Implementation of Article 22 Income Tax Collection by Marketplaces (PMK 37/2025)

Tax2GO JOURNAL
28th Edition
7/23/2026

The government, through the Directorate General of Taxes (DGT), has officially implemented Regulation of the Minister of Finance (PMK) Number 37 of 2025 along with its derivative regulation, PER-15/PJ/2025, which regulates the appointment of other parties, namely trade organizers through electronic systems/PMSE (marketplaces), as collectors of Article 22 Income Tax (PPh) for domestic merchants.

This policy does not constitute collection of a new tax, but rather, it is a shift in the tax administration mechanism, from previously self-reported by merchants to automatic collection by marketplaces. The primary goal is to simplify the tax administration process for businesses and create a level playing field between conventional (offline) and digital (online) merchants.

A. Marketplaces which Serve as Tax Collectors

Marketplace organizers appointed as collectors of Article 22 Income Tax must meet specific criteria, namely using an escrow account and having:

1. Transaction value exceeds IDR 600 million in 12 months or IDR 50 million in 1 month; and/or

2. The number of traffic or visitors **exceeds 12,000 in 12 months** or 1,000 in 1 month.

On July 1, 2026, through Press Release Number **SP-14/2026**, the Directorate General of Taxes (DGT) appointed 4 (four) large marketplaces —**Tokopedia**, **Shopee**, **Lazada**, and **Blibli**— as tax collectors, effective **as of August 1, 2026**.

B. Online Merchants Subject to Tax

The subjects of tax collection (domestic traders) are individuals or entities which fulfill two main requirements:

1. Receive **income through a bank account or similar financial means**.

2. Transact using **Internet Protocol (IP) address in Indonesia** or a **telephone number** with the **Indonesian country code (+62)**.

The tax subjects also include other parties in the transaction ecosystem, such as **delivery service companies (expedition)** and **insurance companies** that transact with buyers through the marketplace.

C. Objects, Rates, and Tax Bases

The object of collection is the income received by merchants **from the transactions in the marketplace**.

The tax rate is set at **0.5%**.

The tax imposed is **based on the tax basis (*DPP*)**, namely the **gross selling price**, which is the value of the money **before deducting** sales discounts, cash discounts, or similar **deductions**, and **excludes VAT (*PPN*) and sales tax on luxury goods (*PPnBM*)**. The tax is also collected on the billed **shipping cost** and **insurance**.

Article 22 Income Tax is payable when the payment is received by the marketplace.

D. Those Exempted from Tax Collection

To protect small businesses, the government has stipulated a number of conditions that exempt marketplaces from collecting Article 22 Income Tax, including:

1. Individuals with a turnover of less than IDR 500 million

Merchants whose gross turnover (**total online and offline**) **does not exceed IDR 500 million** in the current year will not be subject to tax, provided that they submit a **statement** on stamp duty to the marketplace stating that their turnover is still below that limit. If the turnover **exceeds IDR 500 million**, the merchant must submit a **new statement** by no later than the end of the month in which the turnover exceeds it, and tax collection will apply.

2. Merchants who submit a certificate of exemption from withholding/collection of income tax

3. Sales of phone credit and starter cards, gold and jewelry (by gold manufacturers/merchants), as well as transfer of land/building rights

4. Delivery services by private individuals (couriers) who are partners of transportation applications

E. Marketplace Mechanism and Coretax

1. Proof of Collection

Invoices or billing documents issued by the marketplace system are **considered as** proof of collection of Article 22 Income Tax. This proof of collection will be available automatically (**prepopulated**) in the Coretax system.

2. Regarding Returns/Cancellations

If a transaction is canceled or an item is returned, the marketplace shall be required to issue a **correction** or **cancellation** document with a **negative income tax amount**. This negative amount automatically removes or corrects the previously issued income tax collection.

3. Supervision by DGT

The DGT maintains a **database** of all tax collection receipts issued by marketplaces. This allows the DGT to **cross-check** merchants' **turnover claims** and follow up on the merchants who are dishonest about the Rp500 million turnover limit.

F. Nature of Tax Collected

The nature of Article 22 Income Tax collected by the marketplace depends on the Taxpayer profile:

1. For taxpayers **who fall within the criteria of PP 20/2026 (previously PP 55/2022)**, this 0.5% tax collection is **part of the Final Income Tax payment**.
If the income tax collected by the marketplace is **less than the final income tax** that should be payable, the underpaid difference **must be paid by** the merchants **themselves**.

2. For Taxpayers **who do not use the Final Income Tax scheme**, this collection can be used as a **Tax Credit** (deduction) on the Annual Income Tax Return.

If there is an **overpayment**, the merchants can apply for a **refund of the tax** that should have not been payable.

With marketplaces being appointed as tax collectors, online merchant tax administration becomes more efficient due to automation. However, some adjustments are recommended, such as in discounts. Tax collection will be disproportionate if the selling prices are inflated simply to offer significant discounts. Compliance is also required when declaring turnover for collection exemption facility, in order to avoid future audit risk.

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