IMPLEMENTATION OF CROSS BORDER E-COMMERCE IN INDONESIA AND ASEAN COUNTRIES

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We all receive the impact of technology developments and digital economy, and it disrupted many aspects of life. One of them is taxation. The government must be responsive and adaptive to that changes.
OBJECTIVES

The purpose of this study is to examine:
1. How is the tax implementation of cross border e-commerce in Indonesia
2. How is the tax implementation of cross border e-commerce in ASEAN countries
3. How to implement cross border e-commerce taxation in Indonesia in the future.
SCOPE

The scope is limited only to the tax implementation of cross border ecommerce in the import sector, especially in Indonesia with a comparative study of the implementation of ASEAN countries. Asean countries are chosen because
METHOD

The research method used is qualitative descriptive method by:
1. Documentation study, namely the method of collecting data by collecting secondary data and all information to solve problems (Indriantoro, 2014). Among them are documentary sources from the Director General of Customs and Excise.
2. Literature study, namely the method of data collection carried out by processing literature, articles, journals, results of previous studies, and other written media related to the topic of discussion of this study (Indriantoro, 2014).
• In 2017, WCO has made guidance for countries that are e-commerce destinations.
• Indonesia is one of the country that is pointed by WCO as an example for benchmarks.
• WCO's Guidelines regarding the classification of Cross-border E-commerce goods in 4 classification
  1. Document
  2. The one under deminimise
  3. On top of the demineralization, it is still included in a low value shipment
  4. Commercial good

• Regarding the provisions of the amount, depend of each country.
• In principle, ASEAN countries have classified the cross border e-commerce into 4 classification.
TAX TREATMENT OF CROSS BORDER E-COMMERCE IN ASEAN COUNTRIES
1. **INDONESIA**

   Simplification of customs procedures including through exchange of electronic certificates, at land and air borders for e-commerce deliveries, Indonesia has conducted e-form D exchange through the ASEAN Single Window.
## Conventional Scheme

### Postal Goods Category

<table>
<thead>
<tr>
<th>Goods Value</th>
<th>Category</th>
<th>Document</th>
<th>Tariff</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ USD 75</td>
<td>Non-Prohibited and Restricted</td>
<td>CN (HAWB)/DAFTAR</td>
<td>FREE</td>
<td>Official Assessment (BEBAS)</td>
</tr>
<tr>
<td></td>
<td>Prohibited and Restricted</td>
<td>CN (HAWB)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD 75 &lt; Nilai ≤ USD 1500</td>
<td>Business Entity, Non Business Entity</td>
<td>CN (HAWB)</td>
<td>7.5%</td>
<td>Official Assessment</td>
</tr>
<tr>
<td></td>
<td>Non-Business Entity*</td>
<td>Simplified Import Declaration/PIBK</td>
<td>MFN</td>
<td>Self Assessment</td>
</tr>
<tr>
<td></td>
<td>Business Entity</td>
<td>General Import Declaration/PIBK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; USD 1500</td>
<td>Non-Business Entity*</td>
<td>Simplified Import Declaration/PIBK</td>
<td>MFN</td>
<td>Self Assessment</td>
</tr>
<tr>
<td></td>
<td>Business Entity, Deferred, Preference Tariff</td>
<td>General Import Declaration/PIBK</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Procedure**
- Paperless dan automation

**Risk**
- Risk Management

**Tracking System**
- [www.beacukai.go.id/barangKiriman](http://www.beacukai.go.id/barangKiriman)

**Anti-Splitting Programme**
- Anti-Splitting with Smart Systems (AI systems) to detect repetitive transactions
GUIDELINES
FOR THE IMMEDIATE
RELEASE
OF CONSIGNMENTS BY
CUSTOMS

WORLD CUSTOMS ORGANIZATION

Version II
(June 2020)

Appendix IV

NATIONAL EXPERIENCE

This Appendix contains examples of national practice which have been provided by some countries within the framework of a survey of WCO Members. It involves an exchange of experiences which could serve as a source of inspiration for WCO Members wishing to apply the Immediate Release Guidelines.

1. Indonesia
(1) Indonesian Customs implement an online application system for the submission of Customs Declarations for all international packages by express carrier companies and by Indonesia Postal Company. This application system supports the entire process of Customs clearance, from inward manifest submission to release of goods/consignments, including payment of taxes and duties.

