Indonesian Tax Justice Review
ISSN: XXXX-XXXXX (Online)
Vol. 3, No. 2, 2026, pp. 99-118
Published online since May 15, 2026

OPEN ACCESS

Tax Justice in Indonesia's E-Commerce Sector: Equal Tax Treatment for Online and Conventional Retailers

Muhammad Fahmi*
Universitas Islam Negeri Datokarama Palu, Palu, Indonesia
muhammad-fahmi@gmail.com

DOI: https://doi.org/10.65815/n3712970

Submitted: 12-11-2025	Revised: 12-01-2026; 25-03-2026	Accepted: 02-05-2026

*Corresponding Author

Abstract

The growth of e-commerce has transformed retail markets in Indonesia and created new challenges for tax administration. Traditional retailers are generally subject to established tax obligations, while small online sellers may operate through informal channels with varying degrees of tax compliance. This situation raises concerns regarding horizontal tax equity between businesses conducting economically similar activities through different distribution models. This article examines the tax justice implications of Indonesia's taxation of e-commerce businesses. Using normative juridical research and policy analysis, the study evaluates income taxation, value-added tax, digital transaction reporting, and platform-based compliance mechanisms. The article argues that tax neutrality requires comparable economic activities to be treated consistently while recognizing differences in the administrative capacity of micro-scale online sellers. The study proposes a differentiated compliance framework combining platform-assisted reporting, simplified obligations for micro-businesses, taxpayer education, and stronger enforcement for large-scale commercial sellers. Such a framework would reduce unfair competitive advantages arising from differences in tax compliance rather than differences in business efficiency. The article concludes that digitalization should be used to simplify tax compliance and improve enforcement while avoiding excessive administrative burdens on small online entrepreneurs.

[*Pertumbuhan e-commerce telah mentransformasi pasar ritel di Indonesia dan menciptakan tantangan baru bagi administrasi pajak. Peritel tradisional umumnya tunduk pada kewajiban pajak yang telah ditetapkan, sementara penjual online kecil dapat beroperasi melalui saluran informal dengan tingkat kepatuhan pajak yang bervariasi. Situasi ini menimbulkan kekhawatiran mengenai kesetaraan pajak horizontal antara bisnis yang melakukan aktivitas ekonomi serupa melalui model distribusi yang berbeda. Artikel ini mengkaji implikasi keadilan pajak dari perpajakan bisnis e-commerce di Indonesia. Dengan menggunakan riset yuridis normatif dan analisis kebijakan, studi ini mengevaluasi pajak penghasilan, pajak pertambahan nilai, pelaporan* *transaksi digital, dan mekanisme kepatuhan berbasis platform. Artikel ini berpendapat bahwa netralitas pajak mensyaratkan aktivitas ekonomi yang sebanding diperlakukan secara konsisten sambil mengakui perbedaan kapasitas administratif penjual online skala mikro. Studi ini mengusulkan kerangka kepatuhan yang berbeda yang menggabungkan pelaporan yang dibantu platform, kewajiban yang disederhanakan untuk usaha mikro, pendidikan wajib pajak, dan penegakan hukum yang lebih kuat untuk penjual komersial skala besar. Kerangka kerja seperti itu akan mengurangi keunggulan kompetitif yang tidak adil yang timbul dari perbedaan kepatuhan pajak daripada perbedaan efisiensi bisnis. Artikel ini menyimpulkan bahwa digitalisasi harus digunakan untuk menyederhanakan kepatuhan pajak dan meningkatkan penegakan hukum sambil menghindari beban administratif yang berlebihan pada pengusaha online kecil.*]

Keywords: E-commerce taxation, digital economy, tax neutrality, online sellers, Indonesia

Introduction

The expansion of electronic commerce has fundamentally changed the structure of retail markets in Indonesia. Consumers can purchase goods through marketplaces, social-commerce platforms, online retail websites, and other digital channels without visiting physical stores. For sellers, digital platforms reduce entry barriers, lower distribution costs, and provide access to consumers beyond their immediate geographic markets. These characteristics have allowed micro, small, and medium enterprises to participate more easily in retail markets while simultaneously increasing the complexity of tax administration. Indonesian research has shown that e-commerce businesses constitute an increasingly important tax population and that their tax obligations cannot be separated from the transformation of business models generated by digital technology (Arimbhi, Susanto, and Ghany 2019; Sitorus and Kopong 2017). The emergence of online commerce therefore creates not merely a technological challenge but a normative question: whether businesses conducting economically similar retail activities should face materially different tax burdens because one operates through a digital platform and another through a conventional physical store.

The central concept for evaluating this problem is horizontal tax equity. Horizontal equity generally requires taxpayers in comparable economic circumstances to receive comparable tax treatment. In the context of e-commerce, the relevant comparison is not whether an online seller and a conventional retailer use identical business models, but whether they perform substantially similar economic functions, earn comparable income, and possess comparable tax capacity. A physical clothing store and an online clothing seller may have different operating costs and customer acquisition strategies, but both generate income from retailing goods to consumers. If the online seller systematically escapes taxation while the conventional retailer complies with the tax system, the resulting competitive advantage would derive from differences in tax compliance rather than differences in productive efficiency. Indonesian literature has repeatedly identified equal treatment and neutrality as central concerns in the taxation of marketplace transactions (Fitriandi 2020; Putri and Wijaya 2022).

The problem becomes more complex when the principle of equal treatment is applied to micro-scale online sellers. Not every online seller has the economic capacity, organisational structure, or administrative sophistication of a conventional retail company. Many digital sellers are individual entrepreneurs or micro-businesses using marketplaces as an additional distribution channel rather than operating as fully formalised enterprises. Empirical research in Indonesia indicates that tax knowledge, taxpayer awareness, tax socialisation, and administrative modernisation significantly influence the compliance behaviour of e-commerce entrepreneurs (Putri and Tjahjono 2020; Sulastri, Andesto, and Oktris 2023). A legal system that simply imposes the same administrative procedures on a multinational retailer and an individual online seller may therefore satisfy formal uniformity while producing substantive inequality. Tax justice requires distinguishing between equality of tax burden and equality of compliance procedure.

