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# Postponement of Article 22 Income Tax Collection by Marketplaces: MSME Protection or a Lost Opportunity for State Revenue?

**Muhammad Wisnu Kusumawiguna[1], Habib Adjie[2]**
[1]Universitas Narotama, Surabaya, Indonesia, wisnu.kkpmwkw@gmail.com
[2]Universitas Narotama, Surabaya, Indonesia, adjieku61@gmail.com

Corresponding Author: wisnu.kkpmwkw@gmail.com[1]

**Abstract:** This study examines the legal and fiscal implications of the Directorate General of Taxes' decision of 5 August 2026 to postpone marketplace collection of Article 22 Income Tax under Minister of Finance Regulation Number 37 of 2025 until 31 October 2026, with collection beginning on 1 November 2026. Using normative legal research with statutory, conceptual, and policy approaches, the study assesses whether the delay primarily protects micro, small, and medium enterprises or sacrifices state revenue. The postponement is defensible as a temporary transition measure to reduce implementation errors, protect liquidity, and preserve purchasing power, but it creates no new tax exemption because merchants' underlying obligations remain governed by the Income Tax Law and Government Regulation Number 20 of 2026. Potential fiscal loss therefore cannot be measured simply as 0.5 percent of marketplace turnover. The more relevant cost is delayed third-party collection, weaker transaction visibility, postponed data matching, and continued non-compliance under self-assessment. A balanced policy should adopt a data-first, collection-later transition, automate the 500 million rupiah individual exemption, integrate cross-platform turnover data, and ensure clear re-designation and implementation procedures before 1 November 2026.

**Keywords:** Marketplace Taxation, Article 22 Income Tax, MSMEs, Tax Compliance, State Revenue.

***Abstrak:*** *Penelitian ini mengkaji implikasi hukum dan fiskal atas keputusan Direktorat Jenderal Pajak tanggal 5 Agustus 2026 yang menunda pemungutan Pajak Penghasilan Pasal 22 oleh penyelenggara lokapasar berdasarkan Peraturan Menteri Keuangan Nomor 37 Tahun 2025 sampai 31 Oktober 2026, dengan pemungutan dimulai pada 1 November 2026. Dengan metode penelitian hukum normatif melalui pendekatan peraturan perundang-undangan, konseptual, dan kebijakan, penelitian menilai apakah penundaan tersebut terutama melindungi usaha mikro, kecil, dan menengah atau mengorbankan peluang penerimaan negara. Penundaan dapat dibenarkan sebagai masa transisi sementara untuk menekan kesalahan implementasi, melindungi likuiditas, dan menjaga daya beli, tetapi tidak menciptakan pembebasan pajak baru karena kewajiban pajak pedagang tetap berlaku. Potensi kehilangan fiskal tidak tepat dihitung sebesar 0,5 persen dari seluruh omzet lokapasar. Biaya* *peluang yang lebih relevan ialah tertundanya pemungutan pihak ketiga, melemahnya visibilitas transaksi, penundaan pencocokan data, dan berlanjutnya ketidakpatuhan dalam sistem penilaian mandiri. Kebijakan yang seimbang perlu menerapkan transisi data terlebih dahulu dan pemungutan kemudian, mengotomatisasi pengecualian omzet 500 juta rupiah bagi orang pribadi, mengintegrasikan omzet lintas platform, serta memastikan prosedur penunjukan ulang dan implementasi yang jelas sebelum 1 November 2026.*

***Kata Kunci:*** *Pajak Marketplace, PPh Pasal 22, UMKM, Kepatuhan Pajak, Penerimaan Negara.*

## INTRODUCTION

The expansion of platform-based commerce has altered not only the way goods and services are exchanged but also the architecture of tax administration. In conventional commerce, tax authorities frequently rely on taxpayers to record transactions, calculate liabilities, and report income through a self-assessment system. Digital marketplaces change this information structure because the platform may simultaneously know the identity of the seller, the transaction value, the payment date, and the flow of funds through an escrow account. This makes the marketplace a potential fiscal intermediary capable of reducing information asymmetry between taxpayers and the tax administration. International experience similarly shows that digital platforms can support tax compliance through seller identification, information reporting, and, in some systems, direct withholding or collection at the source (OECD, 2019; OECD, 2020).