(2) The Customs assessment system applies to consignments under 1,500 USD. Customs officers analyse the electronic manifest and consignment note data (including taxpayer ID and HS code), data from express carrier companies and electronic CN 23/23 data (each house waybill or CN data) inputted manually by Indonesia Postal Company, in order to identify the duties and tariff and suspicious goods.

(3) If the value is higher than 1,500 USD and the consignee is individual, then the importer self-assessment system applies and importers must provide the Simplified Customs Declaration (PIBINK) document to Customs.
INDONESIA
TAX TREATMENT OF CROSS BORDER E-COMMERCE
(INTANGIBLE ASSET)

1. Trade law 2014
2. Customs law 2006

- In that laws, IA CBE taxation has not yet been regulated.
- Indonesia has just classified intangible assets as objects as regulated in Customs Law article 8A and Minister of Finance Decree no 17.
- For the next taxation arrangement, Indonesia is waiting for taxation arrangement from WCO.
INDONESIA
TAX TREATMENT OF CROSS BORDER E-COMMERCE
(TANGIBLE ASSET)

• Customs law and Regulated in Minister of finance decree

• (in PMK No. 182 / PMK.04 / 2016 concerning provisions on the importation of shipment items, which is enhanced by PMK No. 112 / PMK.04 / 2018)

• Minister of finance decree regarding Bonded Logistics Centers.
  (PMK number 28 / pmk.04 / 2018)
3 TAX TREATMENT OF CROSS BORDER E-COMMERCE (TANGIBLE ASSET)

Indonesia has 3 mechanisms for tax treatment of TA CBE

1. Conventionally through PMK 182 and PMK 112, i.e.
   - Deminimization is given for postal goods that its price less than FOB USD 75 per person per day.
   - > FOB USD 75 is still subject to Import Duty and import tax
   - Basically, > FOB USD 75, will have the same treatment with as ordinary importation.
2. Exchange of data between customs and excise with the platform and marketplace.

- Exchange of data between customs and excise with the license plate form and market placements. (Not yet implemented, in the process of making regulations)

3. BLC e-commerce. Regulations regarding BLC e-commerce have been established.

- The Cross Border E-commerce arrangement is still considered a commercial item.
THE FUTURE OF TAX TREATMENT ON CROSS BORDER E-COMMERCE

- There are two mechanisms for future tax treatment on CBE
  1. DGCE decree on customs and excise regarding market places
  2. Strengthened by enhance Ministrial of Finance Decree PMK number 182 and 112 concerning the provision of postal goods importation
- The background issue: there are indications of splitting to get deminimise.
Basically, the changes of MFD PMK 182 and 112 are concerning:

1. The data exchange between customs and excise and platform.
2. Decrease the demineralization number from FOB USD 75 to a tentative number which is FOB USD 75 to FOB USD 50 or FOB USD 30.
3. Make anti splitting.
4. Enactment quota importation of postal goods (Tentative numbers are FOB USD 500 or FOB USD 1000 per year per receiver.)
CASE OF STUDY

Based on the existing anti-splitting system, screening with the same name and place parameters, 400,000 documents that have been identified as having been received by the same receiver. And it turns out, this system can still be used by service users by manipulating the receiver's name and address by using abbreviated receivers' names or changing the receivers' name to something similar. The basic law of anti-splitting systems with widened parameters is still lacking. To overcome this in the future each receiver must submit tax registration number, citizen number, and for foreign citizens must stamp a passport, and submit the receiver's mobile number. The receiver will get an exemption if he has provided the data above.
• The taxation scheme used by Indonesia, the import tax provisions follow the provisions of the import duty. The imposition of one package import tax with the imposition of import duties. If the import duty gets exemption, the import tax will also be automatically free. In principle, according to the DG of T, e-commerce is a commercial good so any amount must be taxed. Based on the consideration that 80% of the shipments are from cross border e-commerce with a small value of an average of USD 8, if there are 300,000 items a day, there are 300,000 bills. This will result in administrative overruns.
THE COMPARISON BETWEEN TAX TREATMENT TO CROSS BORDER E-COMMERCE OF ASEAN COUNTRY

BRUNEI DARUSSALAM
Brunei Darussalam have simplified procedures for air courier and express mail services, for consignments below B$400.