The Indonesian government has attempted to respond to the changing retail environment through several regulatory instruments. PMK No. 210/PMK.010/2018 was designed specifically to establish tax treatment for electronic commerce and explicitly recognised the objective of maintaining equal treatment between e-commerce and conventional commerce. The regulation subsequently became controversial and was revoked through PMK No. 31/PMK.010/2019, illustrating the difficulty of designing digital tax administration without generating disproportionate burdens or uncertainty for businesses (Ministry of Finance 2018; Ministry of Finance 2019). The regulatory evolution is significant because it demonstrates that the fundamental policy objective has remained neutrality, but the administrative mechanism for achieving that objective has continued to develop.

The development of the PMSE taxation framework subsequently shifted attention toward the use of digital intermediaries. Rather than relying exclusively on individual sellers to calculate, collect, report, and pay tax, policymakers have increasingly considered platforms as potential sources of transaction information and collection mechanisms. Putri and Wijaya argue that adapting the PMSE VAT mechanism to domestic digital transactions could simplify collection, improve effectiveness, and strengthen neutrality between conventional and digital businesses (Putri and Wijaya 2022). This approach is significant from a tax-justice perspective because digital platforms possess transaction data that individual sellers and conventional retailers may not have to the same extent. Platform-assisted administration can therefore reduce information asymmetry between taxpayers and tax authorities while potentially reducing compliance costs for small sellers.

The empirical literature nevertheless indicates that enforcement alone is insufficient to create sustainable compliance. Tahar and Septiani found that online entrepreneurs in Yogyakarta generally recognised that online income could constitute a tax object and accepted taxation in principle, although they preferred clear limits and manageable obligations (Tahar and Septiani 2021). Studies in Sidoarjo, Kudus, and other Indonesian locations similarly demonstrate the importance of regulatory understanding, tax awareness, socialisation, and perceptions of fairness in determining compliance (Jannah and Biduri 2025; Zakia, Sugiarti, and Siddiq 2022). These findings suggest that non-compliance cannot automatically be interpreted as deliberate tax evasion. Some non-compliance may result from information gaps, administrative complexity, uncertainty, or weak integration between e-commerce systems and tax administration. A justice-oriented system must therefore combine enforcement with facilitation.

The horizontal-equity problem also has implications for conventional retailers. Physical retailers typically operate within established tax-administration structures, including business registration, bookkeeping, payment records, physical premises, and interactions with local and central government authorities. Online sellers can operate with lower visibility and may receive payments through multiple digital channels, making their economic activity more difficult for tax authorities to observe. Arimbhi, Susanto, and Ghany identified difficulties involving seller anonymity, transaction detection, deletion or manipulation of transaction information, and payment mechanisms as important challenges for Indonesian tax administration (Arimbhi, Susanto, and Ghany 2019). If these informational differences translate into lower effective taxation for online businesses, conventional retailers may face an unfair competitive disadvantage. The issue is therefore not whether online commerce should be taxed more heavily but whether differences in tax enforcement correspond to legitimate economic differences.

This article argues that Indonesian e-commerce taxation should adopt a principle of substantive tax neutrality. Substantive neutrality means that economically comparable activities should generate broadly comparable tax burdens, while administrative procedures may legitimately differ according to business size, complexity, and compliance capacity. The argument rejects both extremes: treating every online seller identically to a large conventional corporation would create disproportionate administrative costs, while allowing online sellers to remain outside effective tax administration would undermine horizontal equity. The appropriate solution is a differentiated compliance architecture in which economic capacity determines the intensity of tax administration. Large online retailers and commercial sellers should be subject to stronger platform-based reporting and enforcement, whereas micro-scale sellers should receive simplified compliance, education, and digital assistance. This approach seeks to align equality with proportionality.

The article makes three contributions. First, it reframes Indonesian e-commerce taxation as a tax-justice problem rather than merely a revenue-collection problem. Second, it connects normative principles of neutrality and horizontal equity with Indonesian empirical research concerning tax compliance behaviour. Third, it proposes a platform-assisted and size-sensitive compliance framework designed to reconcile equal taxation with administrative proportionality. The central proposition is that equal tax treatment should concern economic substance and tax capacity rather than technological form. E-commerce should neither receive preferential treatment because transactions occur online nor face punitive obligations simply because digital transactions are easier to monitor. The objective should be a tax system in which comparable economic activities bear comparable burdens and differences in administrative treatment are justified by differences in capacity, risk, and public interest.

Literature Review and Research Gap

The literature on e-commerce taxation in Indonesia initially developed around the problem of whether existing income-tax and VAT rules could adequately accommodate digital transactions. Early studies identified a regulatory gap because traditional tax rules were designed around observable business activities and physical commercial structures, while online transactions could occur with limited physical presence (Valentino and Wairocana 2018). The issue was particularly significant because e-commerce created new transaction models, including online marketplaces, classified advertisements, daily deals, and online retail. Arimbhi, Susanto, and Ghany identified these models as distinct business processes requiring different approaches to data collection and tax administration (Arimbhi, Susanto, and Ghany 2019). This literature established the foundational problem: the tax system could not achieve effective equality if it lacked reliable information concerning the underlying transactions.

Subsequent research shifted from regulatory gaps toward the question of how online transactions should be integrated into existing tax administration. Fitriandi's analysis of online marketplace taxation emphasised that the government needed a mechanism capable of increasing compliance and revenue while maintaining equal treatment among conventional retailers, marketplace sellers, and social-media sellers (Fitriandi 2020). The significance of this research is that it rejects the assumption that digital taxation requires an entirely separate tax. Instead, the central question becomes how existing tax principles can be applied through technologically appropriate administrative mechanisms. This perspective supports the neutrality principle because the taxable economic activity remains the sale of goods or services, while the marketplace merely changes the method through which the transaction is conducted.

A related strand of literature examines the role of marketplace platforms in tax collection. Kusumawati, Hamrany, and Rahman argue that marketplace providers can play an important role as VAT collectors within the PMSE system (Kusumawati, Hamrany, and Rahman 2021). Putri and Wijaya similarly propose adapting PMSE VAT mechanisms for domestic digital transactions and emphasise the potential efficiency, simplicity, and neutrality of platform-based collection (Putri and Wijaya 2022). This literature is important because it identifies a structural advantage of digital taxation: the platform may possess more complete transaction information than the individual seller. The state can therefore shift part of the administrative burden from fragmented sellers to centralised intermediaries. Nevertheless, platform collection must be carefully designed because excessive withholding or reporting requirements could create cash-flow problems and compliance costs for micro-businesses.

