Stakeholder Analysis on Indonesian E-Commerce Taxation

Amelia Setiawan; Sylvia Fettry Elvira Maratno; Puji Astuti Rahayu; Monica Paramita Ratna Putri Dewanti

Accounting Department, Faculty of Economics, Parahyangan Catholic University, Gedung 9, Jl. Ciumbuleuit 94, Bandung 40141, Indonesia

ARTICLE INFO	ABSTRACT

The growth of Indonesian online trading activities is predicted to be extremely high because of the huge number of internet users in Indonesia. This is perceived as a great chance to enter the online commercial trading market. The online marketplace makes it easy to buy and sell goods and services efficiently. However, there is little consideration on the taxation aspect of e-commerce transaction in Indonesia. This study analyzed Indonesian e-commerce taxation based on main group of stakeholders. The literature review is conducted to get comprehensive understanding on common e-commerce taxation. The analysis of e-commerce taxation grasps the comparison of practices between developed and developing countries. In order to get more depth understanding in Indonesian e-commerce taxation, questionnaires distributed to main group of stakeholders. The result has shown that the regulation applied for e-commerce transaction is considered sufficient. However, improvement on the e-commerce tax compliance of related parties must be enforced.

SARI PATI

Pertumbuhan aktivitas perdagangan online Indonesia diprediksi sangat tinggi karena banyaknya pengguna internet di Indonesia. Ini diterima sebagai peluang besar untuk memasuki pasar perdagangan komersial daring. Pasar daring memudahkan orang untuk membeli dan menjual barang dan jasa secara efisien. Namun, ada sedikit pertimbangan pada aspek perpajakan dari transaksi e-commerce di Indonesia. Studi ini menganalisis perpajakan e-commerce Indonesia berdasarkan kelompok pemangku kepentingan utama. Tinjauan pustaka dilakukan untuk mendapatkan pemahaman komprehensif tentang perpajakan e-commerce yang umum. Analisis perpajakan e-commerce di sini membandingkan antara praktik antara di negara maju dan di negara berkembang. Untuk mendapatkan pemahaman yang lebih mendalam tentang perpajakan e-commerce di Indonesia, kuesioner dibagikan kepada kelompok pemangku kepentingan utama. Hasilnya menunjukkan bahwa peraturan yang diterapkan untuk transaksi e-commerce dianggap cukup. Namun, peningkatan kepatuhan pajak e-niaga pihak terkait harus diberlakukan.

Corresponding author:
amelias@unpar.ac.id

INTRODUCTION

Digitalization in various fields affect many industries significantly, including trade industry. Currently, online trading activities have been carried out by almost all countries in the world. In Indonesia, internet users are more than fifty per cent of the population or equivalent to 143.26 million people (Nainggolan, 2018). This abundant internet users, make the huge opportunity to buy and sell online in Indonesia. It is predicted that in the near future, e-commerce will become economic backbone of Indonesia (RI, 2018). This huge number of transaction will have significant effect on tax regulation. Even though the Indonesian regulation for e-commerce taxation had been already published in 2013, but until 2018 there is no official implementation guide of e-commerce tax. If the implementation guide of e-commerce implementation is issued, it will influence many parties in Indonesia. In order to identify parties will be affected by this implementation guide of e-commerce implementation, a stakeholder's analysis must be conducted. Stakeholder analysis is the process of collecting and analyzing quantitative data systematically to determine the stakeholders who will be affected by the new policies.

This study is discussed about stakeholder analysis on e-commerce taxation, in first section discuss about related phenomena with e-commerce tax in Indonesia which triggers this study. This paper is structured as follows. The next section outlines the necessary theoretical background of this study. The third section deals with research methodology of this study, and the forth section focus on the result and discussion of the findings The final section formulates conclusion and practical implications, major limitations and suggestion for further research.

LITERATURE REVIEW

E-commerce is the process of developing, marketing, selling, shipping, service and paying online for products and services transacted through interconnected networks for customers from global markets with the support of business partners from networks around the world (O'Brien & Marakas, 2011, p. 350). The emergence of e-commerce technology has fundamentally changed the structure and business environment, as well as competition, and interaction among business people (Sumanjeet, 2010), (O'Brien & Marakas, 2011). As for the effectiveness of e-commerce taxation deployment in small firms in U.S., the main parts of an e-commerce infrastructures included: (1) flow of information, (2) organizational image, (3) reaction to customer needs, (4) increase sales, and (5) access to new markets (Bharadwaj & Soni, 2007).

