

Indonesia planning 10% tax on foreign digital services

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Internet giants such as Spotify, Netflix and Amazon could be subject to tax in Indonesia under a new levy proposed by the tax directorate

Indonesia will slap a 10 percent value-added tax on the digital offerings of foreign companies from July 1, the finance ministry said, a levy that could apply to internet giants such as Spotify and Netflix.

Products and services including video games, music and movie streaming could be subject to the levy, the government said.

"The tax for foreign digital products is a part of the government's effort to create a level playing field for all businesses," the tax directorate said in a statement.

The move was also aimed at boosting public revenue to help mitigate the impact of COVID-19 on Southeast Asia's biggest economy, it added.

Indonesia's fast-growing Internet economy was valued at \$40 billion in 2019—a figure estimated to more than triple by 2025—according to a study by Google and Singapore sovereign investment fund Temasek.

Tech companies often pay little tax in countries where they are not physically present.

International efforts have dragged on to find a new model for taxing revenues earned via [online sales](#) and advertising, but Washington said targeted taxes single out US companies such as Google, Apple, Facebook, Amazon and Netflix.

In response to a levy on revenues earned by [tech companies](#) in France, Washington threatened retaliatory duties of up to 100 percent on French imports such as champagne and camembert cheese.

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