The behavioural literature provides a second major foundation. Studies of Indonesian e-commerce taxpayers consistently identify knowledge, awareness, socialisation, and administrative modernisation as important determinants of compliance. Putri and Tjahjono found that tax knowledge significantly influences compliance among online business owners in Surabaya, while Sulastri, Andesto, and Oktris found that self-assessment, tax socialisation, and administrative modernisation influence tax awareness and compliance among e-commerce taxpayers (Putri and Tjahjono 2020; Sulastri, Andesto, and Oktris 2023). Susanti and Trisnawati similarly found that tax knowledge, taxpayer awareness, and socialisation contribute to compliance among e-commerce users (Susanti and Trisnawati 2024). These studies challenge enforcement-centred approaches by showing that compliance is partly a product of institutional accessibility. A taxpayer who cannot easily understand or perform a tax obligation may not respond to enforcement in the same way as a sophisticated commercial entity.

Perceptions of fairness represent another important dimension. Astuti, Pricilia, and Inasius found that perceptions of equity and fairness significantly influence tax compliance among Indonesian e-commerce traders, alongside tax knowledge, tax regulation, tax rates, and reference groups (Astuti, Pricilia, and Inasius 2024). This finding is especially important for the present research because it links behavioural compliance directly to tax justice. If online sellers perceive that conventional businesses receive preferential treatment, they may question the legitimacy of their own obligations. Conversely, if conventional retailers perceive that online competitors systematically avoid taxation, their trust in the tax system may decline. Perceived fairness therefore has a systemic effect: horizontal inequality can undermine compliance not only among the group receiving preferential treatment but also among taxpayers who perceive themselves as disadvantaged.

The literature also shows that business scale matters. Research concerning Indonesian MSME taxpayers generally demonstrates that tax compliance is influenced by knowledge, awareness, income, incentives, administrative systems, and perceptions of tax policy. Studies of e-commerce MSMEs similarly indicate that incentives and income levels affect compliance (Rotinsulu et al. 2024). Jannah and Biduri's research among e-commerce entrepreneurs in Sidoarjo demonstrates that tax knowledge, tax rates, social environment, and taxpayer awareness are significantly associated with compliance (Jannah and Biduri 2025). These findings support a differentiated compliance model. If a micro-seller has low turnover and limited administrative capacity, the appropriate policy response may be simplified reporting and education. A high-volume commercial seller, however, has greater capacity and greater fiscal risk and can reasonably be expected to meet stronger reporting obligations.

The literature therefore reveals an important conceptual distinction between tax equality and administrative uniformity. Equality requires comparable economic burdens, but it does not necessarily require identical procedures. A conventional retailer may be able to maintain full accounting records and file periodic returns independently, while a micro online seller may require platform-generated reports or simplified turnover-based declarations. These differences can be consistent with horizontal equity if they compensate for differences in administrative capacity without creating differences in effective tax burdens. The Indonesian literature has discussed equality, efficiency, and simplicity, but these principles have generally been examined separately rather than integrated into a coherent tax-justice framework for online and conventional retail.

The research gap consequently concerns the normative relationship between neutrality and differentiated compliance. Existing Indonesian studies have examined legal regulation, taxpayer behaviour, marketplace collection, and administrative modernisation, but relatively few studies explicitly ask how these mechanisms should be designed to preserve horizontal equity between online and conventional retailers. Fitriandi focuses on alternative taxation of online marketplaces; Putri and Wijaya examine platform-based VAT collection; behavioural studies examine determinants of compliance; and legal studies examine the regulatory framework. What remains insufficiently developed is an integrated framework explaining when differentiated administrative treatment remains compatible with equal tax treatment. This article fills that gap by proposing that economic substance, tax capacity, and effective tax burden should form the three principal criteria for evaluating neutrality.

Method

This research employs a normative juridical method combined with descriptive, argumentative, and analytical policy analysis. The normative juridical approach examines the legal framework governing taxation of e-commerce and conventional retail businesses in Indonesia, including the Income Tax Law, VAT Law, General Tax Provisions Law, the Harmonisation of Tax Regulations framework, regulations concerning PMSE, and regulations concerning electronic commerce. Particular attention is given to the evolution from PMK No. 210/PMK.010/2018 to subsequent regulatory arrangements because this development illustrates the government's continuing attempt to reconcile tax neutrality with administrative feasibility. Primary legal materials are analysed to determine the legal basis for income taxation, VAT, transaction reporting, marketplace participation, and taxpayer compliance obligations.

The secondary legal and academic materials consist primarily of articles published in Indonesian academic journals concerning e-commerce taxation, marketplace taxation, tax compliance, taxpayer knowledge, tax awareness, digital administration, and MSME taxation. The study gives priority to Indonesian empirical research because the question of tax justice is strongly dependent on the institutional and behavioural characteristics of Indonesian taxpayers. Articles by Fitriandi, Arimbhi et al., Tahar and Septiani, Kusumawati et al., Putri and Wijaya, Sulastri et al., Zakia et al., Susanti and Trisnawati, and Astuti et al. provide evidence concerning both the legal structure and actual compliance behaviour of online businesses.

The analytical framework uses four concepts: horizontal equity, neutrality, proportionality, and administrative efficiency. Horizontal equity is used to determine whether economically comparable retailers face comparable tax burdens. Neutrality is used to assess whether the tax system distorts the choice between online and conventional distribution channels. Proportionality is used to determine whether compliance obligations correspond to the taxpayer's economic capacity and administrative complexity. Administrative efficiency is used to evaluate whether digital platforms can reduce compliance costs and improve the government's capacity to obtain reliable transaction data. These concepts are analysed together because a policy may improve one dimension while undermining another. For example, uniform reporting requirements may enhance formal equality but impose disproportionate costs on micro-businesses.