Indonesia adopted this direction through Minister of Finance Regulation Number 37 of 2025 concerning the Appointment of Other Parties as Income Tax Collectors and the Procedures for Collection, Payment, and Reporting of Income Tax Collected by Other Parties on Income Received or Earned by Domestic Merchants through Electronic Trading Mechanisms (PMK 37/2025). The regulation was enacted on 14 July 2025 and formally remains in force. Its core design does not create a new category of tax. Instead, it shifts part of the payment mechanism from self-payment by merchants to collection by designated Electronic Trading System Operators, commonly referred to as marketplaces. The policy is therefore better characterized as an administrative and compliance reform within the existing income tax framework rather than the imposition of a new tax burden.

The mechanism became particularly relevant after the enactment of Government Regulation Number 20 of 2026, which amended Government Regulation Number 55 of 2022. The 2026 regulation retains the 0.5 percent final income tax facility for qualifying taxpayers with certain gross turnover, while refining the eligible subjects and aggregation rules. Individual taxpayers with business turnover up to Rp500 million in a tax year remain exempt from income tax on that first portion of turnover. Under the marketplace collection mechanism, the same protective threshold is recognized: an individual domestic merchant whose current-year turnover does not exceed Rp500 million is not subject to Article 22 Income Tax collection by the marketplace, provided the required turnover statement has been submitted. Thus, the legal system already contains a targeted statutory protection for the smallest individual businesses before any general postponement is considered.

On 1 July 2026, the Directorate General of Taxes (DGT) announced the implementation of PMK 37/2025 by appointing four major marketplace operators—Blibli, Shopee, Tokopedia, and Lazada—as parties responsible for collecting Article 22 Income Tax. Under the announced mechanism, the marketplace would collect 0.5 percent of gross turnover, excluding Value Added Tax and Sales Tax on Luxury Goods. For taxpayers qualifying for the final MSME regime, the amount collected would form part of the settlement of final income tax; for other taxpayers, it could generally be treated as a tax credit in the annual income tax return. This distinction is important because the 0.5 percent collection is not necessarily the taxpayer's final economic burden in every case.

Only slightly more than a month later, on 5 August 2026, the DGT announced that the implementation of the marketplace collection provisions would be postponed until 31 October 2026 and that collection would begin on 1 November 2026. The DGT stated that the postponement was intended to maintain public purchasing power amid economic conditions that continued to receive government attention. The appointment decisions that had already been issued were to be cancelled and the marketplaces would be reappointed later. Any Article 22 Income Tax already collected in connection with the earlier appointments would be returned by the marketplaces to domestic merchants. The DGT expressly emphasized that the postponement did not alter the substance of the policy, but only its effective implementation schedule (DGT, 2026b).

This sequence creates a legally and fiscally interesting question. Public discussion can easily frame the postponement as 'tax relief for MSMEs' because merchants temporarily no longer experience automatic deductions from marketplace settlements. Yet the legal character of the policy is more complex. The postponed element is the third-party collection mechanism, not the underlying legal existence of income tax. A merchant who is otherwise liable for income tax does not become tax-exempt merely because a marketplace is temporarily not collecting Article 22 Income Tax. Conversely, the state cannot automatically treat all amounts that would have been collected at 0.5 percent as permanently lost revenue, because some of those liabilities may still be paid by merchants through the ordinary self-assessment mechanism, while other transactions are exempt or the collection merely constitutes a credit against final annual tax.

The issue therefore sits at the intersection of three classic tax policy objectives: equity, certainty, and administrative efficiency. From the perspective of equity, the government must protect genuinely small businesses and avoid measures that disproportionately disturb working capital. From the perspective of certainty, taxpayers and platforms require a stable transition timetable and a clear understanding of who is exempt, who is subject to collection, and how excess collection will be corrected. From the perspective of efficiency and revenue administration, the government has an interest in using third-party transaction data and collection mechanisms to reduce underreporting and strengthen the level playing field between online and offline businesses. Empirical tax literature consistently shows that third-party information can materially strengthen compliance because income that is independently reported is more difficult to conceal (Kleven et al., 2011; Pomeranz, 2015).

