Analysis of Indonesian Tax Authority Readiness in Taxation of Digital Economy in accordance with the OECD BEPS Action Plan 1 Recommendations

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The digital economy presents various new business models that open up many opportunities for tax avoidance schemes, so the OECD recommends an action plan on digital economics in the form of an Action Plan 1. Previously this recommendation has not been a priority yet for the Indonesian Tax Authority. On the other hand, DGT has not met the tax revenue target in the last five years, while it has been known that the transaction value of the digital economy is very large and has not been taxed. This condition is very urgent for Indonesia, especially the tax authorities to be able to implement taxation on the digital economy. For this reason, it is needed regulations and readiness of the Tax Authorities related to this matter. Taxation of the digital economy is stated in Law No. 2 of 2020. The purpose of this research was to analyze the readiness of the Indonesian Tax Authority in taxing the digital economy. The research approach used was a qualitative approach. The data collection technique used was through library and field researches by conducting in-depth interviews with key informants concerned. The results showed that the Indonesian Tax Authority in general was ready to carry out the policy, although it still needed improvements in terms of regulations and human resources.

Keywords: Digital economy, tax authority, readiness, action plan 1, e-commerce

I. Introduction

In the era of the industrial revolution 4.0, competition does not only occur between the big and the small, but also for the fast and the slow. It's not just a business problem, anyone who is responsive to technological advancements can win the competition compared to those who are late in adapting. It's the same in terms of taxation, when the authorities are unable to keep abreast of developments and advancements in digital trends, a nation will be disadvantaged by the huge risk of potential loss of state revenue. This is a challenge for the tax authorities given that the current tax regulations, at the time of their preparation did not take into account the impact of the digital revolution. Consequently, the old taxation law product will be easily handled by taxpayers who abuse the existing regulations. The Digital Revolution not only affects the patterns and forms of behavior of every human being, but is followed by the presence of many new forms of business today such as e-commerce, payment services, application services, online advertising, cloud computing, high frequency trading, participative networked platforms.

Digital technology that continues to grow at this time generally runs very fast in front of infrastructure development that has been carried out by the Indonesian Tax Authority, Directorate General of Tax (DGT). And all developments undertaken by DGT that are less visible to taxpayers and the wider community, such as Online DGT, electronic tax invoices (e-invoices) and electronic proof of cut (e-Bupot). Tax Authorities must be observant in looking at the taxpayer's business schemes and the development of taxpayers' technology as well as carefully conceptualizing tax regulations in response to the developments and challenges of this digital technology era (Gunadi, 2019).

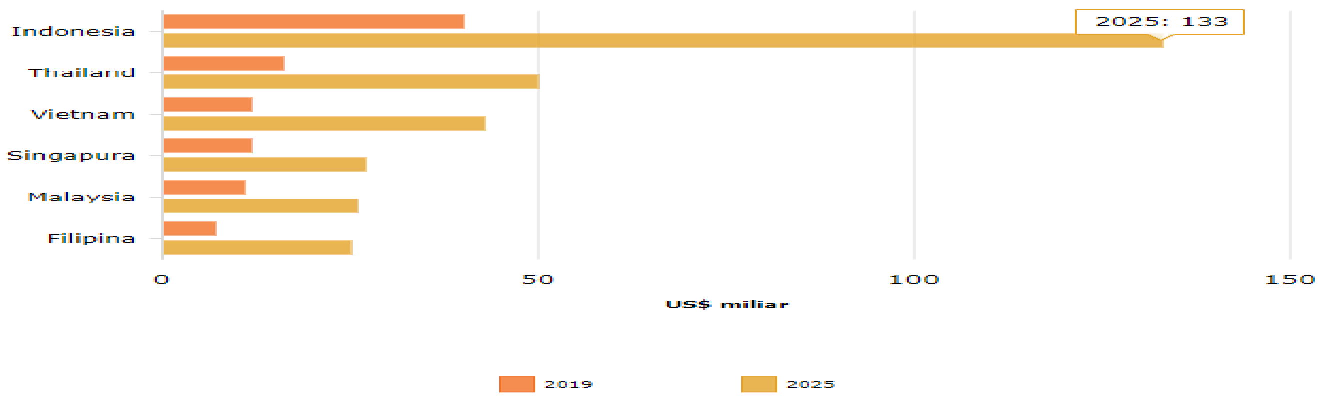
Tax regulations on the digital economy that were just issued last March, it was Government Regulation in Lieu of Acts) Number 1 of 2020, regulates permanent establishments (PE), trade through electronic systems and imposition of value added tax on intangible taxable goods and taxable services. from the subject of foreign taxes related to digital services transactions. This regulation has followed the OECD BEPS Action Plan 1 recommendation, which is related to the establishment of permanent business forms based on significant economic presence, but it still requires technical guidance in its implementation and requires further refinement regarding how to determine profit allocation for Indonesia as the basis for taxation for Indonesia. Government Regulation in Lieu of Acts Number 1 of 2020 has then been changed to Law Number 2 of 2020.

