

## Evaluation of Vat Collection on Imported Digital Product and Service through E-Commerce: Tax Authority Perceptions

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### Abstract

*Based on the tax collection principle of "The Four Maxims," this study aims to evaluate the value-added tax collection on trading through the electronic system (TTES). There has been no research evaluating the quality of TTES VAT collection in Indonesia, which can be measured using the tax collection principles outlined in "The Four Maxims." This study employs a qualitative research design with a case study approach. Data was gathered through interview techniques with three tax authorities' sources. Based on the perceptions of the sources, it is possible to conclude that TTES VAT collection in Indonesia has met the equality, convenience, and efficiency principles outlined in "The Four Maxims." However, according to the source person's perceptions, TTES VAT collection in Indonesia has not fully met the certainty principle based on "The Four Maxims."*

### Keywords

value added tax; E-commerce;  
four maxim



### I. Introduction

The digital economy has emerged as the most recent challenge to international taxation. Argiles-Bosch et al. (2020) demonstrate that digital-based companies can easily engage in aggressive base erosion and profit shifting to tax haven countries.

The outbreak of this virus has an impact of a nation and Globally (Ningrum *et al*, 2020). The presence of Covid-19 as a pandemic certainly has an economic, social and psychological impact on society (Saleh and Mujahiddin, 2020). Covid 19 pandemic caused all efforts not to be as maximal as expected (Sihombing and Nasib, 2020).

The Coronavirus 19 pandemic is sky rocketing the digital economy transactions. According to the Deputy Governor of Bank Indonesia, the volume of e-commerce transactions in 2020 increased by 29.6 percent from Rp 205.5 trillion in 2019 to Rp 266.3 trillion in 2020. (Jayani, 2021)

The high volume of e-commerce transactions in Indonesia, on the other hand, is not proportional to tax revenues. The Government of Indonesia issued Government Regulation in Lieu of Law Number 1 of 2020, ratified through Law Number 2 of 2020 to level the playing field for taxpayers and secure state revenues from e-commerce transactions. In Article 4 paragraph 1 letter b, this regulation regulates the taxation aspects of trading through electronic systems (TTES). According to the destination principle, one of the taxes on which global agreement has been reached is VAT on imported Intangible Taxable Goods (ITG) and Taxable Services (TS).

VAT on imported Intangible Taxable Goods (ITG) and Taxable Services (TS) is governed by Article 4 paragraph 1 letter d and e of Law Number 42 of 2009. The parties responsible for VAT collection are Indonesian taxpayers who use ITG and TS in accordance with Article 6 paragraph 1 of PMK-40/PMK.03/2010. In the context of e-commerce transactions, this results in high tax compliance costs for taxpayers and complex

tax authority supervision due to the large number of transactions, while the transaction value tends to be small (OECD 2015).

As a legal basis, the Indonesian government refined this collection paradigm by enacting PMK-48/PMK.03/2020. According to Article 2 paragraph 2 of the PMK, VAT on imported Intangible Taxable Goods (ITG) and Taxable Services (TS) via TTES is collected by TTES corporate appointed by the DGT.

However, not long ago, some critics centered their discussion on Adam Smith's (1776) "Four Maxims" tax collection principle. Imposing a tax administration burden on TTES VAT Collectors who are domiciled outside the customs area will result in high compliance costs, which is contrary to the economic efficiency principle (Nugroho, 2020).

The DGT has treated people who are not in an equal situation with equal tax treatment by equalizing the administrative burden between TTES VAT Collectors who are domiciled in and outside the customs area. As a result, the goal of leveling the playing field in the TTES VAT sector has violated vertical equality in tax collection.

The most critical issue is that of law enforcement. The imposition of administrative sanctions and legal remedies for tax audit and collection TTES VAT refers to the KUP Law, according to Article 7 paragraph (1) and paragraph (2) of Perppu 1/2020. The KUP Law, which does not regulate the legal position of the tax subject for TTES VAT collectors and lacks a *mutatis mutandis* clause, can be interpreted in several ways.