E-commerce and Taxation

Increasing e-commerce transactions must be followed by the development of various policies to regulate them, especially the related taxation. However, international guidance published by the Organization for Economic Co-operation and Development (OECD) reveal the complexity of regulating on e-commerce taxation (Spencer, 2014). One of the problems related to taxation for e-commerce is the imposition of vary taxes among countries on similar borderless global transaction. Regardless of the complexity, taxing e-commerce is merely an evolution of business practices, the main difference of traditional and e-commerce are no local presence, intangible and services, speed and payments (Pinto, Alternatives for Taxing E-Commerce, 2005).

To have better understanding of the e-commerce taxation implementation compares to Indonesia, in this study, the implementation of the regulation is divided into three classification of countries: developed countries, developing countries and Indonesia (United Nations, 2018). Countries chosen as samples in this study are based on convenience sampling that is based on previous study available.

E-commerce Taxation in Developed Countries

From the list of developed countries from United Nation (United Nations, 2018), countries selected in this study are US, Lithuania, Romania and New

Zealand. These countries selected as samples due to categorization of United Nation in developed countries: North America (sample: US), Developed Asia & Pacific (sample: New Zealand), Europe (sample: Lithuania and Romania), and major developed economies (Canada). From each category, the previous studies taken from one of these countries listed in each category.

United States (US) were selected as country from North America. The US commerce department reported that US consumers spent $ 5.3 billion on online sales. This significant amount encourages the government to impose tax. On online sales taxation for e-commerce is implemented for both brick-and-mortar stores and cyber businesses (Gordon-Murnane, 2000). So, taxation for e-commerce give significant contribute to the government. It is not considered to be an over burden to cyber businesses but is considered as the similar treatment for cyber and conventional business.

Lithuania were selected as country from Europe. Lithuania assume electronic space as more popular and convenient environment for doing business, and so provides new opportunities and Possibilities (Stitilis & Rotomskis, 2010). The new type of transaction caused problems in legal relationships of the consumer and the other party, and also problems in resolving disputes (Stitilis & Rotomskis, 2010).

In New Zealand, New Zealand's November Taxation Bill has introduced a draft law which impose GST on digital goods and services from October 1 2016 (Stanley-Smith & Schwanke, 2015).

OECD (1998) stated that same taxation principles should be imposed to both cyber and conventional business. So, in OECD countries, there is identical principle of e-commerce taxation. The existed problem was multinational residence of the transaction and the transfer pricing. One solution that emerges for taxation problems for e-commerce is to implement "bit-tax", namely the imposition

of excise or tax based on the flow of information through digital networks or binary digits (Spencer, 2014). Thus, based on the literature review described above, the first research question formulated in this study is to examine the application of taxation for e-commerce transactions in developed countries.

E-commerce Taxation in Developing Countries

From the list of developing countries from United Nation (United Nations, 2018), countries selected in this study are South Africa, India, Sri Lanka and Russia. Previous studies taken from these countries intended so distribution of countries by continent can be obtained. Russia were classified in this category despite Russia Federation are grouped as countries which Economies in transition because they have characteristics that could place them in more than one category (United Nations, 2018).

India has high information technology capabilities. India, as a developing country, began to regulate IT regulation with the IT Act 2000. However, there are still weaknesses in the regulation, including related e-taxation (Sumanjeet, 2010).

Meanwhile, as one of the 25 largest stock exchange in the world, South Africa were chosen as sample to have representative from Africa. It has been forecast that value added tax (VAT) in South Africa, as a significant contributor, will contribute more than 25.4 per cent to total tax revenue of that country. As growing virtual world economies, what action that this country taken to regulate their taxation regulation is one of the topic in this study.

In Sri Lanka, small- and medium-sized enterprises (SMEs) play a crucial role in their economy. In this digital era, as all type of businesses, SMEs can benefit from new e-commerce technology. However, in Sri Lanka, consumers are reluctant to adopt this technology due to security trust (Peiris, Kulkarni, & Mawatha, 2015).