Previous public explanations of PMK 37/2025 have largely focused on technical implementation, taxpayer eligibility, and the argument that marketplace collection is not a new tax. The August 2026 postponement, however, requires a more specific analysis of the legal meaning of the delay and the fiscal concept of 'lost opportunity.' This article therefore formulates two research questions: first, how should the legal position of the 2026 postponement of Article 22 Income Tax collection by marketplaces be understood within the Indonesian income tax framework? Second, to what extent can the postponement be justified as MSME protection, and under what conditions does it create an opportunity cost for state revenue and tax compliance?

## METHODS

This research is normative legal research. Its object is the legal norms, regulatory structure, and policy principles governing income tax collection through electronic marketplaces. The study uses secondary legal materials consisting of primary legal materials, secondary legal materials, and supporting institutional materials. Primary legal materials include the 1945 Constitution of the Republic of Indonesia, the Income Tax Law and the

General Provisions and Tax Procedures Law as amended, Government Regulation Number 20 of 2026, Minister of Finance Regulation Number 37 of 2025, and Director General of Taxes Regulation PER-15/PJ/2025. The analysis also considers the DGT's official press release of 1 July 2026 and its postponement announcement of 5 August 2026 because those documents explain the operational implementation of the designation and postponement.

The research applies a statutory approach to examine the relationship between the underlying income tax liability and the marketplace collection mechanism; a conceptual approach to assess tax justice, legal certainty, proportionality, and third-party reporting; and a policy approach to evaluate the trade-off between MSME protection and revenue administration. Secondary materials include OECD reports on taxation of platform sellers and digital tax administration, World Bank research on SME tax compliance in Indonesia, and empirical tax compliance literature concerning third-party information and enforcement. The legal materials are analyzed qualitatively through interpretation, systematization, and comparison between the policy objective and its likely administrative effects. Because this is normative research, the article does not claim to estimate an exact amount of revenue lost during the postponement period; instead, it identifies the channels through which fiscal opportunity costs may arise.

## RESULTS AND DISCUSSION

### Legal Construction of Marketplace Article 22 Income Tax Collection and the 2026 Postponement

The legal foundation of marketplace-based Article 22 Income Tax collection must first be separated into two layers: the substantive tax liability of the merchant and the administrative role of the marketplace. The substantive liability originates from the Income Tax Law, under which income representing an increase in economic capacity may be subject to income tax according to the applicable regime. Article 22 of the Income Tax Law authorizes collection by designated parties, while Article 32A of the General Provisions and Tax Procedures Law provides a broader basis for assigning certain tax obligations to other parties that are directly involved in or facilitate transactions. PMK 37/2025 operationalizes that delegation for domestic merchants conducting transactions through electronic trading systems.

Under PMK 37/2025, not every digital platform automatically becomes a tax collector. A marketplace must fall within the criteria and be formally designated by the Director General of Taxes on behalf of the Minister of Finance. The DGT's official marketplace guidance explains that the relevant platform must use an escrow account and meet specified transaction-value and/or traffic thresholds. PER-15/PJ/2025 sets those thresholds at more than Rp600 million of transaction value within twelve months or more than Rp50 million within one month, and/or more than 12,000 accesses within twelve months or more than 1,000 accesses within one month. This design focuses the collection obligation on platforms that have a meaningful operational footprint and sufficient payment-system control to function as tax intermediaries.

Domestic merchants are also required to provide identifying information to the designated marketplace, including a Taxpayer Identification Number or National Identification Number and a correspondence address. Individual merchants whose current-year gross turnover does not exceed Rp500 million must submit a statement of turnover if they wish the marketplace not to collect Article 22 Income Tax. Once turnover exceeds Rp500 million, the merchant must provide updated information within the period prescribed by the rules. The exemption is therefore substantively protective, but administratively conditional: a taxpayer may legally qualify for the exemption yet still face erroneous collection if the required information has not been properly submitted or processed.