In 2015, G20 in OECD has issued 15 action plans to deal with losses in BEPS in many countries related to the consequences of injustice in the taxation sector. The 15 (fifteen) action plans were specifically formed by the BEPS Inclusive Framework which consists of 129 countries, of which Indonesia is a member. John Hutagaol, Director of International Taxation, DGT, said that there are 4 (four) minimum standards that must be implemented, the four minimum standards are action plan 5, they are harmful tax practice in the presence of

Government Regulation in Lieu of Acts Number 1 of 2017 concerning access to Financial Information for Taxation Purposes and then action plan 6, it is misuse of Tax Treaty then action plan 13, it is transfer pricing documentation by issuing PMK-213/PMK.03/2016 and finally action plan 14, it is settlement of international tax disputes. Indonesia has implemented the 4 (four) minimum standards, although not all of the minimum standard action plans are productive in the sense of generating state revenue. The BEPS OECD action plan beyond the minimum standards that has not yet been implemented in Indonesia is the BEPS 1 action plan which is related to the taxation of the digital economy, even though it is well known that taxation of the digital economy is very important and should be a priority because it has a very large tax potential to boost the achievement of tax revenue. This should be made a breakthrough by the Indonesian Tax Authority to explore the enormous potential of state revenue from the digital economy. Over the past five years the DGT has not reached the state revenue target set according to graph 1 below:

Graph 1

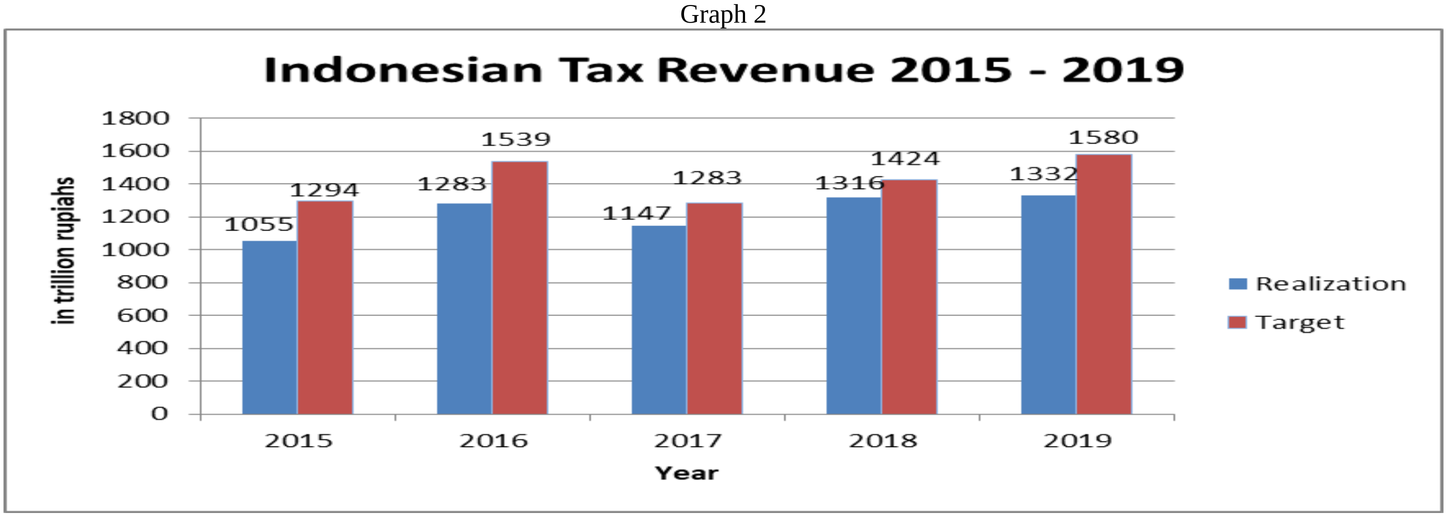
Projection of the Value of The Digital Economy in Southeast Asian Countries 2019 and 2025



