TaxFlash

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VAT collection procedures for cross-border digital transactions

The Minister of Finance (MoF) issued PMK-49[1] on 20 July 2026, which sets out the procedures for collecting Value Added Tax (VAT) on cross-border digital transactions conducted through the cross-border digital tax collection system. PMK-49 serves as the implementing regulation of Perpres-68[2], which governs the tax collection system for cross-border digital transactions. The regulation aims to improve VAT collection on overseas digital transactions involving Indonesian users, particularly where VAT has not been collected optimally under existing mechanisms.

Under this regulation, VAT will be collected through a Cross-Border Digital Transaction Tax Collection System (*Sistem Pemungutan Pajak atas Transaksi Digital Luar Negeri/"**SPP-TDLN**"*).

We highlight below the key points of PMK-49:

A. Scope of covered transaction

PMK-49 regulates that VAT will be collected through the SPP-TDLN on domestic use of:

- **Digital goods** – defined as any intangible item in the form of electronic or digital information, comprising both items resulting from conversion or transformation and items that are originally in electronic form, consisting at a minimum of software, multimedia, and/or electronic data; and
- **Digital services** – defined as services delivered via internet or an electronic network that are automated or involve minimal human intervention, and which would be impossible to provide without information technology - at a minimum, taking the form of software-based services.

supplied from outside the customs territory.

This system will not cover cross-border digital transactions where VAT has been collected by e-commerce business players that have been appointed as Other Parties by the MoF.

1. MoF Regulation No. 49 Year 2026 (PMK-49) dated and effective from 20 July 2026
2. Presidential Regulation No. 68 Year 2025 (Perpres-68) dated and effective from 5 June 2025

B. Parties involved

Under the SPP-TDLN, the VAT collection will involve:

- **Issuers** – defined as banks or non-bank institutions that facilitate payments from the buyers for cross-border digital transactions which are appointed by the MoF as an Other Party to collect, remit, and report the VAT due on eligible transactions.
- **SPP-TDLN Administrator** – The one currently appointed via Perpres-68 is PT Jalin Pembayaran Nusantara.

C. VAT Collection

The sequence of VAT collection under this system is as follows:

1. Issuers are required to submit the transaction data to the SPP-TDLN Administrator at the latest upon authorisation of payment for the cross-border digital transactions.
2. The SPP-TDLN Administrator must then provide confirmation whether the transactions are subject to VAT under this system within one day of receiving the data.
3. VAT becomes due upon the above confirmation.
4. Issuers collect the VAT on qualifying transactions that is calculated using the formula of 11/111 of the price or payment.

The VAT must be included in the price or consideration charged by the foreign digital business for the supply of digital goods and/or digital services, except where the transaction is not subject to VAT or qualifies for a VAT exemption.

Where a cross-border digital transaction is conducted in a foreign currency, the VAT amount must be converted into Indonesian rupiah using the MoF exchange rate applicable on the date of the SPP-TDLN Administrator's confirmation.

D. Role and responsibilities of the parties

1. Issuers

a. Data submission

Issuers are required to submit the following transaction data to the SPP-TDLN Administrator:

i. Cross-border digital transaction data - such as transaction amount, currency, business entity name, business entity country code, destination transaction type, etc.

ii. Domestic transaction data in the form of fund transfers and remittance - such as transaction amount, currency, destination transaction type, receiving institution, remittance surcharge, etc. This will be used for mapping and analysing cross-border digital transactions.

b. Issuance of VAT collection documents

Issuers are required to issue a VAT collection document for VAT collected under the SPP-TDLN regime. The document must contain at least the following:

i. The identity of the Issuer;

ii. The identity of the overseas seller;

iii. The identity of the buyer (name, residential/email address, and account/phone number);

iv. The date of VAT collection;

v. Reference number; and

vi. The tax base and the VAT collected.

A billing statement or similar document containing the required information is treated as a document equivalent to a VAT invoice and can be credited as input VAT, subject to the applicable requirements.

Where circumstances result in a change to VAT that has already been collected, the Issuers must amend, replace, or cancel the VAT collection document with reference to the original document.

c. Remittance

Issuers must remit VAT collected within seven days since the confirmation date from the SPP-TDLN Administrator. Such remittance forms part of their obligation to pay the collected VAT into the state treasury.

d. Reporting

The submission of transaction data and remittance of VAT under the SPP-TDLN regime are treated as VAT return reporting. For Issuers that are not registered as VAT-able Entrepreneur (*Pengusaha Kena Pajak/PKP*), they constitute the VAT return filing, while for Issuers registered as PKP, they form part of the VAT return filing.

2. SPP-TDLN Administrator

a. Remittance

The SPP-TDLN Administrator is required to remit the VAT collected by Issuer to the state treasury as a tax deposit using the SPP-TDLN Administrator's tax identification number within seven days since the Issuer remits the VAT.

b. Reporting

The SPP-TDLN Administrator must report VAT collected under the SPP-TDLN regime in its VAT return. The VAT return must include, at a minimum, the tax base and the VAT collected, which may be reported on an aggregated basis.

E. VAT Refund and amendment

VAT that has been incorrectly collected may be refunded where a cross-border digital transaction is wholly or partially cancelled, or where VAT should not have been collected through the SPP-TDLN system. Refund requests must be submitted by the affected party to the SPP-TDLN Administrator through the Issuer and will be processed by the Issuer and/or the SPP-TDLN Administrator.

Where a cross-border digital transaction is wholly or partially cancelled, or where VAT should not have been collected through the SPP-TDLN regime, the SPP-TDLN Administrator must file an amended VAT return if the original return contains inaccuracies. The amended VAT return must include an explanation and supporting details for the correction.

If an amendment results in an overpayment of VAT, the SPP-TDLN Administrator may apply to the Directorate General of Taxes for a refund of tax that should not be payable. Any approved overpayment will be credited against future VAT liabilities rather than refunded through a tax overpayment assessment.

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