Russian Federation has dynamic development of cross-border e-commerce segment. That segment

is based, primarily, on growth of the audience of Internet users in Russia (Beloborodova & Martynova, 2016).

Thus, based on the literature review described above, the second research question formulated in this study is to examine the application of taxation for e-commerce transactions in developing countries.

E-commerce Taxation in Indonesia

In 2013, the government of Indonesia published e-commerce taxation regulation (Direktur Jenderal Pajak, 2013). This rule governs taxation that applies to e-commerce transactions. This rule stipulated all related units within the Directorate General of Taxation to conduct socialization, explore the potential revenue and supervision are related to the implementation of this rule. However, until 2018, the implementation of this rule is still being pursued by the government (Sakti, 2018) (Hayyu, 2018) (Aziz, 2018) (Dewi, 2018). Thus, based on the literature review described above, the third research question formulated in this study is to examine the application of taxation for e-commerce transactions in Indonesia.

Stakeholders Analysis in E-commerce Taxation in Indonesia

Stakeholders are parties who are affected by an activity or party who can influence the impact of an activity (Blackman, 2003). Stakeholder analysis is a useful tool for identifier stakeholders and describing their respective ways of life, roles and interests. Stakeholder analysis should be carried out as soon as possible after e-commerce tax regulation had been made to ensure that all needs of stakeholders are handled appropriately.

Stakeholder analysis must concern various important matters (International Finance Corporation, 2007), i.e.: (1) Determine who is affected by a policy; (2) Determine related interests; (3) Determine stakeholders; (4) Determine priority stakeholders; (5) Collecting past information from relevant

stakeholders; (6) Developing socio-economic fact sheets; (7) Determine the representation of stakeholders; (8) Engage with stakeholders; (9) Making sure that the government has been identified as a stakeholder; (10) Cooperation with interested organizations; and (11) Emphasize that employees are one of the good communication channels.

In this study, the stakeholder analysis is used the collection technique. This stakeholder analysis will result input for the regulator. Thus, based on the literature review described above, the fourth research question formulated in this study is to examine the application of stakeholder analysis for e-commerce transactions in Indonesia.

METHODS

This article uses two types of data collection i.e. secondary and primary data. Secondary data is collected to determine taxation implementation in developed countries, in Indonesia (United Nation, 2014). Countries that include as samples for developed countries are U.S., Europe, Canada and Australia. While sample countries used for developing countries are India, Thailand and Korea. This secondary data is collected through previous research and various interview reports published by trusted parties. The secondary data are processed in stakeholder analysis and the results are used as a basis for collecting primary data. Primary data is collected through the distribution of questionnaires to respondents identified in stakeholder analysis. The primary data processing results are used to identify specific condition of each stakeholder based on stakeholder analysis. Stakeholder analysis in this study is carried out through various stages, namely: (1) Determine who is affected by the e-commerce tax regulation; (2) Determine the relevant interests; (3) Determine stakeholders; (4) Determine priority stakeholders; and (5) Developing socio-economic fact sheets.

RESULT AND DISCUSSION

As the literature study taken, in this section, each of

the research question are discussed to examine the application of taxation for e-commerce transactions in developed countries, developing countries and in Indonesia. The last sub-section in this section will discuss about the application of stakeholder analysis for e-commerce transactions in Indonesia.

Implementation of E-Commerce Taxation in Developed Countries

The application of e-commerce taxation has been widely applied in various developed countries. One of the earliest applications of e-commerce taxation is in the United States. The Organization for Economic Corporation and Development (OECD), since 1998 has set broad principles that could be applied in e-commerce taxation: (1) equal tax treatment for conventional commerce and online commerce, (2) efficiency in the taxation administration, (3) certainty and simplicity in tax rules, (4) effectiveness and fairness, and (5) flexibility (Moran & Kummer, 2003). In U.S., the shifting of income is not a main issue as long as the resident country is not low tax or no-tax jurisdiction as long as dependence on intergovernmental assistance (Spencer, 2014) (Bharadwaj & Soni, 2007) (Tannewald, 2001) (Organization for Economic Cooperation and Development, 2014).