For transactions within the scope of PMK 37/2025, the marketplace collects Article 22 Income Tax at 0.5 percent of the gross turnover stated in the transaction document, excluding

Value Added Tax and Sales Tax on Luxury Goods. The tax becomes collectible when payment is received by the marketplace. The electronic invoice or billing document may function as evidence of collection, while the marketplace is responsible for payment to the state treasury and reporting through the applicable tax return mechanism. Certain transactions are excluded, including specified courier services, sales by merchants holding a certificate of exemption from withholding or collection, sales of prepaid phone credit and starter cards, and other categories regulated by the PMK.

The relationship with Government Regulation Number 20 of 2026 is crucial. PP 20/2026 amended the rules for taxpayers with certain gross turnover and narrowed the principal beneficiaries of the 0.5 percent final regime to individual taxpayers, single-shareholder individual companies, and domestic cooperatives that satisfy the relevant criteria, subject to transitional provisions. Individual taxpayers continue to enjoy the Rp500 million non-taxable turnover threshold, and the regulation introduces broader turnover aggregation rules to prevent fragmentation. Accordingly, marketplace collection is not a stand-alone tax system; it is an administrative layer that must read the seller's substantive tax status through the framework of PP 20/2026.

This explains why the same 0.5 percent marketplace collection may have different legal consequences for different sellers. For a taxpayer whose marketplace income is subject to final income tax under the certain-gross-turnover regime, the amount collected is treated as part of the settlement of that final tax. For a taxpayer outside the final regime, the Article 22 amount is generally a credit against income tax due for the year. The 0.5 percent rate should therefore not be interpreted as a universal final marketplace tax. It is a standardized collection rate designed to facilitate administration across heterogeneous taxpayer categories.

The 1 July 2026 press release marked the move from regulatory readiness to actual designation. Four marketplace operators—PT Global Digital Niaga Tbk (Blibli), PT Shopee International Indonesia, PT Tokopedia, and PT Ecart Webportal Indonesia (Lazada)—were identified as designated collectors. The DGT described the policy as a simplification measure, a means of creating legal certainty, and an instrument for improving equality between digital and conventional commerce. This official framing is consistent with the broader international trend in which platforms become trusted third parties within tax administration systems.

The 5 August 2026 announcement changed the operational calendar. The DGT postponed the implementation of collection until 31 October 2026, stated that collection would begin on 1 November 2026, ordered the cancellation of designation decisions already issued, and required previously collected amounts to be returned to merchants. At the same time, the DGT stated that the substantive policy itself was not changed. This distinction resolves an apparent legal tension: PMK 37/2025 remains listed by the Ministry of Finance's legal documentation system as effective, but its practical collection obligation depends on the existence of a valid designation of a marketplace as collector. By cancelling the prior designation decisions and planning a later re-designation, the administration can postpone operational collection without formally repealing the PMK.

Nevertheless, legal certainty requires more than formal validity. The transition from planned implementation, to designation, to cancellation, refund, and re-designation within a short period creates compliance costs for platforms and merchants. A tax system is easier to accept when taxpayers can reasonably predict when duties arise and when they do not. The postponement should therefore be accompanied by a clear, publicly accessible re-designation timetable, system specifications, correction procedures, and guidance on the treatment of transactions that straddle the implementation date. A stable transition framework is particularly important because marketplace merchants may operate on multiple platforms and may have different tax statuses under PP 20/2026.

**The Postponement as MSME Protection: Liquidity, Administrative Burden, and Proportionality**

The strongest policy justification for postponement is that implementation of a new automatic collection mechanism can affect the liquidity and administrative behavior of small businesses even when the nominal tax is not new. Many MSMEs operate with thin margins and short working-capital cycles. A deduction from every settlement can be perceived as an immediate reduction in cash available for inventory, shipping, advertising, and household needs. Where the taxpayer has not yet adapted bookkeeping or understands the collection only as an additional marketplace fee, the psychological and liquidity effects may exceed the legal change itself. A temporary transition can therefore reduce shock and allow time for education and system adjustment.

