INDONESIA – LOGIC CHANGES

AUTHORITY UPDATE GUIDE

THOMSON REUTERS TAX RESEARCH MARCH 2021 CONTENT UPDATE #1

Introduction

The implementing regulation for the expansion of Value Added Tax has been recently issued by Indonesia's Minister of Finance to include cross-border digital transactions.

According to the regulation, Indonesian VAT applies to sales of digital products supplied by foreign businesses, which were appointed by the Director General of Taxes as VAT collectors, to Indonesian consumers and businesses.

The VAT collectors are responsible for collecting and payment of VAT at the rate of 10% on sales of digital products, such as streaming of apps, books, computer software, games, magazines, movies, music and newspapers, as well as all other kinds of online services.

Considering the above, some logic changes have been implemented for Indonesia authority, which are related to cross-border tax treatment of the transaction type of Electronic Services. With accordance to the latest amendments, the mentioned transaction type shall be used for the supplies of digital products.



PART I – UPDATES TO DETERMINATION

Logic Mappings

The authority logic group of Electronic_Services was mapped effective 1 January 2021 with the highest order for the authority of Indonesia.

Authority Options

The following authority option was added effective 1 January 2021 for the authority of Indonesia.

AUTHORITY OPTION	CONDITION	VALUE		
CL – Customer Location Reverse Charge	Not Applicable	Not Applicable		

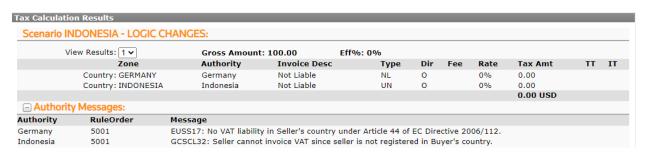


PART II - TAX RESULT EXAMPLES

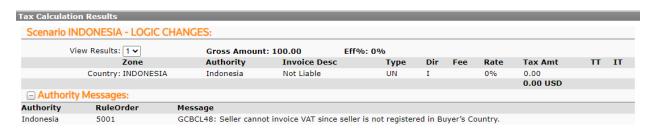
Test 1: Electronic Services provided by a foreign unregistered Seller to the Indonesian Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Electronic Services
Seller Primary	Germany
Buyer Primary	Indonesia
Seller Registration	DE123456789
Buyer Registration	Any

Results for a foreign SELLER:



Results for a foreign BUYER:





Test 2: Electronic Services provided by a foreign registered Seller to the Indonesian Buyer

WORKBENCH ELEMENTS	VALUES
Transaction Type	Electronic Services
Seller Primary	Germany
Buyer Primary	Indonesia
Seller Registration	123456789012345
Buyer Registration	Any

Results for a foreign SELLER:



Results for a foreign BUYER:

Tax Calculation Results											
Scenario INDONESIA - LOGIC CHANGES:											
View Results: 1 ✓		Gross Amount: 100.00		Eff%: 10%							
	Zone	Authority	Invoice Desc		Туре	Dir	Fee	Rate	Tax Amt	TT	IT
	Country: INDONESIA	Indonesia	VAT		S	I		10%	10.00		
									10.00 USD		
☐ Authority N	□ Authority Messages:										
Authority	RuleOrder		Message								
Indonesia	10000		GCBCL35: Input VAT in Buyer's country.								