As an OECD member, Indonesia implements the destination principal recommendations as a global consensus on cross-border transactions. As the largest e-commerce market in Southeast Asia, TTES VAT collection in Indonesia is expected to maintain a competitive business climate and reduce market distortions. For this reason, this study evaluates the quality of PMSE VAT collection carried out by the Tax Authority based on the principles of "The Four Maxims" tax collection which are comprehensive and widely used in previous literature. Based on the above description, it is possible to conclude that this research is critical because it has the novelty value to make a significant contribution to science. To the best of the author's knowledge, no research has been conducted to assess whether TTES VAT collection in Indonesia has adhered to the principles of tax collection based on "The Four Maxims."

## **II. Review of Literature**

### **2.1 General Provision of VAT Collection on Imported Intangible Taxable Goods and Taxable Services**

The Value Added Tax (PPN) is governed by Law No. 42 of 2009. The Taxable Entrepreneur (TE) who provides the Taxable Goods and Taxable Service collects VAT. In some cases, the Government Treasurer and agencies or corporations appointed by the Minister of Finance to collect, pay, and report the tax payable may also collect, pay, and report the tax payable.

According to Article 4 paragraph 1 letter d and e of Law Number 42 of 2009, imported Intangible Taxable Goods and Taxable Services are subject to VAT at a 10% rate. Digital products derived from electronic commerce do not include goods and services exempt from VAT under Article 4A of Law No. 42 of 2009.

Individuals or entities that use imported Intangible Taxable Goods and Taxable Services must collect, pay, and report Value Added Tax payable, according to Article 3A paragraph 3 of Law Number 42 of 2009.

## 2.2 OECD Action Plan on Digital Economy VAT

The OECD pays special attention to VAT collection because of the growing volume of international online trade and the fact that most of these sales are subject to VAT, resulting in a sizable amount of VAT revenue. VAT collection also affects the level of competition between domestic and foreign corporations.

BEPS action 1 identified that digitization creates two challenges in the VAT area: BEPS risks and broader challenges. Due to the complexities of law enforcement, the amount of VAT collected from online trading in services and intangible goods, particularly from overseas sellers to final buyers, remains very low. VAT on cross-border trade in intangible goods and services is collected using a self-assessment mechanism based on the OECD International Convention on Taxation of Intangible Goods and Services. The self-assessment mechanism works well in business-to-business (B2B) situations but is ineffective in business-to-customer (B2C) situations.

The OECD recommends the following based on the B2C guidelines:

- a. The jurisdiction in which the customer resides will be able to collect VAT on the provision of digital content.
- b. Under a simple registration and compliance tax regime, overseas sellers will be required to register for VAT in those market jurisdictions, and
- c. Foreign sellers will be required to charge and collect VAT at the same rate as domestic sellers in that jurisdiction.

In developing and implementing policies and administrative measures in their domestic regulations, the OECD also recommends that jurisdictions consider a simplified registration and compliance regime for non-resident suppliers.

## 2.3 VAT Regulations on Trading through Electronic Systems in Indonesia

Corporate included in TTES is defined in article 1 number 15 PMK-48/PMK.03/2020 as:

- a. Domestic and foreign corporations
- b. Domestic and international TTES corporations
- c. Domestic and international intermediary providers

VAT at the rate of 10% is imposed if digital products and services consumed by buyers and service recipients who meet the following criteria:

1. Resident or domiciled in Indonesia;
2. Payments made using debit, credit, and other payment facilities provided by Indonesian institutions; and
3. Use an internet protocol address in Indonesia or a telephone number with the country code of Indonesia.

DGT appoints TTES VAT collectors based on the following criteria:

- a) Transactions with buyers in Indonesia exceed Rp. 600,000,000.00 (six hundred million rupiahs) in one year or Rp. 50,000,000.00 (fifty million rupiahs) in one month; and/or
- b) Traffic or access in Indonesia exceeds 12,000 (twelve thousand) in one year or 1,000 (one thousand) in one month.