SIMPLIFICATION OF CUSTOMS PROCEDURES ON CONSIGNMENT GOODS

<table>
<thead>
<tr>
<th>VALUE OF GOODS</th>
<th>CATEGORY</th>
<th>DOCUMENTS REQUIRED</th>
<th>TARIFF DUTY</th>
<th>TYPE OF ASSESSMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>De minimis: Less than BND400</td>
<td>All except prohibited and restricted goods</td>
<td>Manifest</td>
<td>0%</td>
<td>Officials Risk Assessment</td>
</tr>
</tbody>
</table>

Note:
BD: N/A already implemented
CAMBODIA

Cambodia allows for simplified customs declaration by using customs declaration for low value shipment of small size exportation and importation with customs value not exceeding 300 USD on goods which are not in the list of prohibited and restricted goods, via summary declaration

NOTE: N/A already implemented

<table>
<thead>
<tr>
<th>VALUE OF GOODS</th>
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<th>TARIFF DUTY</th>
<th>TYPE OF ASSESSMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>De minimis: Not exceeding 50USD (FOB Value)</td>
<td>Documents/Letters:</td>
<td>1. summary customs declaration 2. supporting documents, • commercial invoice, • packing list, • VAT certificate, • transport documents, and • other related documents if applicable.</td>
<td>FREE</td>
<td>(exempted from duties and taxes)</td>
</tr>
<tr>
<td>De minimis: Not exceeding 50USD (FOB Value)</td>
<td>Documents/Letters:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. summary customs declaration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. supporting documents,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• commercial invoice,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• packing list,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• VAT certificate,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• transport documents, and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• other related documents if applicable.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**All goods:** except for goods in list of prohibited and restricted goods.
Passenger’s personal effect:
Transportation’s staff and those who cross the border can bring along by the exemption of duties and taxes with the quantity of goods and personal effect as follow:

1. All kinds of alcohol not exceeding 2 liters
2. Cigarette not exceeding 200 cigarettes, Cigar not exceeding 50 Cigars or Tobacco not exceeding 200 grams
3. Perfume and cosmetics amount not exceeding 350 milliliters
4. Stuff and other tools in an appropriate amounts that need to travel and non-prohibited goods.
5. Persons less than 18 years old do not get preferential items 1 and 2 above.
LAOS

De-minimis threshold of US$ 50 applied only to non-commercial e-commerce goods. Plan for simplified procedures on LVS and express shipment related to e-commerce by end 2019.

Note: On going
MYANMAR

For the low value consignment cargo importation can be carry out with simplification of clearance procedure.

NOTE
Already in place
## SIMPLIFICATION OF CUSTOMS PROCEDURES ON CONSIGNMENT GOODS

<table>
<thead>
<tr>
<th>VALUE OF GOODS</th>
<th>CATEGORY</th>
<th>DOCUMENTS REQUIRED</th>
<th>TARIFF DUTY</th>
<th>TYPE OF ASSESSMENT</th>
</tr>
</thead>
</table>
| De minimis: USD 50 | Documents/Letters: | Import Declaration Invoice Packing List Air Way Bill (or )House Way Bill Bill of Lading Relevant Certificate | FREE | Without Valuation (exempted from duties and taxes)  
Express cargo Companies are allowed to perform with manual procedure as they are in early business.  
DHL, express company submits the declaration with MACCS Automation System for Consolidated cargo.  
It has being discussed for the procedures to submit the de minimis value declaration with Myanmar Automated Cargo Clearance System.  
Restricted or prohibited cargo according to existing Law and Regulation are not allowed to import although the value for these cargo is not exceeding 50 USD. |
Myanmar hasn't separated cross border tax on ecommerce, M are using trade law, sea and land customs act 2015 amended. Currently M using normal trade rule for crossborder ecommerce and deminis value allowce USD 50. The history of tax regulation to cross border e-commerce as the follow : of electronic transaction law, Privacy law, consumer protection law, Trade Law, sea and land customs act 2015 amended, Domain Name and Content Rule, Cyber Law (Drafting). The tax that implement to Commercial Tax The rates are 5%, or from 8% to 100%, depending on the types of products and services. Personal Income tax rate is 25%. Corporate tax rate is is 25%. Imported and Exported goods 2% For MFN rate, if we want to know detail we can find www.myanmartradeportal.gov.mm. Now Myanmar are starting develop e-commerce mostly using social media and immunize for tax.
**MALAYSIA**

Malaysia has a simplified customs procedure for customs clearance on low value shipments on air express services

**NOTE**

Already in place.