The study does not attempt to estimate the precise tax gap between online and conventional retailers through econometric modelling. Instead, it conducts a normative assessment supported by empirical findings from Indonesian studies. The analysis therefore asks whether the existing framework provides sufficient institutional mechanisms to prevent systematic under-taxation of online businesses while avoiding disproportionate compliance burdens for small sellers. The article also considers the implications of platform-based tax collection, particularly whether marketplaces can function as information intermediaries and collection agents without transforming themselves into de facto tax authorities. The resulting policy recommendations are derived from the principle that enforcement should increase with economic capacity, transaction volume, and compliance risk rather than simply with the technological form of the business.

Analysis and Discussion

A. Horizontal Tax Equity between Online and Conventional Retailers

The fundamental tax-justice problem in Indonesia's e-commerce sector arises from the possibility that two businesses conducting economically similar activities may face different effective tax burdens because their transactions occur through different channels. A conventional retailer sells goods from a physical location, while an online retailer sells goods through a marketplace or website. Both may purchase inventory, incur marketing costs, employ workers, earn margins, and sell to Indonesian consumers. The digital seller's lower physical presence does not by itself establish a different ability to pay. Consequently, a tax system that allows online sellers to systematically avoid obligations that apply to conventional retailers would violate the substantive logic of horizontal equity. Fitriandi's analysis is particularly relevant because it identifies equal treatment among conventional traders, online marketplaces, and social-media sellers as a central issue in designing e-commerce taxation (Fitriandi 2020).

However, horizontal equity should not be interpreted as requiring identical tax administration. Online and conventional businesses possess different information footprints. Conventional retailers may be visible through business premises, local licensing, point-of-sale systems, and physical inventories, whereas online businesses may operate through multiple platforms and payment systems. At the same time, marketplaces can generate detailed digital records of transactions, making some online activities easier to monitor than cash-based conventional transactions. The correct question is therefore whether the tax authority can obtain equivalent information rather than whether taxpayers use equivalent technology. Arimbhi, Susanto, and Ghany identified transaction anonymity, difficulties in detecting online transactions, and payment mechanisms as challenges to e-commerce tax administration (Arimbhi, Susanto, and Ghany 2019). Digitalisation can therefore create both a compliance risk and an administrative opportunity.

The empirical evidence concerning online entrepreneurs suggests that tax obligations are not inherently rejected by digital sellers. Tahar and Septiani found that online entrepreneurs in Yogyakarta generally recognised online business income as a tax object and accepted taxation, although they expected clear thresholds and manageable rules (Tahar and Septiani 2021). This finding weakens the assumption that online sellers are intrinsically resistant to taxation. Instead, it indicates that tax legitimacy depends partly on whether obligations are understandable and proportionate. From a tax-justice perspective, this means that the government should not respond to digital informality exclusively through sanctions. If taxpayers perceive that the system is fair and administratively manageable, compliance may improve without imposing excessive enforcement costs. Equal treatment therefore requires both effective enforcement and institutional facilitation.

The problem becomes particularly visible when comparing the tax burdens of small conventional retailers and online sellers. A conventional small shop may maintain a registered business, record turnover, pay local taxes or levies where applicable, and report income, while a similarly sized online seller may conduct transactions through social media without formal bookkeeping. If the online seller's informal status results in substantially lower taxation, the conventional retailer bears a higher effective burden despite having similar economic capacity. This is a classic horizontal-equity problem. The competitive effect is also significant because the online seller can offer lower prices partly because tax compliance costs are lower. The resulting market advantage does not reflect technological efficiency; it reflects regulatory asymmetry. Tax neutrality therefore requires reducing compliance-based competitive distortions while recognising that micro-businesses need proportionate administration.

The answer cannot simply be to impose the full compliance requirements of large retailers on every online seller. Such an approach would confuse equality with uniformity. A micro online seller may have limited bookkeeping capacity, irregular transactions, and small turnover. Requiring sophisticated accounting systems could impose compliance costs that are disproportionate to the revenue collected. Indonesian research demonstrates that tax knowledge and awareness remain important determinants of compliance, meaning that administrative simplification and education are legitimate components of tax policy (Putri and Tjahjono 2020; Susanti and Trisnawati 2024). The appropriate objective is therefore a comparable effective tax burden, not identical paperwork.

B. Platform-Based Administration and Tax Neutrality

The emergence of marketplaces creates an opportunity to redesign tax administration around information intermediaries. A marketplace can record sales volumes, transaction values, seller identities, payment flows, refunds, and other commercial information in a structured digital environment. This information may be more reliable and easier to analyse than data collected individually from thousands of micro-sellers. Putri and Wijaya argue that using marketplace providers as VAT collectors for domestic digital transactions could improve efficiency, effectiveness, simplicity, and neutrality between digital and conventional businesses (Putri and Wijaya 2022). The policy logic is strong: if the platform already possesses transaction information for operational purposes, requiring it to transmit or process tax information can reduce duplication between commercial records and tax reporting.

Platform-based administration also addresses a structural problem in the self-assessment system. Under conventional tax administration, the state depends heavily on taxpayers to calculate and report their own liabilities. This model becomes difficult when millions of small online sellers conduct fragmented transactions across multiple platforms. A marketplace-assisted system can provide pre-filled transaction information or automated tax calculations, thereby reducing opportunities for accidental underreporting. Sulastri, Andesto, and Oktris found that modern tax administration significantly influences awareness and compliance among e-commerce taxpayers (Sulastri, Andesto, and Oktris 2023). The implication is that technology should not merely be used to increase surveillance. It should also reduce the cognitive and administrative costs of compliance. A digital tax system becomes more legitimate when the same technology used by the state for enforcement is also used to make compliance easier for taxpayers.

The experience with PMK No. 210/PMK.010/2018 demonstrates, however, that platform-based administration can produce policy resistance when taxpayers and intermediaries perceive insufficient preparation or uncertainty. Fitriandi noted that the regulation was revoked partly in the context of concerns about socialisation and equal treatment among conventional traders, marketplace sellers, and social-media businesses (Fitriandi 2020). This experience illustrates that administrative innovation must be accompanied by consultation, gradual implementation, and clear allocation of responsibility. A marketplace should not be transformed into a tax collector without adequate safeguards concerning data accuracy, refunds, cancellations, seller classification, and dispute resolution. Otherwise, the government may reduce its own administrative burden while transferring excessive compliance costs to private platforms and small businesses.