A radical alternatives proposed as a solution such as bit-tax, an excise or turnover tax based on the flow of information over digital networks or binary digit (Pinto, "Conservative" and "Radical": Alternative for Taxing E-Commerce, 2006). In bit-tax proposed by Pinto, all the information transferred through the internet are captured to be part of the base of taxation. The benefit of the proposed idea are transparency, more meaningful tax base, neutrality and fairness (Pinto, Alternatives for Taxing E-Commerce, 2005). Other concern that was arising are e-commerce transaction carried out completely within a virtual environment, such as on-line role playing games that are became popular nowadays (Scarle, Arnab, Petridis, Protopsaltis, & Freitas, 2012). In completely virtual environment, the recommendation proposed is a model that could

be carried out via a methodology of click- (Scarle, Arnab, Petridis, Protopsaltis, & Freitas, 2012)

In Lithuania, where having different concern on e-commerce taxation, the recommendation arises in resolving this problem was establishing principles of resolving consumer disputes should be distinguished: effectiveness, transparency and submission of information to consumers, access to the procedure without being obliged to use a legal representative, fairness, impartiality, independence of the authority responsible for resolving the dispute, freedom and legality (Stitilis & Rotomskis, 2010).

Different concern was experienced by Canadian firms, which found that the ability to perform online sales transaction as key component of using e-commerce for tax planning often was not yet in place. It is suggested that Canadian tax policy maker should refine tax legislation (Carnaghan, Downer, Klassen, & Pittman, 2004).

The Romania's e-commerce law was enacted in 2002. This regulation aims to facilitate E-commerce and E-payments and to designate certain related crimes and designed to be compatible with: taxation law; privacy of personal data law; antitrust law; consumer Protection law; public health law; and domestic and international contracts law (Blythe, 2012).

In New Zealand, the new regulation that was associated with e-commerce taxation law is goods and services tas (GST) rules. The new GST rules are a significant change and will affect many businesses and consumers and all the actors of the business will be impacted by the new rules and need to manage their plan (Stanley-Smith & Schwanke, 2015).

In Europe (EU), since the e-commerce tax was formally agreed in 2002, the key effects were already amended as follow: (1) non-EU organizations accounted for VAT, (2) EU organizations accounted for VAT using the reverse charge mechanism, (3) EU organizations exported outside the EU were

not accounted for VAT, and (4) EU organizations supplying to non-business organizations accounted for VAT at the rate due in their own member state (Sinyor, 2002). Different concern derived from study about stakeholders' salience that found that accounting bodies, academics and business representatives should communicate effectively and constructively with the public structures with respect to enforcement of accounting regulations and the type of organizations involved (Deaconu & Cuzdriorean, 2016).

In developed countries, the main issue of the e-commerce tax is multinational transaction and transfer pricing; allocating taxing rights between source countries and other countries including residence countries (Spencer, 2014).

Implementation of E-Commerce Taxation in Developing Countries

India has already implemented e-commerce taxation since 2008. It was found that the Indian regulation were outdated and weak enforced, so Indian government should provide safe and secure business environment on cyberspace and strong legal framework and should introduce separate laws for e-commerce in India (Sumanjeet, 2010). It was also recommended that India should look into the Indian tax structure and try to reform to implement the fair tax policy (Gupta, 2015).

The current South Africa's VAT Act was issued in 1991 (Johnston & Pienaar, 2013). In that era, digital transaction was not established yet, so, in this study, the content of the Act was examined to determine the compatibility with current complex transaction of digital world. Even though the regulation were issued in 1991, but the implementation guide was already adjusting the application of that regulation such as adjustment of tax subject that included digital product. However, the taxation systems are still relying on honesty of the tax payer in reporting the product and found the difficulties in the enforcement (Johnston & Pienaar, 2013). The weakness of South Africa's VAT Act was not

specific regarding the place of supply of transactions occurring in virtual worlds and the definition of goods should also be amended to include digitized products (Johnston & Pienaar, 2013).

In Sri Lanka, adoption rates of e-commerce in are so low. One reason for consumer reluctance is their concern about security risks (Peiris, Kulkarni, & Mawatha, 2015). In accordance with low adoption of customer trust in e-commerce in Sri Lanka, the recommendation is tax holiday for e-commerce/ tech related business that makes heavy investments into growth (Sirimanna, 2017). It's assumed that tax holiday decision will encourage customer trust and adoption of e-commerce transaction in Sri Lanka. In the long range, the regulator can apply VAT that covers e-commerce transaction.