TTES VAT collectors are assigned an identification number for the purposes of tax administration. The Director-General of Taxes appointed 83 (eighty-three) corporations as VAT collectors for foreign digital products until October 2021. VAT is due when a buyer and a service recipient pay. VAT invoices for digital products and services are commercial invoices, billing, order receipts, or similar documents that at least include the buyer's e-mail. VAT payments are due at the end of the month following, whereas the VAT report is due quarterly. The tax office may also request the Annual Report.

## **2.4 Ideal Tax Collection Principles**

### **a. Equality**

According to this principle, taxes imposed on individuals must be proportional to their ability to pay and their benefits. This principle is further subdivided into horizontal and vertical equality.

When all taxpayers earning the same amount of income bear the same tax burden, regardless of the type or source of income, horizontal equality is achieved. When all taxpayers in the same economic situation pay the same tax, vertical equality is achieved.

### **b. Certainty**

This principle states that taxes cannot be imposed arbitrarily unless they are strictly enforced for all taxpayers. As a result, clear regulations and taxation systems are required to address the issue of calculating taxes, tariffs, when to pay and report, and how to pay and report.

### **c. Convenience**

The best time to pay taxes is when the taxpayer is not burdened, which encourages them to fulfill their obligations. This principle is also known as the principle of simplicity. This principle takes into account the ease of tax payments and the pay as you earn principle.

### **d. Efficiency in Collection**

This principle is based on economic principles, which emphasize that the cost of collection for tax authorities, as well as the cost of compliance for taxpayers, should be as low and efficient as possible. The term "cost of compliance" refers to the financial, energy, time, and psychological costs incurred by taxpayers in order to fulfill their tax obligations.

## **2.5 Previous Research**

Previous research in Turkey by Yapara, Bayrakdara, and Yaparb (2015) only looked at e-commerce tax regulations. They contend that e-commerce tax regulations must promote equality. To reduce compliance and administrative costs, the government must develop an effective and efficient e-commerce taxation system. The rules and procedures for e-commerce taxation must be clear and certain. McLure's (2003) study is limited to discussing the use of Value Added Tax (VAT) in electronic commerce (e-commerce) in the European Union (EU). According to the study, the main issue with e-commerce taxation is the difficulty in imposing a sales tax on digital products sold by foreign sellers to final domestic consumers. To protect the development of electronic commerce and ensure a level playing field, the VAT system must provide legal certainty, simplicity, and neutrality.

Previous research conducted by Yapara, Bayrakdara and Yaparb (2015) in Turkey only discussed e-commerce tax regulations. They argue that e-commerce tax regulations must create a sense of equality. The government must build an effective and efficient e-commerce taxation system to reduce compliance and administrative costs. E-commerce taxation rules and procedures must be clear and certain. McLure's (2003) research is limited to discussing the application of Value Added Tax (VAT) for electronic commerce (e-commerce) in the European Union (EU). The study said that the main problem in e-commerce taxation is the difficulty of imposing a sales tax on digital products by foreign sellers to final domestic consumers. The VAT system must provide legal certainty,

simplicity, and neutrality to protect the growth of electronic commerce, maintain a competitive level of competition, and avoid market distortions.

Siahaan (2010) conducted research on Four Maxims, which divides tax equality into three approaches: the benefit principle, the ability to pay principle, and horizontal and vertical equality. Sandford (1995) defines compliance costs as having three components: direct monetary costs, time costs, and psychological costs. According to Arianty (2017), the certainty principle encompasses the following aspects: tax subjects, tax objects, tax base, and tax procedures. Furthermore, the payment convenience must pay attention to the pay as you earn principle, the due date of tax payments, and the ease of payment procedures.