Platform-based taxation must also distinguish between information reporting and tax collection. Requiring marketplaces to provide transaction information may be justified because the platform already possesses the relevant data. Requiring the platform to calculate and withhold tax is more intrusive because it affects seller cash flow and may create liability for errors. The choice between the two should therefore depend on the nature of the tax and the taxpayer. For large sellers, withholding may be appropriate because their transactions are sufficiently regular and their administrative capacity is high. For micro-sellers, the platform could provide a transaction summary and estimated liability while allowing the seller to use simplified payment mechanisms. Such differentiation would preserve neutrality while avoiding excessive administrative burdens.

The platform's role is also important for VAT. Kusumawati, Hamrany, and Rahman identify marketplace providers as potential VAT collectors in the PMSE framework, demonstrating how the digital intermediary can become a point of collection (Kusumawati, Hamrany, and Rahman 2021). This approach can improve compliance because the government does not need to monitor every individual seller independently. However, VAT neutrality requires attention to thresholds and taxable-person status. A micro-seller who does not meet the legal threshold for VAT should not automatically become economically equivalent to a large taxable entrepreneur merely because the sale occurs through a marketplace. The platform mechanism should therefore collect only when the underlying seller or transaction falls within the relevant VAT rules. Technology should simplify the application of the law rather than replace substantive tax thresholds.

The use of platform data also raises questions of privacy, data governance, and procedural fairness. Tax authorities should receive information necessary for determining tax liabilities, but data collection should remain proportionate to legitimate tax-administration objectives. Platforms should not be expected to conduct extensive investigations into the personal circumstances of sellers beyond their legal responsibilities. Similarly, taxpayers should have mechanisms to challenge incorrect transaction data. A platform-generated tax record should not become irrebuttable evidence of taxable income, particularly where transactions are cancelled, returned, refunded, or conducted on behalf of third parties. Tax justice requires not only effective information but also the taxpayer's right to correct information that does not reflect economic reality.

C. Tax Compliance, Knowledge, and the Administrative Capacity of Online Sellers

The effectiveness of any neutrality-based tax regime ultimately depends on taxpayer compliance. Indonesian empirical studies demonstrate that compliance among e-commerce businesses is shaped by knowledge, awareness, socialisation, administrative systems, tax rates, and perceptions of fairness. Putri and Tjahjono found that tax knowledge significantly affects the compliance of online business owners, while Sulastri, Andesto, and Oktris demonstrated that self-assessment, tax socialisation, and modern administration contribute to compliance (Putri and Tjahjono 2020; Sulastri, Andesto, and Oktris 2023). These findings are important because they show that non-compliance cannot be explained solely through economic incentives. A taxpayer may fail to comply because the taxpayer does not understand registration requirements, does not know how to calculate taxable income, or cannot easily navigate the administrative system.

Zakia, Sugiarti, and Siddiq provide additional evidence from e-commerce MSMEs in Kudus. Their research found that understanding of tax regulations, taxpayer awareness, and tax socialisation influence compliance, while the tax-collection mechanism itself did not significantly affect compliance in their model (Zakia, Sugiarti, and Siddiq 2022). This finding has a direct implication for the design of platform-based taxation. Simply making the platform responsible for collecting or reporting tax does not automatically create voluntary compliance. Administrative technology must be accompanied by taxpayer understanding. A digital system can make a tax obligation easier to perform, but it cannot fully substitute for taxpayer awareness of why the obligation exists or how the system operates. Education and assistance therefore remain essential even in highly automated tax administration.

Susanti and Trisnawati's study reinforces this conclusion by demonstrating that tax knowledge, awareness, and socialisation are relevant to compliance among e-commerce users (Susanti and Trisnawati 2024). The policy implication is that the government should treat taxpayer education as part of tax infrastructure. Traditional socialisation methods are often insufficient for digital sellers who may never interact physically with tax offices. Tax guidance should instead be embedded within digital business environments. Marketplace dashboards could provide simple explanations of tax obligations, turnover thresholds, payment deadlines, and links to official tax services. Such interventions would reduce information asymmetry and improve procedural fairness.

Tax education should also be differentiated according to business scale. A large online retailer requires sophisticated information concerning corporate income tax, VAT, withholding tax, accounting, and transaction documentation. A micro seller may need only basic information concerning registration, turnover thresholds, final income-tax obligations, exemptions, and record-keeping. Providing the same volume of information to both groups is inefficient. The government should therefore design tiered education based on taxpayer characteristics. The objective is not merely to increase awareness but to ensure that the information supplied corresponds to the decisions taxpayers actually need to make. Such an approach would be more consistent with substantive equality because taxpayers receive support proportionate to their administrative needs.

The relationship between tax rates and compliance should also be treated carefully. Online sellers frequently compete on price, and their margins may be relatively small. A tax obligation that appears modest in percentage terms can nevertheless have a significant effect on low-margin sellers. Astuti, Pricilia, and Inasius found that perceptions of tax rates, tax knowledge, tax regulations, equity, and fairness are associated with compliance among Indonesian e-commerce traders (Astuti, Pricilia, and Inasius 2024). This suggests that tax justice cannot be reduced to whether a statutory rate is formally equal. The government should consider whether the effective burden is proportionate to income and business capacity. Where simplified turnover-based taxes are used, safeguards are necessary to prevent low-margin businesses from bearing disproportionate burdens relative to higher-margin competitors.

The issue of capacity is especially important because online commerce lowers entry barriers. A person can establish an online shop with minimal capital, sometimes without employees or a dedicated business location. This can be socially beneficial because it allows individuals to participate in entrepreneurship. Yet the same characteristics make the sector administratively fragmented. Tax policy should therefore avoid creating incentives for businesses to remain permanently informal simply because formalisation creates high compliance costs. Simplified registration, automated reporting, and low-cost digital bookkeeping can reduce this risk. The objective should be to make formalisation economically and administratively attractive. If taxpayers can comply through the same digital environment in which they conduct their business, the distinction between commercial activity and tax administration becomes less burdensome.

The evidence therefore supports a compliance-by-design approach. Rather than first creating complex obligations and then attempting to educate taxpayers about them, policymakers should design obligations that naturally fit the digital transaction process. Transaction data can be automatically categorised, turnover can be summarised, tax thresholds can be monitored, and reminders can be generated through platforms. Such systems would reduce both taxpayer error and enforcement costs. However, automated systems must preserve taxpayer rights and flexibility. Sellers should be able to review and correct transaction data before final tax reporting. A compliance system that is easy to use but impossible to challenge would improve administrative efficiency at the expense of procedural justice.