In Russia, cross-border e-commerce segment have a number of competitive advantages such as: zero taxation, a wide range of goods, low cost of goods compared to local vendors, and increasing the speed of delivery from abroad (Beloborodova & Martynova, 2016).

In developing countries, the result was recommending zero tax for e-Commerce transaction and the regulators should look further on the existing rules and make the necessary adjustment.

Implementation of E-Commerce Taxation in Indonesia

E-commerce taxation have been implemented by some larger business player, such as jd.id, Zalora and Mataharimall. But for smaller businesses or those who use social media platforms, tax collection has not yet been implemented. This is due to a lack of awareness of tax imposition for e-commerce. In this study, the online business that were examined were Tokopedia, Bukalapak, Elevenia, Blanja, Bukupedia, MotherCare, JD.id, Zalora and MatahariMall.

The Ministry of Trade of Republic of Indonesia acknowledges that the difficulty in drafting

government regulations on e-commerce is about tax imposition. Meanwhile, the related challenges are as follows: (1) because e-commerce transactions do not recognize national borders, there are no physical forms sold and there are no special requirements, so they must determine the existence of the e-commerce company, (2) taxation covers limited national boundaries stipulated in the state regulation, (3) tax object categorization, (4) the fear of cybercrime in the world of technology so that cyber law is needed especially in the field of taxation , (5) the role of the Government such as the Directorate General of Taxation must have a level of vigilance on the development of the world of e-commerce by collecting taxes on e-commerce transactions to apply justice to all conventional and e-commerce taxpayers, (6) profit allocation from each function between countries where cross-border transactions occur, (7) integration of regulations, for example between the directorate general of taxation, the ministry of trade and the ministry of communication and information (Budi, 2018) (Pangesti, 20174) (Lomanto & Mangoting, 2013) (Tobing & F, 2014) (Sakti, Pajak E-Commerce, antara Hambatan dan Tantangan, 2014).

Tax regulations are adequate enough in Indonesia, but the enforcement of them still requires more in-depth follow-up. This research is one of the ways to observe the extent to which the general public knows about this tax regulation. This research

can also assess how well the socialization of the regulation is.

Stakeholders Analysis

The first stage in stakeholder analysis is to determine who is affected by the e-commerce tax regulation. In this case, the parties are affected: (1) international; (2) national / politics - regulator; (3) national / political - tax collector; (4) national / politics - finance minister; (5) commercial / private sector - seller; (6) non-profit organizations; (7) community, and (8) consumers. The second stage in stakeholder analysis is determining the relevant interests. Based on the parties identified from the first stage, an analysis of interests related to e-commerce laws is carried out as can be seen in Table 1.

Stakeholder grouping is carried out by adopting the criteria set before which is adopted from Quezada (2012). The attributes used in this grouping are:

1. Indirect impact: Stakeholders who are not directly affected by e-commerce law policies.
2. Power: Stakeholders who have the capacity to influence public policy on e-commerce laws.
3. Direct Impact: Stakeholders who are directly affected by e-commerce law policies.
4. Active participation: Stakeholders who actively participate in e-commerce law policies.

Based on the attributes above, stakeholders are grouped as in Table 2.

Table 1. Interested Parties and Their Interest

Interested Parties	Interest in e-commerce taxation
International	Cross border transactions
National/politic – regulator (Directorate General of Taxation)	Implementation guide about e-commerce taxation
National/politic – Tax Collector (Directorate General of Taxation)	Tax collection procedures
National/politic – Ministry of Finance	Implementation guide about e-commerce taxation
Commercial/ private sector – Sellers	Collect, deposit and report e-commerce tax
Nonprofit organization	Observe the implementation of a policy
Public/Community	Impacted by the implementation of e-commerce tax by price increasing
Buyer/Consumers	Pay the e-commerce tax

Table 2. Stakeholder Category and Attributes Held

Stakeholder Category	Attribute held
Indirect Impact	Indirect Impact
Latent	Power
	Direct Impact
	Active Participation
Regulator	Power & Direct Impact
Actor	Power & Active Participation
Dependent	Direct Impact & Active Participation
Priority	Power, Direct Impact & Active Participation

Source: (Quezada, 2012)

