



Taxation on Sales of Phone Credit and SIM Card

On 1 September 2021, the Director General of Tax (DGT) issued Regulation No PER-18/PJ/2021 regarding collection of Value Added Tax (VAT) and Withholding Tax (WHT) on sales of phone credit and SIM card.

A. VAT

- VAT on sales of phone credit and SIM card is payable:
 - If sales is done by the Telecommunication Service Provider, the VAT is collected by the Telecommunication Service Provider
 - If sales is done by the First Level Distributor, the VAT is collected by the First Level Distributor
 - If sales is done by the Second Level Distributor and Next Level Distributor, the VAT is collected by the Second Level Distributor
- If the VAT on sales of phone credit and SIM card has been collected by the Second Level Distributor, the Next Level Distributor does not collect and pay the VAT.
- The Second Level Distributor is distributor that obtains phone credit and SIM card from the First Level Distributor in a fiscal year.
- The VAT is payable when the payment is received, including when the deposit is received, by the Telecommunication Service Provider, the First Level Distributor or the Second Level Distributor. If the deposit received by the Second Level Distributor is also used for transactions other than phone credit and SIM card so that the use of the deposit cannot be known at the time the deposit is received, the VAT is payable when the deposit can be known for transactions of phone credit and SIM card.

B. WHT

- Sales of phone credit and SIM card by the Second Level Distributor is object WHT Art. 22.
- The Second Level Distributor becomes WHT Art. 22 collector since the date of obtaining phone credit and SIM card from the First Level Distributor.
- WHT Art. 22 is payable when the payment is received, including when the deposit is received by the Second Level Distributor. If the deposit received by the Second Level Distributor is also used for transactions other than phone credit and SIM card so that the use of the deposit cannot be known at the time the deposit is received, the WHT Art. 22 is payable when the deposit can be known for transactions of phone credit and SIM card.



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October 2021 / No. 11

- WHT Art. 22 on sales of phone credit and SIM card shall not be made on payments from Distributor and/or Telecommunication Service Provider that:
 - has transactions maximum Rp 2.000.000 exclude VAT and not considered as a split payment of transactions that the actual value is more than Rp 2.000.000;
 - is a bank taxpayer;
 - owned and submitted photocopy of statement letter based on President Regulation No. 23/2018 and has been confirmed by the DGT information system; or
 - owned and submitted photocopy of Notice of WHT Art. 22 Exemption letter
- In the event of payment by Distributor and/or Telecommunication Service Provider includes used for transactions other than phone credit and SIM card, collection of WHT Art. 22 is not made on the amount of payment of phone credit and SIM card with accumulated value at least Rp 60.000.000 exclude VAT for each Distributor and/or Telecommunication Service Provider in one tax period.
- The Second Level Distributor is required to make WHT Art. 22 slip at the end of each month when payment is received.



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