D. A Differentiated Compliance Framework for Equal Tax Treatment

A tax-justice-oriented e-commerce regime should distinguish between economic equality and administrative differentiation. The core principle should be that businesses with comparable income and economic capacity should bear comparable tax burdens, while taxpayers with different administrative capacities may legitimately face different compliance procedures. This approach is particularly appropriate in Indonesia because the e-commerce sector contains businesses ranging from individual micro-sellers to large corporations operating sophisticated digital platforms. Applying a single compliance model across this spectrum would either under-regulate large businesses or over-regulate small ones. Differentiation should therefore be based on objective criteria such as turnover, transaction volume, business form, VAT status, and risk rather than on whether the business sells online.

For micro-scale online sellers, the appropriate model is simplified compliance. The seller should be able to register digitally, receive an automatically generated summary of transactions, determine whether the seller falls below relevant thresholds, and fulfil tax obligations through a simplified interface. Tax education should be integrated into the platform environment. The purpose is not to exempt micro-sellers merely because they are online, but to ensure that the administrative cost of compliance does not become disproportionate to the tax obligation. Indonesian research concerning MSMEs consistently indicates the importance of simplified administration, taxpayer knowledge, and awareness in improving compliance. A simplified system therefore promotes both efficiency and justice because it reduces the risk that legitimate micro-businesses become informal due to administrative barriers.

For medium and large online retailers, stronger obligations are justified. These businesses generally possess greater accounting capacity, higher transaction volumes, and greater ability to absorb compliance costs. They should therefore be required to maintain reliable transaction records, reconcile marketplace and financial-account data, and comply with more sophisticated reporting requirements. Where legally appropriate, platforms may serve as withholding or collection agents for these businesses. Stronger obligations for large sellers do not violate neutrality because the difference in treatment is based on economic capacity and compliance risk rather than digital status. This is analogous to differentiated treatment in other areas of taxation where large taxpayers receive specialised supervision while small taxpayers receive simplified procedures.

Conventional retailers should simultaneously be integrated into the same risk-based framework. It would be unjust to focus enforcement exclusively on online sellers simply because their transactions are technologically visible. A conventional retailer with substantial cash transactions and weak reporting systems may represent an equal or greater compliance risk than a digitally transparent online seller. Tax neutrality therefore requires symmetrical enforcement based on economic risk. Digital sellers should not be presumed to be non-compliant, and conventional sellers should not be presumed to be compliant merely because they operate physical premises. The relevant variable is the reliability of declared economic activity. Such an approach would prevent digitalisation from creating a new form of discriminatory tax administration.

Platform-assisted reporting can serve as the institutional bridge between these categories. Platforms can provide data concerning transaction values, seller identities, refunds, and payments, while taxpayers remain legally responsible for the accuracy of their tax affairs. The government can use platform data to pre-populate tax information and identify discrepancies. This reduces the information advantage traditionally held by taxpayers and strengthens enforcement without requiring the tax authority to independently reconstruct millions of transactions. Putri and Wijaya's proposal for a marketplace-based PMSE VAT mechanism illustrates the potential of this approach in Indonesia (Putri and Wijaya 2022).

Nevertheless, platform-based compliance should not create hidden tax costs. If marketplaces are required to build complex reporting systems, they may transfer the cost to sellers through higher commissions or service fees. Small sellers could therefore bear indirect compliance costs even when their statutory tax obligations remain low. Policymakers should evaluate the total economic effect of platform-based tax administration, including fees, withholding, cash-flow effects, and technical requirements. A policy can be formally simple from the government's perspective while being costly for taxpayers. Tax justice therefore requires attention to the full compliance cost, not merely the number of forms that taxpayers are required to submit.

Transparency and procedural safeguards are also essential. Sellers should know why a platform has reported a transaction, how tax has been calculated, and how discrepancies can be corrected. Tax authorities should establish clear procedures for resolving conflicts between platform records and taxpayer records. This is particularly important for cancelled orders, returned products, promotional discounts, platform vouchers, consignment arrangements, and transactions conducted on behalf of third parties. Without such safeguards, automated systems may overstate taxable income. The more tax administration relies on algorithms and platform data, the stronger the need for procedural mechanisms that allow taxpayers to challenge incorrect classifications.

The ultimate objective should be a neutral digital tax ecosystem in which the choice between online and conventional retail does not determine the taxpayer's effective tax advantage. A business should choose an online distribution channel because it is commercially efficient, not because it provides an opportunity to reduce tax obligations. Conversely, businesses should not avoid digitalisation because the tax system imposes uniquely burdensome requirements on online activity. This requires policymakers to compare effective tax burdens across business models periodically. If comparable online and conventional retailers exhibit persistent differences in effective taxation that cannot be explained by legitimate differences in economic capacity, the regulatory framework should be adjusted. Neutrality should therefore be treated as an empirical policy outcome, not merely a legislative aspiration.

Conclusion

Indonesia's e-commerce expansion has created a significant tax-justice challenge because economically comparable retail activities can be conducted through substantially different distribution channels. The central problem is not that online businesses require special taxation, but that differences in visibility, registration, information, and compliance capacity may create unequal effective tax burdens between online and conventional retailers. Indonesian empirical studies demonstrate that tax knowledge, awareness, socialisation, administrative modernisation, perceptions of fairness, and tax rates influence compliance among online businesses. These findings indicate that non-compliance should not be addressed exclusively through enforcement. A tax system that is formally equal but administratively inaccessible can undermine substantive equality, while a system that tolerates systematic under-taxation of online businesses can disadvantage compliant conventional retailers. Tax neutrality should therefore be understood as comparable treatment of economically similar activities rather than identical procedures for all taxpayers.