### III. Research Method

#### 3.1 Research Design

This study employs a qualitative approach with a case study approach. According to Sugiyono (2009), qualitative research is used when researchers want to deeply understand social situations and discover patterns, hypotheses, and theories that a questionnaire instrument cannot capture.

#### 3.2 Data Source

As primary data, this study relies on in-depth interviews. The findings are available in digital form as well as transcripts of notes.

#### 3.3 Data Collection Procedure

##### In-depth Interview

This study employs in-depth interviews with semi-structured questions, allowing researchers to identify additional problems and source persons to elaborate on their perceptions while remaining within the problem formulation corridor.

The sampling technique used in this study is using a purposive sampling technique. The purposive sampling technique will make it easier for the author to explore the research object and maintain the validity and reliability of the information obtained.

This research applied for a permit through the website [eriset.pajak.go.id](http://eriset.pajak.go.id) to the Directorate General of Taxes to conduct an interview. The sample interviewed has the criteria for employees who participate in the process of formulating TTES VAT regulations and Account Representatives who are in charge of supervising the fulfillment of the rights and obligations of TTES VAT Collectors. The following is a list of source person and the interview process:

**Table 1.** List of Source Person and Interview Process

No.	Source Person Code /Reference	Source Person Initial	Position of Source Person	Interview Duration	Date and Interview Conduct	Words Before Reduction	Word After Reduction
1.	KSD	BS	Head of Sub-Directorate of VAT Regulation on Trade, Services and Other Indirect	34 minutes 43 second	3 November 2021 via <i>Zoom Meeting</i>	5.112	4.971



			Taxes.				
2.	KPP	SPA	<i>Account Representative Individual and Foreign Corporate Tax Office</i>	14 minutes 43 second	20 September 2021 via <i>Whatsapp Voice</i>	1.711	1.594
3.	PP1	FS	Staff at Directorate Tax Regulation I	18 minutes 15 second	21 September 2021 via <i>Whatsapp Voice</i>	1.813	1.736

The in-depth interview procedure is as follows:

- a. Prior to the interview, the respondent explained the objectives and research procedures.
- b. The source individual signed an informed consent form.
- c. Interviews were recorded with tools and are now available in digital form.
- d. Due to the flexibility of the interview time during the coronavirus 19 pandemic, interviews were conducted via WhatsApp voice and Google Meet telecommunication.
- e. Information acquisition is declared complete when the data is saturated and no new data is provided by various source persons with existing variations.
- f. The interview's digital recording was converted into a verbatim transcript of the conversation.
- g. Confirming the contents of the conversation transcripts through source person review to increase the data's credibility.

### 3.4 Interview Questions

In developing interview questions, this study draws on the principles of previous research while making relevant adjustments to TTES VAT collection in Indonesia to meet the reliability requirement.

According to Siahaan (2010), there are three approaches to tax equality: the benefit principle, the ability to pay principle, and horizontal and vertical equality. Sandford (1995) defines compliance costs as having three components: direct monetary costs, time costs, and psychological costs.

According to Arianty (2017), the certainty principle encompasses the following aspects: tax subjects, tax objects, tax base, and tax procedures. Furthermore, the payment convenience must pay attention to the pay as you earn principle, the due date of tax payments, and the ease of payment procedures.

In this study, interview questions were first tested on three different sources to get feedback. The researcher justified the questionnaire's validity based on the results of trials and discussions. Appendix 1 contains a list of interview questions.

### 3.5 Data Analysis Procedure

Thematic analysis techniques are used in this study. Thematic analysis is a method of identifying themes or patterns in qualitative research data. Interview results are analyzed by searching and compiling the data obtained systematically, then categorizing, describing, synthesizing, compiling into patterns, deciding which ones are important and what will be studied, and drawing conclusions so that the results are understandable (Sugiyono, 2009).

The tabular results of the recorded interview sessions that were used as verbatim transcripts are processed using Microsoft Excel software. Data processing entails counting the number of words, assigning a reference code, and determining the theme.