Source : www.kompas.com

Based on Google's research, Temasek and Bain & Company, according to graph 2, it is predicted that the potential of the Indonesian digital economy in 2025 will be 133 billion dollars, which when exchanged with an average exchange rate of 1 US $ is 14 thousand rupiahs is 1.862 trillion rupiahs, so that it is clear that the potential for VAT on the digital economy can be calculated to reach 186.2 trillion rupiah, excluding the income tax aspect. This digital economy has not been taxed in Indonesia. This potential tax excavation should be made a breakthrough by DGT to obtain state revenue. For this reason, Indonesia is in dire need of readiness in a number of things including regulatory support, the readiness of the Tax Authorities, Taxpayers and other stakeholders to implement the OECD BEPS Action Plan 1 recommendations. The large number of multinational companies that avoid tax by utilizing the tax regulation loophole is one of the implications of the absence of tax policy on the digital economy. If it is calculated, in 2025 Indonesian digital economic transactions according to Google's research, Temasek and Bain & Company can generate tax potential in the form of Value Added Tax which is very large, which is approximately 186.2 trillion rupiahs (calculated according to VAT rates, which is 10 percent of the transaction value amounting to 1,862 trillion rupiahs) or has a portion of 11.78 percent of the 2019 tax revenue target last year which amounted to 1,580 trillion rupiahs. Based on the problem, the implications and the large portion of the potential portion of the tax on the digital economy encourages researchers to conduct in-depth research on DGT's readiness in taxation of the digital economy in accordance with international readiness and taxation theory combined with OECD BEPS Action Plan 1 recommendations.

Graph 2



Source : www.kemenkeu.go.id

II. RESEARCH ELABORATIONS

According to Tapscott (Tapscott, 1996), digital economy is a social phenomenon that affects economic systems, where the phenomenon has a characteristic as an intelligence space, consisting of information, some access to information instruments, information capacity and information processing. The components of a successful digital economy were initially identified as e-commerce activities, the digital distribution of goods and services and the information technology (ICT) industry. According to Zimmerman (Zimmerman, 2000), the digital economy is a concept that is often used to describe the global impact on the rapid development of information and communication technology that has an impact on socioeconomic conditions. Areas that are affected are the fields of product and service product development (research), production, sales or supply depending on the reach of digital technology. According to Bloch (Bloch et al., 2006), in the digital economy, their service companies are in accordance with certain services according to certain specific requests or special offers, offers have been characterized as private and individual or private offers that trade globally and cut intermediary chain.

The social phenomenon of the effects of the rapid development of information and communication technology (ICT) certainly affects changes in the pattern of individual and organizational business. An organization that tries to respond to changes or dynamics of the internal and external environment is often referred to as organizational readiness. The readiness in this study relates to how an organization (Indonesian Tax Authority) responds to changes. In the internal and external environment of the organization changes occur that lead to an organizational response, whether an organization can respond positively and be able to adapt well to changes that occur in that particular environment, or even even tend to respond to negative things and stay with the conditions in the organization. According to Lubis and Huseini (2009), various forms of changes in the environment that occur today are inevitable for organizations to become adaptable and move dynamically for the existence and sustainability of the organization. Vakola (2013) states that changes in an organization are considered as an integral part of an organization's life.