The appropriate policy response is a differentiated compliance framework based on economic capacity, transaction volume, and compliance risk. Micro-scale online sellers should receive simplified digital registration, automated transaction summaries, accessible education, and proportionate reporting obligations, while medium and large online businesses should face stronger reporting, record-keeping, and platform-assisted enforcement requirements. Conventional retailers should be subjected to equivalent risk-based enforcement so that digitalisation does not become a basis for discriminatory tax treatment. Marketplace platforms can serve as important information intermediaries and, where legally appropriate, collection agents, but their role must be accompanied by safeguards concerning data accuracy, taxpayer rights, cash flow, privacy, and compliance costs. The ultimate test of Indonesia's e-commerce tax regime should be whether businesses conducting comparable economic activities bear reasonably comparable effective tax burdens. Digitalisation should therefore be used not to privilege online commerce or punish it, but to create a more neutral, transparent, accessible, and just tax system.

References

Abdurrosyid, Moh. 2025. “Analisis Dampak Pajak E-Commerce, Infrastruktur Digital, dan Skala Usaha terhadap Kepatuhan Pajak UMKM di Jawa Barat.” *AKRUAL: Jurnal Akuntansi dan Keuangan* 7 (1). https://doi.org/10.34005/akrual.v7i1.5089.

Andrina, Anak Agung Ayu Puty, Christian Jordan Kurniadi, Irantha Hendrika Kenang, and Timotius FCW Sutrisno. 2022. “The Role of Technology Acceptance Model Factors on Purchase Intention in E-Commerce.” *BISMA*

(Bisnis dan Manajemen) 14 (2): 160–176. https://doi.org/10.26740/bisma.v14n2.p160-176.

Anggraeni, V. K., and T. O. Lenggono. 2021. "Pengaruh Implementasi PP No. 23 Tahun 2018, Pemahaman Perpajakan, dan Modernisasi Sistem Administrasi Perpajakan terhadap Kepatuhan Wajib Pajak UMKM." *Jurnal Akuntansi: Transparansi dan Akuntabilitas* 9 (1): 96–108.

Arham, A., and Amrie Firmansyah. 2021. "The Role of Behavioral Theory in the Research of MSMEs Tax Compliance in Indonesia." *Riset: Jurnal Aplikasi Ekonomi Akuntansi dan Bisnis* 3 (1): 417–432. https://doi.org/10.37641/riset.v3i1.71.

Arimbhi, Pebriana, Imam Susanto, and Septian Khaerul Ghany. 2019. "Proses Bisnis dan Aspek Pemungutan Pajak atas Transaksi E-Commerce dalam Era Revolusi Industri 4.0." *Jurnal Reformasi Administrasi* 6 (1): 53–67. https://doi.org/10.31334/reformasi.v6i1.343.

Arisandy, Nelsi. 2017. "Pengaruh Pemahaman Wajib Pajak, Kesadaran Wajib Pajak dan Sanksi Pajak terhadap Kepatuhan Wajib Pajak Orang Pribadi yang Melakukan Kegiatan Bisnis Online di Pekanbaru." *Jurnal Ilmiah Ekonomi dan Bisnis* 14 (1): 62–71.

Astuti, Ayu, Michelle Deborah Pricilia, and Fany Inasius. 2024. "Factors Influencing Tax Compliance among E-Commerce Traders in Indonesia." *Macroeconomics and Finance in Emerging Market Economies*. https://doi.org/10.1080/17520843.2024.2429909.

Directorate General of Taxes. 2015. *Surat Edaran Direktur Jenderal Pajak Nomor SE-06/PJ/2015 tentang Pemotongan dan/atau Pemungutan Pajak Penghasilan atas Transaksi E-Commerce*. Jakarta: Ministry of Finance.

Fitriandi, Primandita. 2020. "Pemajakan atas Transaksi melalui Online Marketplace." *Jurnal Pajak Indonesia (Indonesian Tax Review)* 4 (1): 14–20. https://doi.org/10.31092/jpi.v4i1.824.

Government of Indonesia. 2018. *Peraturan Menteri Keuangan Republik Indonesia Nomor 210/PMK.010/2018 tentang Perlakuan Perpajakan atas Transaksi Perdagangan melalui Sistem Elektronik (E-Commerce)*. Jakarta: Ministry of Finance.

Government of Indonesia. 2019. *Government Regulation No. 80 of 2019 concerning Trade through Electronic Systems*. Jakarta: Government of Indonesia.

Government of Indonesia. 2019. *Peraturan Menteri Keuangan Republik Indonesia Nomor 31/PMK.010/2019 tentang Pencabutan PMK Nomor 210/PMK.010/2018*. Jakarta: Ministry of Finance.

Government of Indonesia. 2021. *Law No. 7 of 2021 concerning Harmonization of Tax Regulations*. Jakarta: Government of Indonesia.

Hartana, I Made Gede, and Ni Ketut Lely Aryani Merkusiwati. 2018. "Sosialisasi Perpajakan Memoderasi Pengaruh Kesadaran Wajib Pajak dan Sanksi Perpajakan pada Kepatuhan Wajib Pajak." *E-Jurnal Akuntansi* 25 (2): 1506–1533.

Indriyani, Putu Dwi, and Prabowo Yudho Jayanto. 2020. "Faktor-Faktor yang Mempengaruhi Kepatuhan WPOP Pelaku E-Commerce di Kota Semarang pada Platform Online Marketplace Blibli.com." *Jurnal Moneter* 7 (1).

Jannah, Miftakhul, and Sarwendah Biduri. 2025. "Determinants of Tax Compliance among E-Commerce Entrepreneurs in Sidoarjo." *Indonesian Journal of Law and Economics Review* 20 (1). https://doi.org/10.21070/ijler.v20i1.1434.

Khotimah, Ika Maulida K., Jeni Susyanti, and Afifatul Fikri Mustapita. 2020. "Pengaruh Sikap Wajib Pajak, Kesadaran Wajib Pajak, Pengetahuan Perpajakan, dan Sanksi Perpajakan terhadap Kepatuhan Wajib Pajak Orang Pribadi pada Pelaku Ekonomi Kreatif Sub Sektor Fashion di Kota Batu." *Jurnal Ilmiah Riset Manajemen* 9 (5).

Krisnawati Tarigan, and Friscilla Angellica. 2024. "Pengaruh Modernisasi Sistem Perpajakan, Metode Perhitungan Pajak dan Sosialisasi Perpajakan terhadap Kepatuhan Wajib Pajak Pemilik Usaha di Platform E-Commerce." *Journal of Social and Economics Research* 7 (1). https://doi.org/10.54783/jser.v7i1.804.

