

Market Support Services

A. Legal Basis

The legal sources underlying this tax guide are as follows:

- (i) Law Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods sttd Law Number 7 of 2021 concerning Harmonization of Tax Regulations (VAT Law)
- (ii) Minister of Finance Regulation Number 69/PMK.03/2022 (PMK 69/2022)

B. Background

The treatment of value added tax (VAT) on the implementation of financial technology, which includes market support services, is regulated in PMK 69/2022. This Minister of Finance Regulation (PMK) was issued to provide legal certainty and administrative convenience in fulfilling tax obligations on transactions in the implementation of financial technology.

C. Definition

Based on PMK 69/2022, what is meant by market support services are services used to facilitate the provision of faster and cheaper information related to financial products and/or services to the public in the form of *artificial intelligence/machine learning, machine readable news, social sentiment, big data, market information platform, and automated data collection and analysis.*

D. Tax Treatment

D.1 VAT treatment

D.1.1 VAT object

Activities in the form of market support services are at least in the form of:

- (i) provision of product information comparison data; and
- (ii) providing comparative data on financial services.

is a taxable service (JKP) so that the delivery is payable VAT.

D.1.2 VAT Collector

Entrepreneurs who carry out market support service activities that have been confirmed as taxable entrepreneurs (PKP) are required to collect, deposit, and report VAT payable on the submission of JKP in the form of market support services.

D.1.3 VAT calculation

VAT payable is calculated by multiplying the rate of Article 7 paragraph (1) of the VAT Law with the tax base (DPP). DPP for VAT on market support services is reimbursement, namely in the amount of *fees, commissions, or other rewards in any name and in any form received by the organizer.*

D.1.4 VAT Invoice Creation

PKP who carry out market support service activities as mentioned above are required to make a tax invoice as regulated in the VAT Law. Tax invoices are required to be in

electronic form (e-invoice) using an application or system provided and/or determined by the Directorate General of Taxes (DGT) and an electronic signature is included. PKP must make a tax invoice for each submission of JKP and this tax invoice must be made on:

- (i) at the time of submission of JKP; or
- (ii) the time of receipt of payment in the event that the receipt of payment occurs before the submission of JKP.

D.1.5 VAT Collection and Deposit

PKPs who carry out market support service activities as mentioned above are required to collect and deposit VAT as regulated in the VAT Law. Payment of VAT payable by PKP must be made no later than the end of the following month after the end of the tax period and before the notification letter (SPT) of the VAT Period is submitted.

D.1.6 VAT Period SPT Report

PKP submitting JKP as mentioned above, must report the VAT Period SPT as stipulated in the VAT Law.

The VAT Period SPT is submitted no later than the end of the following month after the end of the tax period.

D.1.7 Sample case

PT Ekuivalen (PKP) is a company that provides a platform that offers services for providing product information comparison data.

PT Cermat utilizes the services of PT Ekuivalen to obtain reliable data to determine the *pricing* of the financial products that it will offer. For the services provided, PT Cermat paid a *fee* of Rp. 1,500,000, excluding VAT, to PT Ekuivalen for the September 2022 tax period.

Based on the above case, the following is the VAT treatment.

- (i) PT Ekuivalen collects VAT with the following calculations:

$$\begin{aligned} \text{PPN} &= 11\% \times \text{DPP (Fee)} \\ &= 11\% \times \text{Rp}1.500.000,00 \\ &= \text{Rp}165.000,00 \end{aligned}$$

- (ii) PT Cermat pays a *fee* plus VAT in the amount of Rp. 1,665,000.00 to PT Equivalent;
- (iii) PT Ekuivalen is required to issue a tax invoice and deposit the collected VAT and report the VAT Period SPT every month.

E. Special Terms

Currently, there are no specific provisions regarding VAT on market support services.