An organization that tries to respond to changes or dynamics of the internal and external environment is often referred to as organizational readiness. It is necessary to understand the understanding of readiness and organization as a separate entity, before understanding what organizational readiness is as a unitary entity. Understanding readiness in various organizational management literature has been conveyed by various experts including: 1) readiness is a cognitive initial indicator (cognitive precursor) of the form of resistance or support from efforts to change. Basically, readiness to change may act to precede resistance to change, increasing the potential for more effective change efforts. Readiness is described in terms of the beliefs, behavior, and intentions of the members of the organization. The essence of change readiness is the involvement of individuals' cognition among employees (Armenakis et al., 1993); 2) the concept of readiness is related to change. Readiness can be based on subjective feelings or perceived abilities. A statement in which an individual or organization is considered "ready or not ready" to perceive a form of readiness (Mrayyan, 2008); 3) the degree of readiness which means a dichotomy conceptualizes a readiness. Readiness is not only stated by the term "ready" or not "ready", but is measured by the level of readiness of individuals, teams, work units/departments, or organizations that can be observed from each level of the organization (Lokuge, 2018).

Readiness in this research related to how an organization responds to changes. Some experts have defined the organization as follows: 1) organization as a player in a rule of the game (institutional), can be in the form of individuals or groups involved in achieving certain goals. An organization is bound by the rules, values and norms that exist and can force individuals/groups (North, 1992); 2) Lubis and Huseini provide organizational understanding from Barnard and Davis, it is: "A social unity of groups of individuals (people) who interact with each other according to a structured pattern in a certain way so that each member of the organization has its own duties and functions, and as a unity certain objectives, and also have transparent boundaries, so that organizations can be separated clearly and firmly from their environment" (Lubis and Huseini, 2009).

The two definitions of readiness and organization above provide important points relating to organizational readiness, it is the presence of preventive efforts, effective change, the involvement of an individual/group, restrictions with certain rules/norms, and the achievement of common goals. To reinforce the understanding of organizational readiness, the following is presented an understanding of organizational readiness from several experts, they are: 1) organizational readiness is an existing trust in individuals (employees) stating that the organization can not only make a change by itself without involving employees in a change process which can be called successful (Cinite, 2009); 2) the classic definition conveyed by Weiner, et.al. that organizational readiness is basically an organization's ability to undergo soft (non-radical) transformation in responding to the hopes and needs of the internal and external environment (Narayanamurthy, 2018); 3) organizational readiness refers to existing mechanisms, then processes that can encourage or disrupt changes such as organizational structure, culture, climate, leadership commitment, and others. Hierarchy of organizational structure and forms of communication that are not flexible, can inhibit a change in the organization (Vakola, 2013).

Researchers provide an understanding of organizational readiness based on the explanation of the concept above is the ability of an organization to respond to various changes both in the internal and external environment, involving the role of individuals and groups, which aims to reduce resistance and to achieve the desired organizational changes in accordance with the values /rules in the organization. Then the readiness of the organization appears in the forms, ways, and processes of an organization in responding to a change.

There are 5 (five) elements in the formation of readiness systems in organizations, including messages, interpersonal and social dynamics, influential strategies, attributes of change agents, and judgments (Armenakis, 1993), they are: 1) messages, the main elements of readiness in change between members of the organization are "Message of change". There are 2 (two) messages, consisting of: a) the need to change (discrepancy), it is the difference between the desired goal and the current conditions, and b) the ability of individuals and/or groups to change (efficacy). The message discrepancy aspect communicates information about a constant need to change such as competition, changes in government policy; 2) interpersonal and social dynamics, change is an effort that requires beliefs from groups of individuals who interact to change beliefs, behaviors, and intentions based on aspects of message discrepancy and efficacy. Change agents must understand the differences of individual and group readiness and what factors influence individual and group interpretations of the message; 3) influential communication strategies, to influence individual cognition are appropriate for creating readiness for organizational change: persuasive communication (both oral and written) and active participation. The third strategy is managing external information sources; 4) the agent of change agents, the effectiveness of the change strategy depends on the agent of change with certain attributes, it is the factors of credibility, trust, friendliness, and expertise of change agents; 5) assessment, basically the assessment of the readiness of individuals, teams and organizations, will greatly depend on the availability of time, funds, expertise, and the importance of the assessment carried out. Readiness is assessed by methods such as surveys, interviews, questionnaires, or observations and according to the reliability and validity of the data.

