

# Regulatory Tax Update: Crypto Assets

One impact of advances in information technology has been the digitalization of the economy. This kind of advance plays a crucial role in national economic growth. Various forms of economic digitalization have resulted in the growth in numbers of technology-based financial services and crypto-asset trading. This poses a challenge for the government to provide equal treatment between digital and conventional transactions.

At the end of 2021, the Government of the Republic of Indonesia issued Law No. 7 of 2021 regarding Harmonization of Tax Regulations (“**Law 7/2021**”). Using the omnibus method, this law changed several tax provisions including the application of Income Tax (“**Income Tax**”) and a change in the Value Added Tax (“**VAT**”) tariff to 11% as from 1 April 2022.

As an implementation of Law 7/2021, the Minister of Finance of the Republic of Indonesia (“**MoF**”) has rolled out 14 (fourteen) regulations including the application of income tax and VAT to Crypto Assets as reflected in Ministry of Finance Regulation No. 69/PMK.03/2022 regarding Income Tax and VAT for Crypto Assets (“**MoF Reg 68/2022**”).

In this article, we will provide highlights from the imposition of VAT and Income Tax on crypto-asset trading, which were introduced by MoF Reg 68/2022 effective as from 1 May 2022.

## 1. Overview of Crypto Assets In Indonesia

In Indonesia, crypto assets are not recognized as currencies or securities but they are considered a commodity traded on the futures exchange as governed by Minister of Trade Regulation No. 99 of 2018 regarding General Policy for the Implementation of Crypto Asset Futures Trading and also considered taxable intangible goods. Crypto-asset market trading can only be carried out using an electronic platform in the futures market managed by the crypto-asset physical trader.

A crypto-asset physical trader is a party approved by the Commodity Futures Trading Regulatory Agency (*Badan Pengawas Perdagangan Berjangka Komoditi* or “**BAPPEBTI**”) to conduct crypto-asset transactions on their own behalf and/or to facilitate crypto-asset transactions between sellers and purchasers (“**Crypto-Asset Trader**”). Considering the transaction is conducted electronically, the Crypto-Asset Trader is categorized as a Trading Provider through an Electronic System (*Penyelenggara Perdagangan melalui Sistem Elektronik* or “**Electronic Trading Provider**”). This regulation emphasizes the role of Electronic Trading Organizer in collecting, depositing and reporting any payable VAT and income tax for certain activities related to crypto-assets. If the value of the transaction is in the form of fiat currency or a currency other than Indonesian Rupiah, the value of the transaction must be converted into Indonesian Rupiah.

## 2. VAT for Crypto Assets

Under MoF Reg 68/2022, VAT will be applied to:

Transaction Type	Tariff	Tax Basis
Transfer of Crypto Assets	1% of the applicable VAT tariff  (If the transfer is carried out through a BAPPEBTI registered Crypto-Asset Trader)	The transaction value of crypto assets is: a) The monetary value paid by the purchaser (excluding VAT and Sales Tax on Luxury Goods), if the purchaser of the crypto asset uses fiat currency b) The value of each crypto asset delivered in the transaction (excluding VAT and Sales Tax on Luxury Goods), if it is a crypto asset swap; or

Transaction Type	Tariff	Tax Basis
	2% of the applicable VAT tariff  (If the trading is carried out through a non-BAPPEPTI registered Crypto-Asset Trader)	c) The value of the crypto asset transferred to the account of another party, if it is an exchange of crypto asset for goods other than crypto assets and/or services
Services for providing Electronic Facilities used to facilitate Crypto-Asset transactions	The applicable VAT tariff	Reimbursement, namely commission fees or rewards by any name and in any form received by the Electronic Trading Provider, including commission and rewards received by the Electronic Trading Provider which will be forwarded to the Crypto-Asset Miner
Delivery of crypto-asset transaction verification services and/or crypto-asset mining group management services (mining pool)	10% of the applicable VAT tariff	monetary value of crypto assets received by the crypto-asset miner, including the crypto assets received from the crypto-asset system (block reward)

### 3. Tax for Income Related to Crypto Assets

The income tax rate for crypto-asset trading is Article 22 Income Tax, where the Crypto-Asset Seller's earnings will be collected, deposited, and reported by the Electronic Trading Organizer except for Electronic Trading Providers with certain criteria. Meanwhile, for Crypto-Asset Miners, the income tax must be deposited and self-reported in their Annual Tax Return.

Under MoF Reg 68/2022, the income tax will be applied to:

Income Receiver	Tariff	Tax Basis
Crypto-Asset Seller	0.1%	The transaction value (not including VAT and Sales Tax for Luxury Goods) includes: a) Monetary value paid by the crypto-asset purchaser, if done through payment in the form of fiat currency b) Respective value delivered by the transacting parties, if done by way of exchange for other crypto assets c) The amount of payment received by the crypto-asset seller, if the transaction is other than a and b
	0.2% (if done through an Electronic Trading Provider which is not a Physical Crypto-Asset Trader that has obtained a license and registered with BAPPEPTI)	

Income Receiver	Tariff	Tax Basis
Electronic Trading Provider	Applicable general tariff of Article 22 Income Tax	Includes income received from the: a. delivery of Electronic Facilities services used for Crypto- Asset transactions; b. delivery of withdrawal services; c. delivery of deposit services; d. delivery of Crypto-Asset Transfers between electronic wallets (e-wallets); e. delivery of provision and/or management of Crypto-Assets storage media or electronic wallet (e- wallet) services; f. delivery of other services in relation to Crypto Assets other than as referred to in letter a to letter e.
Crypto-Asset Miner	0.1%	All service fees received or earned by Crypto Asset Miners (not including VAT and Sales Tax for Luxury Goods), including: a) block rewards, verification services (transaction fees), or other income from the Crypto-Asset system b) other income than the income in letter a

Exempted from the obligation to collect income tax received by Crypto-Asset Sellers, are Electronic Trading Providers which:

- a. only provide electronic wallet (e-wallet) services;
- b. only bridge Crypto-Asset Sellers and Crypto-Asset Buyers; and/or
- c. do not facilitate crypto-asset trading transactions.

Crypto-Asset Sellers receiving crypto-asset transaction related income through Electronic Trading Providers are exempted from the obligation to collect income tax but will still be subject to income tax under this regulation and must independently submit the income tax.

The regulation further provides exemption from the imposition of Article 22 Income Tax under this regulation if the Crypto-Asset Seller is a foreign taxpayer in a country with a Double-Taxation Avoidance Agreement with Indonesia and submits the relevant domicile certificate for foreign taxpayers.

*The article above was prepared by [Andre Rahadian](#) (Partner), [Donny Rahman Geasill](#) (Tax Specialist), [Widiarahmi Afiandari](#) (Professional Support Lawyer) and [Gregorius Alisander Ponglapik](#) (Associate).*

*This publication is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects of those referred to. Readers should take legal advice before applying the information contained in this publication to specific issues or transactions or matters. For more information, please contact us at [dentons.hprp@dentons.com](mailto:dentons.hprp@dentons.com) or Partners listed above.*

*No part of this publication may be reproduced by any process whatsoever without prior written permission from Hanafiah Ponggawa & Partners.*