The government's 5 August 2026 explanation focused on maintaining public purchasing power. From a proportionality perspective, postponement may be justified when the expected social and administrative cost of immediate implementation is temporarily higher than the benefit of faster collection. This is especially plausible if the marketplace systems are still producing incorrect deductions, if seller data are incomplete, or if the exemption mechanism is not yet reliably functioning. The fact that amounts already collected must be refunded demonstrates that incorrect or premature collection is not merely a theoretical concern; it creates real reconciliation work for platforms and merchants.

However, the label 'MSME protection' must be used carefully. The smallest individual merchants are already protected by a substantive rule: the first Rp500 million of annual turnover for individual taxpayers remains outside the income tax base under the relevant MSME facility, and PMK 37/2025 recognizes a corresponding exclusion from marketplace collection when the required statement has been submitted. Therefore, a blanket postponement of marketplace collection is broader than the legal protection specifically targeted at micro businesses. It also delays collection from merchants whose turnover is above the threshold, from larger businesses, and from taxpayers for whom the 0.5 percent amount would merely serve as a credit against annual income tax.

The distinction matters for tax justice. Vertical equity supports lighter treatment for taxpayers with lower economic capacity, but horizontal equity requires similarly situated taxpayers to bear comparable tax obligations regardless of whether they sell online or offline. One of the stated purposes of marketplace collection is to create a level playing field between digital and conventional merchants. A general postponement temporarily preserves a gap in administrative visibility: offline businesses may continue to be monitored through existing mechanisms while some online income remains dependent on seller self-reporting despite the marketplace already possessing transaction data.

A second protective argument concerns compliance cost rather than tax burden. PP 20/2026 makes taxpayer classification more accurate but also more complex. Turnover may need to be aggregated across business activities, spouses in specified circumstances, and single-shareholder individual companies. A seller operating on several marketplaces may not intuitively know when the Rp500 million threshold has been exceeded or whether the Rp4.8 billion eligibility ceiling has been crossed. If each marketplace only sees its own transactions, an exemption based solely on platform-level data may be inaccurate. The transition period can be valuable if it is used to develop cross-platform data reconciliation and clear seller notifications.

The administrative condition attached to the Rp500 million exemption also creates a risk of procedural injustice. A taxpayer may be substantively entitled to non-collection but fail to submit a turnover statement on time, use an outdated identity number, or operate several accounts under one identity. Automatic withholding in such a case may later be refundable, but the temporary cash-flow impact can be material for a micro business. A well-designed system should therefore minimize the gap between substantive entitlement and procedural execution. Protection should not depend excessively on a small taxpayer's ability to navigate repetitive documentation across multiple platforms.

For that reason, the postponement is defensible if understood as a limited implementation window to make the protection mechanisms work correctly. It becomes less defensible if treated as an open-ended fiscal holiday. The DGT's own announcement is temporary and provides a specific date, 1 November 2026, for the start of collection. The policy's legitimacy therefore depends on whether the additional months are used to improve data quality, seller communication, exemption processing, refund procedures, and Coretax integration rather than merely delaying a politically sensitive deduction.

**Lost Opportunity for State Revenue? Distinguishing Revenue Forgone from Compliance Opportunity**

The phrase 'lost opportunity for state revenue' can be analytically misleading unless the relevant counterfactual is defined. PMK 37/2025 does not establish a new substantive tax. If marketplace collection is postponed, a merchant who remains liable for income tax is still subject to the ordinary rules for calculating, paying, and reporting income tax. In a hypothetical world of perfect voluntary compliance, postponing marketplace collection would not permanently reduce tax revenue; it would mainly alter the timing and administrative channel through which the tax is paid. The state might experience a cash-flow delay, but not necessarily a loss of final annual revenue.