The next step is to give each transcription line a transcription reference code. The reference code starts with an alphanumeric sequence. Each transcription line is then given a reference code in the form of a number that represents the transcription line's sequence. The next step is to carefully review the transcription for data reduction. Data reduction is accomplished by selecting the most important things, focusing on the most important things, and looking for themes and patterns to provide a clearer picture to answer questions. The next step is to divide the interview transcripts into sub-themes. The tax collection principle "The Four Maxims" in the interview questions was prepared based on previous research principles, with relevant adjustments made to the collection of TTES VAT.

Using Microsoft Excel software, the authors identify the subthemes of the source person's answers based on these ideas. The responses of the source person were analyzed by sub-theme and interpreted as conclusions and verification. The organized analysis results are presented in the form of narrative text for easy comprehension.

### **3.6 Data Validation and Reliability**

This study's validation strategy includes triangulation of sources, triangulation of data collection methods, and member checking. The credibility of the information and data obtained can also be tested by selecting the appropriate source, namely employees who are capable of performing TTES VAT collection obligations. In this study, interview questions were first tested on three different sources to get feedback. The researcher justified the questionnaire's validity based on the results of trials and discussions.

Furthermore, to meet the reliability requirement in qualitative research, the authors developed interview questions based on previous research principles by making relevant changes to the TTES VAT collection in Indonesia.

## **IV. Results and Discussion**

### **Evaluation of VAT Collection on Trading Through Electronic Systems Based on "The Four Maxims" Principles**

This section assesses the quality of TTES VAT collection as formulated by the tax authorities, which can be measured using "The Four Maxims" principles, namely the principles of equality, certainty, convenience, and efficiency.

#### **4.1 Equality**

There are four principles approaches used in evaluating tax equality in collecting TTES VAT in Indonesia, namely the benefit principle, the ability to pay principle, horizontal and vertical equality. When this research discussed about the benefits received by TTES corporate if they register voluntarily as TTES VAT Collector, the following is the answer of the tax authorities:

*"TTES corporate may consider that if they comply with tax laws in Indonesia, they can increase credibility and market share in Indonesia, as well as get support from the Indonesian Government." (PPI)*

When asked whether there were complaints from the public regarding the price increase due to the imposition of VAT, tax authorities explained that there are no complaints or questions from public as consumer of digital product. There is also no

impact on the number of foreign digital products sold. Tax authorities believed that TTES VAT collection in Indonesia has created a level playing field for TTES corporate because all taxpayers (conventional or *e-commerce*) from domestic or foreign who earn the same amount of income bear the same tax burden.

Discussion continues about the basis for determining the limit on transaction or traffic value as criteria of appointment. The following is confirmation from the tax authority:

*"Regarding this transaction value limit, indeed we also pay attention to best practice benchmarks to several countries that have implemented the same rules....the closest is Australia, because Australia uses the threshold that is 75,000 dollars....we try to calculate it. For example, let's say the transaction value is 600,000,000 or 50,000,000 in a month, the cheapest subscription for a month, it was 50,000, then that means the minimum access or the minimum traffic is 1000 in 1 month."* (PP1)

Based on the perceptions of the source persons, it is possible to conclude that the TTES VAT collection in Indonesia has met the principle of equality based on "The Four Maxims." The following interview results have led to this conclusion:

- a. Appointing TTES VAT Collectors is thought to boost credibility and market share in Indonesia. This benefit is proportional to the taxes imposed, as explained in Adam Smith's (1776) ideal tax collection principles and Siahaan's (2010) research.
- b. TTES VAT collection in Indonesia is based on consumer ability to pay, in accordance with Adam Smith's (1776) ideal tax collection principles. It is evident from the lack of an impact on the number of foreign digital products sold, as well as the absence of any complaints or questions.
- c. The collection of TTES VAT in Indonesia has resulted in horizontal equality and a level playing field for TTES corporate. According to Adam Smith's (1776) ideal tax collection principles, all taxpayers from domestic or foreign TTES corporate who earn the same amount of income bear the same tax burden.
- d. In Indonesia, the limitation of transaction value in TTES VAT collection encourages the creation of vertical equality. Small-scale TTES corporations do not have to bear the burden of TTES VAT administration in accordance with Adam Smith's (1776) ideal tax collection principles.