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**Simplification of Customs Procedures on Consignment Goods**

<table>
<thead>
<tr>
<th>VALUE OF GOODS</th>
<th>CATEGORY</th>
<th>DOCUMENTS REQUIRED</th>
<th>TARIFF DUTY</th>
<th>TYPE OF ASSESSMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>De minimis: Less than RM 500</td>
<td>All goods imported through air courier services except prohibited, restricted and critical goods</td>
<td>Pre-Alert Manifest</td>
<td>0% (EXEMPTED)</td>
<td>(exempted from duties and taxes)</td>
</tr>
</tbody>
</table>
PHILIPINA

For low value (less $500.00 or De minimis Php10,000) air and sea cargo, processing for now is done manually though automation is now in the preparation stage.

Note
Already on place.
SINGAPURA

Singapore currently allows for simplified customs declaration and facilitated clearance procedures for low value shipments on air express companies (AECs).

Note
Already in place

<table>
<thead>
<tr>
<th>VALUE OF GOODS</th>
<th>CATEGORY</th>
<th>DOCUMENTS REQUIRED</th>
<th>TARIFF DUTY</th>
<th>TYPE OF ASSESSMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>De minimis (only applicable to imports via air and post): Not exceeding 400SGD</td>
<td>All goods except controlled and dutiable items imported via post</td>
<td>Postal CN Documents</td>
<td>Exempted from taxes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>All goods except controlled and dutiable items imported via air</td>
<td>airway bills, commercial invoices</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
THAILAND

Thailand has specific regulation on customs procedures for goods value under [FOB] 40,000 Baht imported as express consignment via electronic system which could be applied for e-commerce consignment.

Note
Already in place.

This news has just launched on 29th August 2019 by Mr.Ekniti Nitithanprapas, director-general of the Revenue Department that Thailand plan to collect a value-added-tax (VAT) on electronic businesses next year and the tax is expected to seek parliamentary approval this year.
Currently, e-commerce operators that sell goods and service by an online system are required to pay tax just in the same way as all other operators in Thailand which is sales and services are subject to 7% VAT. Under the Thai tax system, the e-commerce operator has to collect the VAT amount and must issue a receipt/tax invoice to the customer. Export sales and export services have “generally” a zero percent VAT rate.

For The Customs Law, just announce the regulation last month. The regulation on the Customs clearance for the e-commerce operators in Free zone where is located in Eastern Economic Corridor.
Vietnam

We have simplified customs procedures for the imported goods with the value less than the deminimis threshold. Regarding to the exchanging electronic certificates, we have operated the NSW so we could exchange some type of certificates.

Note

Already in place
### Low Value Dutiable Categories in ASEAN

<table>
<thead>
<tr>
<th>Country</th>
<th>De-minimis</th>
<th>Low Value Dutiable</th>
<th>High Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>BND400 Below</td>
<td>None</td>
<td>Above BND400</td>
</tr>
<tr>
<td>Cambodia</td>
<td>USD50 Below</td>
<td>None</td>
<td>Above USD50</td>
</tr>
<tr>
<td>Indonesia</td>
<td>USD75 Below</td>
<td>USD75 to USD1500</td>
<td>Above USD1500</td>
</tr>
<tr>
<td>Laos</td>
<td>None</td>
<td>None</td>
<td>All Values</td>
</tr>
<tr>
<td>Malaysia</td>
<td>RM500 Below</td>
<td>None</td>
<td>Above RM500</td>
</tr>
<tr>
<td>Myanmar</td>
<td>USD50 Below</td>
<td>None</td>
<td>Above USD50</td>
</tr>
<tr>
<td>Philippines</td>
<td>PHP10,000 Below</td>
<td>PHP10,000-50,000</td>
<td>Above PHP50,000</td>
</tr>
<tr>
<td>Singapore</td>
<td>SGD400 Below</td>
<td>None</td>
<td>Above SGD400</td>
</tr>
<tr>
<td>Thailand</td>
<td>THB1,500 Below</td>
<td>THB1,500-40,000</td>
<td>Above THB40,000</td>
</tr>
<tr>
<td>Vietnam</td>
<td>VND1m Below</td>
<td>None</td>
<td>Above VND1m</td>
</tr>
</tbody>
</table>
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Thank You