On the other hand, the imposition of taxes on the digital economy will not be separated from the term of permanent business form (PE), the following concepts that make a digital transaction into a PE have been submitted by several experts, among which are as follows; a) the concept of a server as PE, some taxation experts argue that the server can be categorized as PE because it is a physical facility used to carry out sales transactions. Vink (1998: 67) asserts that PE arises if the company not only provides the machine but also operates and maintains the machine for their own account; b) the concept of Virtual PE, the concept of Virtual PE that was initiated by Hinnekens as quoted from Bohorquez (2016, 94) states that the physical presence in taxes for e-commerce will be more clearly seen in significant commercial activities on a continuous basis related to non-business activities to the existence of a place of business in the source country.

III. RESEARCH METHOD

This study is conducted using qualitative approach as this study will provide a comprehensive overview of the phenomenon discussed. The data collection technique used in this research is literature studies and field research through interviews with key informants namely people that are competent in understanding the issues discussed in this study. The informant group includes the following : officials of the Ministry of Finance which includes the Directorate General of Tax (DGT) and the Fiscal Policy Agency (FPA), Ministry of Economic Coordinators, Ministry of Trade, Central Statistics Agency (CSA), Ministry of Communication and Information, Bank Indonesia (BI) associated with the theme, tax consultants and practitioners, taxpayers and academicians.

IV. RESULT

A. OECD Recommendation

OECD provides several recommendations related to the digital economy. Important points of the recommendation were written by the OECD in the form of 2018 interim report whose contents are as follows: first, it elaborates on digitalization, business models, and their relationship to the process of value creation.

Second, in the 2018 OECD interim report, a summary was given of the development of the implementation of the BEPS package related to the digital economy. Some of the summary points include: (i) preventing the avoidance of Permanent Establishment (PE) status (Action 7), (ii) guaranteeing the application of value creation in transfer pricing (Action 8-10), (iii) strengthening the provisions of the CFC (Action 3), to (iv) progress in the Multilateral Instrument (MLI) (Action 15).

Third, regarding the imposition of cross-border digital economic business tax, which is classified in 4 (four) groups, they are: 1) efforts to modify PE threshold; 2) unilateral action with a mechanism withholding tax; 3) countries that impose a final tax (turnover tax); 4) countries that have a special taxation regime targeting large multinational companies. There are 3 (three) things that can be learned from various 'unilateral' policies, consisting of: (i) aiming to protect and expand the tax base where the customer or user is located; (ii) using elements related to the market as a tax base, for example: sales, places of consumption; and (iii) reflecting dissatisfaction with the profit allocation model of the current international tax system.

Fourth, members of the inclusive framework have diverse views in responding to the development of the digital economy, particularly regarding the need to change the international tax system and the extent to which these changes need to be made. This report states that there are still differences of opinion. There are groups of countries that speak out about the inconsistencies between the jurisdictions where profits are taxed and the jurisdictions where values (profits) are formed.

Fifth, there is no agreement between members of the inclusive framework regarding the benefits or the need for initial measures before the 2020 final report. A number of countries actually oppose the initial measures because they pose a risk to the prospect of consensus building. However, for countries which agree to the existence of measures that are temporary can carry out unilateral policies by taking into account the following considerations: 1) must be in accordance with international agreements; 2) must be temporary and must be changed based on global consensus, if it already exists; 3) must target precisely (targeted) and does not apply generally; 4) not giving excessive tax burden; 5) as much as possible does not affect the start-up business, the establishment of new businesses and small businesses; 6) does not add compliance costs and provide complexity.

Sixth, explore further the impact of digitalization on the tax system. For example, the presence of an online platform (apartment rental sites, online taxis, etc.) can actually encourage the growth of gig and sharing economies, which in turn will facilitate economic growth and increase income. Therefore, the government needs to ensure that there is an equal tax treatment and ensure there is no specific tax regime for the business model. In addition, the challenges of the digital economy can also be overcome through taxpayer education aimed at increasing compliance and the collaboration between authorities and online platforms in collecting transaction value data. From the administrative side, the existence of the digital economy can also create the effectiveness of compliance services, reduce compliance costs, and improve services to taxpayers.