Table 3. Stakeholders and Their Category

Stakeholders	Stakeholder Category
International	Latent
National/politic – regulator (Directorate General of Taxation)	Regulator
National/politic – Tax Collector (Directorate General of Taxation)	Latent
National/politic – Ministry of Finance	Latent
Commercial/ private sector – Sellers	Dependent
Nonprofit organization	Indirect Impact
Public/Community	Indirect Impact
Buyer/Consumers	Dependent

Table 4. Stakeholders with Direct Impact

Stakeholder Category	Stakeholders
Latent	International
	National/politic – Tax Collector
	National/politic – Ministry of Finance
Dependent	Commercial/ private sector – Sellers
	Buyer/Consumers
Regulator	National/politic – regulator

Based on the stakeholder grouping, the stakeholder list is analyzed to enter the group, as can be seen in Table 3.

The third stage in stakeholder analysis is determining stakeholders. Based on the table 3 above, it is excluded from the list, for parties who do not have a direct interest in e-commerce laws. So that a list of stakeholders is obtained, namely: 1) international; (2) national / politics - regulator; (3) national / political - tax collector; (4) national /

politics - finance minister; (5) commercial / private sector - seller; and (6) buyers. The fourth stage in stakeholder analysis is determining the priority stakeholders. In this study, priority stakeholders are not included in the latent category as shown in Table 4.

Based on the list of stakeholders, stakeholders who fall into priority category are: (1) national / political - regulator; (2) commercial / private sector - seller; and (3) buyers. The three parties

Table 5. Stakeholders and Their Dimension

Stakeholders	Dimension					
	Location		Participation		Potential	
	Internal	External	Active	Passive	Corporation	Threat
Commercial/ private sector – Sellers	x		x		x	x
Buyer/Consumers	x		x		x	x
National/politic – regulator (Directorate General of Taxation)	x		x		x	

Source: (Quezada, 2012)

are most affected by the existence of e-commerce taxation laws. For each stakeholder, it should be determined for each dimension: location, participation and potential corporation/potential threat. This categorization made to reassure the significance of the stakeholders chosen. The stakeholders chosen: should be internal when viewed from their location; should be active when viewed from their participation and should have potential corporation or threat. Further analysis is carried out to assess the dimensions of each stakeholder by adopting stakeholder identification matrix that can be seen in table 5 (Quezada, 2012). As can be seen in table 5, all the stakeholders are meet the criteria.

The last stage in stakeholder analysis in this study is to develop socio-economic fact sheets. To develop socio-economic fact sheets, in this study, data collection is developed through distributing questionnaires. The questionnaires are distributed to the three priority stakeholders as determined in previous stage (as displayed in table 5). The questionnaires are distributed online. The questionnaires that are filled completely were come from 348 respondents with no proportionally collected for each stakeholder due to time limitation. Based on the questionnaire distributed, the following results were obtained and explained in three section followed according to each stakeholders.

Commercial/ Private Sector– Sellers
Respondent of commercial/private sector seller

locations in majority from Java as the island with the most densely populated with an age range of 18-35 years. Based on the distributed questionnaires, 57% were aware of the Taxation Law for e-Commerce, while 43% did not even know about e-Commerce taxation law. 62% disagree with the existence of the Taxation Law for e-Commerce. The reason for disagreeing is because price competition is considered very high so that price increases will greatly affect their business. While 38% who agreed to argue that if taxation is applied equally between conventional and online commerce transaction, seller would be affected the same. Regarding whether they will continue to transact or not if there is a Taxation Law for e-Commerce, 18% said they would not continue their business, while 82% would still do business. Those who will not continue to do business reason that tax imposition will further reduce the profit that will make this business no longer profitable.

Buyer/Consumers
The location of respondents is in Java, Kalimantan and Sumatra, with an age range of 18 years to over 45 years. Based on the distributed questionnaires, 61% of respondent knew the Taxation Law for e-Commerce, while 39% did not know. 59% disagree with the existence of the Taxation Law for e-Commerce. The reason for disagreeing is because concerns rise in prices. Whereas 41% agreed that if the taxation was evenly applied between conventional and online commerce transaction, all would be affected equally. Regarding whether they will continue to transact or not if there is a Taxation

Law for e-Commerce, 61% said they would not buy online again, while 39% would still shop online. Those who will not buy online again argue that tax imposition will increase prices and shop online becomes unattractive.