The real fiscal risk arises because voluntary compliance is not perfect. Third-party collection and reporting change taxpayer behavior by reducing the ability to omit or understate transactions. Kleven et al. (2011) show that tax evasion is much lower for income subject to third-party reporting than for self-reported income. Pomeranz (2015) demonstrates how verifiable paper trails can strengthen tax enforcement and self-enforcement. Carrillo, Pomeranz, and Singhal (2017) likewise show the importance—and limits—of third-party information when tax administrations seek to correct firm misreporting. These findings do not mechanically predict Indonesia's marketplace revenue, but they provide a strong conceptual basis for treating transaction visibility and third-party intermediation as valuable compliance infrastructure.

Marketplace collection can improve revenue administration through at least four channels. First, it automates payment at the point where transaction funds are already controlled by the platform, reducing missed or late self-payments. Second, it generates standardized seller-level data that can be matched with tax returns and taxpayer identities. Third, it encourages formalization because merchants must provide a valid Taxpayer Identification Number or National Identification Number and tax-status information. Fourth, it reduces the enforcement gap between digital and conventional commerce by making online turnover more visible to the tax authority. The postponement delays these benefits for the period in which the collection designation is inactive.

The opportunity cost is therefore best understood as the value of postponed compliance enhancement rather than the simple value of postponed deductions. Some merchants who would have been automatically collected may still self-pay correctly, in which case there is no permanent loss. Others may delay payment, underreport turnover, misunderstand their obligations, or remain outside effective monitoring. For this group, third-party collection could have converted a legal liability into realized revenue. The size of this difference depends on actual compliance behavior, which cannot be established by normative legal analysis alone.

For the same reason, it would be methodologically incorrect to estimate the state's 'lost revenue' by multiplying all marketplace gross merchandise value by 0.5 percent. Such a calculation would overstate the fiscal effect for several reasons. Transactions outside the scope of PMK 37/2025 are excluded; individual merchants may be protected by the Rp500 million threshold; some sellers are subject to final income tax while others treat collection as a credit; the base excludes VAT and Sales Tax on Luxury Goods; and some tax would have been paid through self-assessment even without marketplace collection. Gross Article 22 collections are not identical to net additional state revenue.

There is, nevertheless, a short-term treasury effect. The DGT announcement requires marketplaces to return Article 22 Income Tax that had already been collected under the earlier designations. This means cash that might otherwise have entered or remained in the fiscal collection chain is temporarily restored to merchants. Such a refund may support business liquidity and purchasing power, but it also illustrates the direct timing trade-off between economic relief and state cash receipts. The relevant policy question is whether the social value of temporary liquidity support exceeds the fiscal value of earlier collection and stronger compliance information during the same period.

The World Bank has previously identified low SME tax compliance and the formalization of digital businesses as significant policy challenges in Indonesia. OECD work on platform sellers similarly recommends a combination of information support, standardized reporting, and appropriate compliance mechanisms that do not impose unnecessary burdens. These sources support a middle position: a government does not need to choose between immediate full withholding and complete administrative inactivity. It can temporarily suspend deductions while continuing to collect transaction information, validate taxpayer identities, and educate sellers, provided the legal basis for such data use is clear.

Thus, the 2026 postponement creates a potential lost opportunity, but the lost opportunity is primarily institutional. It delays the embedding of tax compliance into the merchant's natural digital transaction system. The more effectively the government uses the postponement period to build data connections and correct classification problems, the smaller that opportunity cost becomes. Conversely, if the period becomes a complete pause in information preparation and taxpayer onboarding, the state loses not only several months of collection timing but also several months of learning, data cleansing, and behavioral adaptation before the mandatory start date.

**A Balanced Policy Design for the 1 November 2026 Implementation**

A balanced approach should preserve the government's protective objective without abandoning the compliance advantages of platform intermediation. The first recommendation is a 'data-first, collection-later' transition. During the postponement period, marketplaces should continue preparing seller identity, turnover, and transaction data in the standardized format required for later collection, to the extent permitted by the applicable legal framework. This would allow the DGT to test matching and classification before money is actually deducted from merchant settlements. By 1 November 2026, the system would therefore begin with cleaner data and fewer avoidable corrections.

