priority List (MPL) updated quarterly. In MPL, it should be checked. Furthermore, there may be data from DGT which originate from another platform and then is derived, and data supply is carried out. AR is divided into two types, the strategic AR and regional AR. That is where it has supervision and has been stated in MPL. AR on the vertical is large in number, so it is impossible to monitor all of them one by one, but we should look at the priority. Each AR should have its own way, which is clearly based on the

form of data equality and data presentation between one data and another, and it does not have to be pegged to the data on the date, month, and year. Nevertheless, with MPL from the beginning of the year, the roadmap is clear that throughout the year, AR will continue to evaluate [7].

## 5 Conclusion and Suggestion

The widespread digital economy development to the digital transformation has significant implications for the digital trade cycle in Indonesia, one of which comes from the e-commerce sector. In this case, the government, especially the Directorate General of Taxes (DGT), seeks to expand the tax base by exploring the potential of parties who have a great opportunity to become taxpayers from the e-commerce sector. There is no difference in the imposition of online and offline e-commerce sales. As long as turnover and income meet the requirements, then Income Tax and VAT are imposed on TIN. The binding conditions are listed on SE-62/PJ/2013 regulating the affirmation of tax provisions on e-commerce transactions covering Kitab Undang-Undang Perpajakan (KUP), Income Tax, VAT, and Sales Tax on Luxury Goods aspects on e-commerce transactions. Meanwhile, the classification of the types of e-commerce transaction that will be taxed is listed in SE-06/PJ/2015 regulating the withholding and/or collection of income tax on e-commerce transactions (Online marketplace, Classified ads, Daily deals, and Online retail).

Currently, DGT is still doing data matching at the Directorate of Taxation Data and Information (DIP) to explore potential taxpayers. Data processing takes a long time because there are millions of data in excel and it is a challenge for DGT. It also cooperates with the Ministry of Communication and Informatics to obtain the required data regarding merchants. On the other hand, there is urgency regarding comparative data, in which DGT is still trying to cooperate with related parties, such as Bank Indonesia, visa, etc. Another challenge is that it is still having difficulties appointing the platform as a VAT collector to distinguish merchants who have already been Taxable Entrepreneurs (PKP) and Non-Taxable Entrepreneurs (non PKP).

For e-commerce with merchants whose orders are uncertain, the imposition of taxes is quite complicated due to self-assessment regulation, therefore, DGT trusts the taxpayers. If valid data are found to be searched and compared, it will conduct examination. Potential exploration proceeds to DGT confirming to the taxpayers if it has independent data and analysis by the vertical unit. If they refuse, they will be assisted by an Account Representative (AR) who asks for a sales dashboard because that is where the data that are valid or happened are located [7].

The researcher recommends the following.

1. The government, especially DGT, should act decisively in asking for transparency to e-commerce actors who do not provide transparency regarding data from each transaction because it is necessary to provide a binding regulation so that it can give a firm effect to e-commerce actors.
2. DGT should carry out a more comprehensive expansion of extensification of taxpayers who have the potential to be taxed by forming a special team that collaborates with several e-commerce actors.

3. E-commerce actors should assist DGT in providing data on business actors or merchants on the platform who have confirmed themselves as Taxable Entrepreneurs (PKP) and those who have not.
4. OECD should immediately establish appropriate regulations related to e-commerce that does not have physical evidence in its transactions so that there is uniformity in the taxation mechanism.

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