National/politic – Regulator

In this study, respondents that include in regulator role are people who work in area of taxation including people work in the government, academicians with expertise in taxation and tax consultants. These three subjects are chosen as represent "national/politic – regulator" stake holder due to their expertise in e-Commerce taxation. The information collected from these respondent is: (1) what is the obstacles in implementing e-commerce tax, (2) what is the impact of the e-commerce taxation regulation, and (3) are Indonesia ready for the implementation of the rule. Respondents of regulator reveal some obstacles as follow: (1) lack of communication of the regulations that resulted in reluctant or unawareness of this regulation; (2) lack of big data processing system of transactions data in the government; (3) difficulties in obtaining accurate data; (4) determining concerns that prices will be higher; (5) systems that are not ready; (6) difficulties tariffs per classified item. Meanwhile, the respondents reveal that the impacts of the regulation are as follow: (1) Decrease in sale and purchase transactions, (2) gaining the pros and cons from the society that were not informed well about the regulation, and (3) prices become more expensive that will have resulted in higher inflation rate. About the readiness of the government to implement e-commerce taxation rule, 19% of respondents said that the government were not ready, while 61% said that the government were ready.

The result from this socio-economic fact sheets were supported by previous research that recommend to treat e-Commerce transaction as transactions in a traditional type and to do so without creating a substantial burden that affects different groups disproportionately (Hutchens, 2015).

MANAGERIAL IMPLICATION

Managerial Implication of this study can be grouped into three groups: 1. Commercial/ Private Sector; 2. Buyer/Consumers; and 3. National/politic – Regulator.

Managerial Implication for Commercial/ Private Sector– Regulators are:

1. The regulator should maintain the taxing regime as simple as possible as supported by previous research in US (Hutchens, 2015). Similar result recommend the regulators to back to basic and using existing tax collection practices to increase tax compliance (Taylor, 2013).

2. Applying same tax rules for traditional and e-Commerce transaction as supported by previous research in US (Allen, 2013)

3. Cross border transaction will affect the amount of tax that should be paid due to the percentage of revenue regulated. The regulators should manage this problems as that has been experienced by US that has many states with different tax jurisdiction (Aquilio, 2016)

4. The regulators should develop comprehensive electronic transactions law which includes: (1) E-Contract Rules, (2) More Stringent Consumer Protections for E-Buyers; (3) bureau to resolve the conflict; and (4) National ID Card With Digital Signature (Blythe, 2012).

Managerial Implication for Commercial/ Private Sector are as follow:

1. Commercial/ Private Sector should provide excellence service as service regulated by The Republic of Tunisia, which allow buyers to: (1) review an order; (2) a 10-day opportunity to withdraw from an agreement; (3) a right to a refund s; and (4) no risk during the 10-day trial period. With this excellence service, Tunisian E-consumers enjoy the best protections in the world (Blythe, 2012).

2. To attain tolerable levels of operational comfort, security, and predictability, more established businesses can even become eager to help governments financially by paying taxes (Pastukhov, 2010).

Managerial Implication for Buyer/Consumers are as follow:

as the Internet industry matures, tax compliance online common practices, and it is expected that a willful act of a taxpayer who sees herself as a government's partner in preserving law and order in the on- and offline worlds will arise as supported by previous research (Pastukhov, 2010).

CONCLUSIONS

For the first research question, it can be concluded that, in developed countries, the main issue of the e-commerce tax is multinational transaction and transfer pricing; allocating taxing rights between source countries and other countries including residence countries. For the second research question, in developing countries, the result was recommending zero tax for e-Commerce transaction and the regulators should look further on the existing rules and make the necessary adjustment. For the third and fourth research question, it

can be concluded that taxation regulations in Indonesia are already sufficient enough, but better socialization of taxation regulation is needed in order to improve the compliance of related parties such as buyers, consumers, and sellers. It should also be emphasized that there are no new specific tax regulations related to e-commerce transactions. Taxation on conventional and cyber business must be equal. Whatever the type of business, commerce transaction will be subject to the same treatment.

The limitation of this study is inability to generalize the result. Given the qualitative nature of this study, generalization is not possible. Future research that involves more representative respondents and more representative e-commerce companies can be done to create more applicable result. More representative respondents can be obtained by interviewing the regulators directly and collecting more data from each stakeholders. ■

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