Second, the Rp500 million individual exemption should be implemented as automatically as possible. The current statement-based approach is understandable as a transitional control, but it places procedural responsibility on small taxpayers who may have limited tax literacy. A future design should use validated identity data and aggregated turnover information to pre-classify eligible individual merchants, with the taxpayer declaration operating as a confirmation or safe harbor rather than the sole gateway to protection. Automatic reminders should be generated when turnover approaches the threshold, and the start of collection should occur prospectively after clear notice.

Third, multi-platform turnover must be addressed explicitly. A merchant may sell through Shopee, Tokopedia, Lazada, Blibli, social-commerce channels, and offline stores simultaneously. No single marketplace necessarily observes total annual turnover. PP 20/2026, however, requires broader aggregation for eligibility purposes. The tax administration is the institution best positioned to reconcile these data across platforms. Therefore, marketplace systems should not be forced to infer total taxpayer status solely from their own turnover data; they should receive a clear status signal or validation mechanism from the tax administration whenever legally and technically feasible.

Fourth, the first months after 1 November 2026 should use a soft-landing compliance model. Platform errors in seller classification, duplicate collection, or failure to recognize valid exemptions should be corrected rapidly and should not automatically produce punitive consequences for merchants acting in good faith. Standardized electronic evidence of collection, an accessible dispute and refund channel, and clear reconciliation rules are essential. The objective should be to make compliance nearly automatic while ensuring that automation does not make error correction impossible.

Fifth, legal communication must distinguish between the validity of PMK 37/2025 and the operational date of marketplace designation. The August announcement appropriately explains that the substance of the policy is unchanged, but taxpayers benefit from a consolidated implementation document that explains the cancellation of the earlier appointments, the new appointments, the exact effective date, transitional transactions, refunds, and interaction with PP 20/2026. This would strengthen the principle of legal certainty and reduce reliance on fragmented public announcements.

Sixth, policy evaluation should use broader indicators than the nominal amount of Article 22 Income Tax collected. Relevant indicators include the number of merchants with validated tax identities, the percentage of correctly recognized Rp500 million exemptions, the rate of erroneous deductions and refunds, changes in voluntary reporting, the proportion of marketplace turnover matched to tax returns, migration of sellers to informal channels, and the administrative cost borne by platforms. A policy that raises gross collections but pushes micro businesses off-platform or creates widespread over-collection may be less successful than a system with slightly slower initial revenue but higher long-term compliance and trust.

With these safeguards, the postponement can be understood as a proportionate transition rather than a retreat from digital tax administration. The temporary preservation of merchant liquidity can coexist with the state's long-term interest in data visibility and effective collection. The decisive factor is whether 1 November 2026 becomes a genuinely prepared implementation date. If the postponement is used to build reliable classification and data systems, it may ultimately increase compliance quality; if it merely postpones preparation, the state bears the compliance opportunity cost without obtaining a durable protective benefit for MSMEs.

## CONCLUSIONS AND RECOMMENDATIONS

The postponement of Article 22 Income Tax collection by marketplaces until 31 October 2026 should be understood as a postponement of the third-party collection mechanism, not as the creation of a new tax exemption. PMK 37/2025 remains part of the legal framework, while the DGT operationally postponed collection by cancelling prior marketplace designation decisions and scheduling re-designation before collection begins on 1 November 2026. The substantive income tax obligations of domestic merchants continue to depend on the Income Tax Law and PP 20/2026. Existing rules already protect individual taxpayers on the first Rp500 million of annual business turnover, subject to the applicable administrative requirements. Therefore, the postponement is defensible as temporary protection against liquidity pressure, implementation errors, and administrative friction, but it is broader than a narrowly targeted MSME exemption.

The fiscal consequence of the postponement cannot be equated with 0.5 percent of total marketplace turnover. In a fully compliant self-assessment environment, much of the tax would still be paid through ordinary channels. The more important lost opportunity lies in delayed third-party collection, delayed transaction reporting and data matching, slower formalization, and the risk that non-compliant income remains outside effective monitoring. To balance MSME protection and state revenue, the government should use the postponement period for a data-first, collection-later transition, automate the Rp500 million exemption as far as possible, reconcile turnover across platforms, provide a soft-landing correction mechanism, and issue clear re-designation and transitional guidance before 1 November 2026.

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