## 4.2 Certainty

Three principles that analyzed related to the principle of certainty are tax subjects, tax bases and tax procedures. The discussion began with question about the definition of traffic that is the criteria for appointing a TTES VAT Collector. The rules not clear enough to describe the definition of traffic. Here is the confirmation from tax authorities:

*"When you click (website), it's definitely considered traffic."* (KAPP110)

This explanation is different with VAT Collector's perception this condition is contrary to the principle of certainty according to Arianty's research (2017). Discussion continues about the purpose of Article 32 A paragraph (2) of Law Number 7 of 2021 concerning Harmonization of Tax Regulations, regulates collectors for electronic transactions. Here is the confirmation from tax authorities:

*"Because, when we try to appoint a third party, our law has no legal basis."* (KAPP52)

This research also asked about the comparative data that can be used to test the compliance of TTES VAT collectors in VAT report and payment. The following is the answer of the tax authorities:



*"Well, that's why...because we are aware that we don't have this (comparison data) yet. So we believe their data first." (KAPP164)*

The last discuss about certainty principles is obstacles that cause Minister of Finance Regulation regarding TTES VAT sanctions not to be issued. Here is the answer from tax authorities:

*"The problem (PMK sanctions) becomes a bit complicated when we want to ... the representative also represents in its entirety." (KAPP40)*

TTES VAT collection in Indonesia, according to the source person's perception, has not fully met the certainty principle based on "The Four Maxims." The following findings support this conclusion:

- a. TTES VAT collection in Indonesia has yet to explain the certainty of traffic/access definition, which is the tax subject criterion for TTES VAT collectors as explained in TTES VAT Regulations in Indonesia. According to Arianty's (2017) research, this condition violates the principle of certainty.
- b. There are concerned about the legal certainty of Domestic PMSE Operators as tax subjects, which differs from the General Provision of VAT Collection on Imported Intangible Taxable Goods and Taxable Services as explained in Law Number 42 of 2009.
- c. There is no comparative data that can be used to test the compliance of TTES VAT collectors in VAT report and payment.
- d. Article 7 paragraph 2 of Peru 1 of 2020 and Article 32 A paragraph (3) of the Harmonization of Tax Regulations Law has not provided certainty regarding the imposition of penalties on TTES VAT Collectors. Uncertain legal basis makes taxpayers do not understand the tax consequences before making a transaction. This condition is contrary to the principle of certainty according to Adam Smith (1776) and *Ottawa Taxation Framework Conditions*.

### 4.3 Convenience

The evaluation of the convenience principle is translated into the principle of pay as you earn, determining the due date of tax payments and tax facilities. Tax authorities believed that when the customer pays as the payable time will not burden the taxpayer and the payment due date gives businesses enough time to reconcile the data.

Next discussion is about the obligation to issue VAT tax invoice when the OECD recommends that tax authorities consider removing the invoice issuance requirement for business-to-consumer supplies. Here is the confirmation from tax authorities:

*"So we take care what if there is a consumer that PKP.. If there is a consumer, he becomes a PKP, then the invoice becomes a VAT in for the buyer. So, yes, it goes into the invoice requirements, you know.. So actually we take a middle way... The middle way is like this, after all, every time he makes a transaction, he has to make an invoice... Already? So we say that your invoice is tax invoice... There really isn't anything extra on him." (KAPP130)*

And the last question is why does tax authority regulate TTES VAT return to be reported quarterly when e-commerce companies have a data management system that allows monthly reporting, thus enabling tax authority to analyze the tax return data faster. Here is the answers from tax authorities:

*"Because what is reported is only a total, you know.. How much in total does he provide services or intangible PKP.. Then how many customers? It's nothing.. But psychologically, he will feel, 'Oh yeah I'm being monitored huh..' that's it." (KAPP154)*

TTES VAT collection in Indonesia has also met the principle of convenience based on "The Four Maxims." The following research findings support this conclusion:

- a. When the customer pays as the payable time will not burden the taxpayer, encouraging them to fulfill their obligations as described in Adam Smith's (1776) ideal tax collection principles and Arianty's (2017) research. This payable time is best suited to the e-commerce business model, particularly the exchange of intangible goods or services.
- b. The TTES VAT payment due date, which falls at the end of the following month, gives businesses enough time to reconcile the data on the amount of VAT that must be paid.
- c. Accepting commercial invoices and transaction receipts as TTES VAT collection tax invoices, making collectors' lives easier. The use of this tax invoice type meets the OECD recommendation for balancing business and taxation purposes.
- d. Tax authorities believed that TTES VAT collectors had no difficulty managing TTES VAT collection data reported in quarterly tax returns.

#### 4.4 Efficiency in Collection

Financial costs, time costs, and psychological costs are the three components of compliance costs. There are some notes on the IT team's time and energy spent adjusting the system, particularly the customer identification section in the form of a tax identification number or an e-mail address. Aside from that, TTES VAT collection in Indonesia adheres to the efficiency principle based on "The Four Maxims," as evidenced by the following interview results:

- a. Tax authorities believed that TTES VAT collectors carry out their duties without the need to pay tax consultant/representative fees, in accordance with Adam Smith's (1776) ideal tax collection principles and Sandford's (1995) research.
- b. Tax authorities believed that the time required to make, pay and report TTES VAT return is during normal working hours. This condition inline with ideal tax collection principles by Adam Smith (1776) and Sandford's (1995) research to minimize time spent by taxpayers in fulfilling their tax obligations.
- c. Tax authorities believed that TTES VAT collectors provided actual data without any intention of tax evasion so that they are not worried about potential tax disputes in the future. This condition inline with ideal tax collection principles by Adam Smith (1776) and Sandford's (1995) research.

## V. Conclusion

Based on the perceptions of the source persons, it is possible to conclude that the TTES VAT collection in Indonesia has met the equality, convenience, and efficiency principles outlined in "The Four Maxims." TTES VAT collection in Indonesia, according to the source person's perceptions, has not fully met the certainty principle based on "The Four Maxims."

The short-term recommendation for tax authorities regarding the principle of equality is to provide recognition in the form of appreciation to compliant TTES VAT Collectors, which should be disseminated to the media.

In terms of the principle of certainty, the following are some short-term suggestions for tax authorities:

- a. Issue a Minister of Finance Regulation specifically governing TTES VAT penalties.
- b. Draft a circular letter addressing issues that have not been addressed, such as the definition of traffic/access.

- c. Create a step-by-step tutorial for the PMSE Portal. Furthermore, this research recommend to simplify the updated data on the PMSE Portal in accordance with OECD recommendations.
- d. Use the PMSE Portal to disseminate the mechanism for determining the tax base.
- e. Make available on the PMSE Portal a menu of annual transaction details reports.

In terms of the principle of certainty, the long-term recommendation for DGT is to implement a split payment scheme. The convenience principle can be improved by considering monthly reporting of TTES VAT returns. Furthermore, based on OECD recommendations, tax authorities may consider eliminating the requirement to issue invoices in business-to-consumer supply.

The object of the research, which only includes domestic TTES VAT collectors, is an internal limitation in this study. Due to the coronavirus 19 pandemic conditions, interviews were conducted online, resulting in network constraints and the inability to capture nonverbal gestures.

Customers of digital products and foreign TTES VAT collectors may be included as research objects in future studies. If the number of sources is sufficient, data collection methods can include a questionnaire or a direct in-depth interview.

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