Kumala, D. C., J. W. Pranata, and S. Thio. 2020. "Pengaruh Perceived Usefulness, Perceived Ease of Use, Trust, dan Security terhadap Minat Penggunaan GoPay pada Generasi X di Surabaya." *Jurnal Manajemen Perhotelan* 6 (1): 19–29. https://doi.org/10.9744/jmp.6.1.19-29.

Kusumawati, Mustika Prabaningrum, Ahmad Khairun Hamrany, and Ari Nur Rahman. 2021. "Kepatuhan Wajib Pajak Penyedia Platform Marketplace E-Commerce sebagai Pemungut Pajak Pertambahan Nilai Perdagangan Melalui Sistem Elektronik." *Kosmik Hukum* 21 (3). https://doi.org/10.30595/kosmikhukum.v21i3.9175.

Nugroho, T. J., K. Hendra, and R. R. Dewi. 2022. "Analisis Kepatuhan Wajib Pajak UMKM di Sukoharjo terkait Pemberian Insentif Pajak dalam PMK Nomor 9/PMK.03/2021." *INOVASI* 18 (2).

Putri, A., and D. Wibowo. 2021. "Faktor-Faktor yang Mempengaruhi Kepatuhan Wajib Pajak UMKM." *Jurnal Ilmu dan Riset Akuntansi* 10 (2).

Putri, Anggita Fatmawati, and Suparna Wijaya. 2022. "Kajian Pemungut PPN Lainnya dalam Mekanisme PMSE atas Transaksi Digital Domestik: Proposal untuk Indonesia." *Jurnal Pajak Indonesia (Indonesian Tax Review)* 6 (2S). https://doi.org/10.31092/jpi.v6i2S.1901.

Putri, Chyntia Audijjah Mulyono, and Heru Tjahjono. 2020. "Pengaruh Pengetahuan Perpajakan dan Kesadaran Perpajakan Pemilik Usaha Online terhadap Kepatuhan Pajak atas Transaksi E-Commerce." *INCOME: Jurnal Akuntansi dan Keuangan* 1 (1). https://doi.org/10.38156/akuntansi.v1i1.26.

Rendy, and Wiwit Irawati. 2019. "Understanding of Tax Rules, Tax Tariffs and Tax-Rights Consciousness on E-Commerce Users Tax Compliance." *EAJ (Economic and Accounting Journal)* 2 (2): 141–148. https://doi.org/10.32493/eaj.v2i2.y2019.p141-148.

Rotinsulu, Clara Neltje Meini, Hendrik ES Samosir, Vikky Renaldi, Rizal R. Manullang, and Muhamad Risal Tawil. 2024. "Pengaruh Insentif Pajak dan Tingkat Pendapatan terhadap Kepatuhan Wajib Pajak UMKM E-Commerce." *Jurnal Ilmiah Edunomika* 8 (2). https://doi.org/10.29040/jie.v8i2.12531.

Sitorus, Riris Rotua, and Lia Suciati. 2020. "Pengaruh Pengetahuan Perpajakan dan E-Commerce terhadap Kepatuhan Wajib Pajak dengan Internal Control sebagai Variabel Moderating." *Media Akuntansi Perpajakan* 5 (1).

Sitorus, Riris Rotua, and Yeny Kopong. 2017. "Pengaruh E-Commerce terhadap Jumlah Pajak yang Disetor dengan Kepatuhan Wajib Pajak sebagai Variabel Intervening." *Media Akuntansi Perpajakan* 2 (2). https://doi.org/10.52447/map.v2i2.1097.

Sulastri, Ronny Andesto, and Lin Oktris. 2023. "The Determinant of Tax Compliance in Indonesia: Experience in E-Commerce Environment." *Journal Research of Social Science, Economics, and Management* 3 (1): 49–67. https://doi.org/10.59141/jrssem.v3i1.523.

Susanti, Olivia, and Estralita Trisnawati. 2024. "Pengaruh Pengetahuan Pajak, Kesadaran Pajak, dan Sosialisasi Pajak atas Pengenaan Pajak Pertambahan Nilai terhadap Kepatuhan Pajak Pengguna E-Commerce." *AKUNTOTEKNOLOGI: Jurnal Ilmiah Akuntansi dan Teknologi* 16 (2): 143–156. https://doi.org/10.31253/aktek.v16i2.3446.

Tahar, Afrizal, and Delvina Dwi Septiani. 2021. "Pengenaan Pajak Penghasilan terhadap Pengusaha dalam Transaksi Perdagangan Online (E-Commerce): Studi Pengusaha Online di Yogyakarta." *E-Jurnal Akuntansi* 31 (6): 1390–1400. https://doi.org/10.24843/EJA.2021.v31.i06.p03.

Valentino, Finanto, and I Gusti Ngurah Wairocana. 2018. "Potensi Perpajakan terhadap Transaksi E-Commerce di Indonesia." *Kertha Negara: Journal Ilmu Hukum*.

Wulandari, Destiny. 2024. "Kebijakan Pajak dalam Perdagangan melalui Sistem Elektronik: Mengupas Pro dan Kontra Digital Service Tax." *Scientax: Jurnal Kajian Ilmiah Perpajakan Indonesia* 5 (2): 220–238. https://doi.org/10.52869/st.v5i2.768.

Zakia, Firda Ayu, Sugiarti, and Faiz Rahman Siddiq. 2022. "Analisis Tingkat Pemahaman Peraturan Perpajakan, Kesadaran Wajib Pajak, Sosialisasi Pajak dan Pemungutan Pajak UMKM E-Commerce terhadap Kepatuhan Wajib Pajak: Studi Kasus pada Pemilik Usaha UMKM E-Commerce di Kota Kudus." *ProBank: Jurnal Ekonomi dan Perbankan* 7 (2).

***

Acknowledgment
None

Funding Information
None

Conflicting Interest Statement
The authors state that there is no conflict of interest in the publication of this article.

Publishing Ethical and Originality Statement
All authors declared that this work is original and has never been published in any form and in any media, nor is it under consideration for publication in any journal, and all sources cited in this work refer to the basic standards of scientific citation.

Generative AI Statement
N/A