Seventh, the proposal for a "unified approach" and "Globe", the inclusive framework publishes policy notes on handling the challenges of tax digitizing the economy. In this policy note, the inclusive framework recommends two pillars they are: 1) pillar one (proposal of unified approach), discusses the allocation of taxation rights between jurisdictions and explains proposals for new profit allocation and nexus rules based on the concept of "significant economyc presence" and exploitation of the user participation "and" intangable marketing "in jurisdictions; 2) pillar two (proposal of "GloBE") calls for the development of a coordinated set of rules to address the on going risk of structures that allow MNEs to transfer profits to jurisdictions where they are not subject to tax or very low taxes.

B. Indonesian Tax Authority Readiness

Indonesia as one of the G20 member countries will follow the OECD recommendations, especially in this research related to the digital economy. To carry out these recommendations requires readiness in terms of tax regulations and the HR side of the tax authority. Related to the digital economy, how is the ability of the Indonesian tax authorities in responding to various changes that occur both within the authority environment both internal and external. Regarding readiness both individually, groups and organizations, researchers use the readiness theory of Armenakis (Armenakis et.al., 1993), Armenakis states that there are 5 (five) elements in the formation of readiness systems in organizations, including messages, interpersonal and social dynamics, strategies influential, change agent attributes, and judgment.

The main mechanism for creating readiness for change among organizational members is the message for change. Then the researcher starts this analysis from the first element of readiness, message, the main element of readiness in change between organizational members is the "message of change". There are 2 (two) messages, they are: a) the need to change (discrepancy); and b) the ability of individuals and/or groups to change (efficacy). The Indonesian Tax Authority responds to this digital economic phenomenon by taking the following actions: 1) forming a Digital Economy Task Force. This Task Force involves several directorates within the DGT; 2) changing the PE definition through Multilateral Instrument (MLI). The Minister of Finance signed the MLI in February; 3) there has been support from the leadership, with the issuance of unilateral regulation in the form of Government Regulation in Lieu of Acts No. 1 of 2020 which later became Law No. 2 of 2020 which partially regulates the contents of the digital economy.

Regarding aspects of Value Added Tax, Indonesia follows the OECD recommendations in the 2018 interim report, fifth point, regarding the benefits or the need for initial/unilateral measures before the final report 2020. This action is allowed for countries that are pro to the existence of measures that are temporary, by meeting the following considerations: 1) according to international agreements; 2) are temporary; 3) targeting precisely (targeted); 4) not giving excessive tax burden; 5) has no impact on start-up businesses, new business establishment, and small businesses; 6) does not add compliance costs and is not complicated. Indonesia carries out these unilateral measures with Law Number 2 of 2020 which was later reduced to the Minister of Finance Regulation Number PMK-48/PMK.03/2020 concerning Procedures for Appointment of Collection, Collection and Deposit, as well as Reporting Value Added Tax on Utilization of Affected Goods Intangible Taxes and/or Taxable Services from Outside the Customs Area within the Customs Area through Trade through the Electronic System. Indonesia issued a unilateral regulation aimed at: 1) collecting state revenue; 2) creating a fair playing field; 3) preparing a pre global consensus policy.

In accordance with the Armenakis journal (Armenakis et.al., 1993), discrepancy is the belief that the necessary changes requiring the workings (mechanisms) of organizations are different from the desired end goal which emphasizes the importance of changes in external contextual factors in justifying the needs in organizational change. While aspects of efficacy affect the mindset, actions, and emotions of individuals and/or groups that are used to overcome differences of opinion related to change. The researcher analyzes that both of these are related to awareness factors of differences that can produce positive energy in building a spirit of change in this case tax regulation on the digital economy and the factor of confidence as efficacy can be seen as a perceived ability to overcome differences, differences here are related before they exist regulations and after regulations and conditions both institutionally and individually (employees). All tax authority employees are very confident and aware of the importance and urgency of the imposition of this digital economic tax. This awareness and belief must be disseminated to external parties both to taxpayers, tax consultants, taxation academics, business associations, ministries and related institutions.

The second element of readiness is the element of interpersonal and social dynamics. The efforts of the Indonesian tax authority readiness to involve and convince all employees who interact socially to change beliefs, attitudes, and intentions in accordance with differences in understanding and ability and aspects of the benefits of the message of change (Armenakis, et.al., 1993), agents of change in this case DGT employees must understand the difference between individual and group/organizational readiness, and what influences the group/organizational interpretation of the readiness message. With the issuance of regulations that can be easily understood by all parties, including taxpayers, DGT employees, and other relevant stakeholders, and followed by dissemination and dissemination on target, it is hoped that this regulation on digital economic taxation in Indonesia can later be implemented by all relevant parties properly. The stages that have been carried out include: 1) Indonesia has received assistance from the OECD, IBFD, ITO, trainning and Focus Group Discussion (FGD) on the digital economy. DGT and FPA have always been involved in several OECD working parties related to the digital economy; 2) not all DGT employees understand about this digital economy. This has only been understood by employees within the Directorate of International Taxation, some employees within the Large Taxpayer Regional Tax Office and the Special Jakarta Regional Tax Office.

In the near future, DGT will need to develop employee competencies, such as programmed and continuous training on international taxation especially digital economy, interpretation of tax treaty and transfer pricing. It is hoped that the DGT will immediately create a road map for the DGT employee competencies, how DGT has a strategy to improve employee competency in a good and sustainable manner. So that employees have good analytical skills and standards regarding international taxation.

The third element of readiness, the influence strategy, which includes active participation, persuasive communication and external information management. Conceptualizing the dynamics of tax authority readiness, how change agents could naturally intervene in the flow of social information processes that occur among authority employees to increase readiness for change. Two strategies offered by Bandura (1977) and Fishbein and Azjen (1975) in the Armenakis journal (Armenakis et.al.,1993) in influencing individual cognition are to create readiness in changing tax authority: persuasive communication (both oral and written) and active participation, The third strategy is the management of tax authority information sources to external parties. Actions that have been taken by the Indonesian tax authorities include: 1) DGT is always involved and expresses opinions in working parties and other task force meetings; 2) Luckily DGT got 1 (one) representative from OECD, it is Mr. Andrew Aurbach, who can help to communicate DGT with the OECD and inclusive framework; 3) On the other hand, DGT has coordinated within the Ministry of Finance with FPA and external Ministry of Finance institutions with the Ministry of Communication and Information, Ministry of Trade, Central Statistical Agency, Bank Indonesia and with other external stakeholders; 4) DGT needs to immediately prepare an information technology (IT) system related to digital economic taxation, DGT needs to immediately have data to validate corporate data both domestic and foreign; 5) in accordance with Government Regulation PP No. 80 of 2019 in which businesses are required to report their business regularly, then it is decided in a coordination meeting in the economic field that Central Statistical Agency (CSA) is given authority in the collection of digital economic data.

Regarding external information management, DGT coordinates with other agencies, in accordance with Presidential Regulation Number 74 of 2017 concerning the Road Map of the Electronic-Based National Trading System (Road Map of E-Commerce). Specifically, for the taxation program, the agency responsible for compliance with the presidential regulation is the Coordinating Ministry for the Economy, which acts as the coordinating agency. The members are the Ministry of Finance (in charge), the Ministry of Trade, the Ministry of Communication and Information, Bank Indonesia (BI) and the Central Statistics Agency (CSA). The implementation of Perpres Number 74 of 2017 is regulated further into Government Regulation PP Number 80 Year 2019. Then PP Number 80 of 2019 then has 2 (two) implementing rules, they are Minister of Trade Regulation Number 50 of 2020 and Head of CSA Regulation which still in the process of preparation.

The coordination of DGT with the Ministry of Communication and Information is related to the business registration system on the internet. In accordance with Law No. 19 of 2016 concerning information and electronic transactions (ITE), it is regulated regarding the electronic system, about who is organizing it and about the registration procedure of the electronic system organizer. The Ministry of Communication and Information receives registration of both public and private services. In this case there is coordination between ministries and institutions, for example fintech can obtain a business license if it has registered with the Ministry of Communication and Information. So, if they have not registered their business with the Ministry of Communication and Information, the Financial Services Authority will not issue the fintech operating license. Several other sectors have also required suppliers/users to register at the Ministry of Communication and Information. For over the top companies like Google, Yahoo should be the same as an electronic system organizer. So that the business actor (supplier/user) before registering the business with the guiding institution according to the relevant sector must register with the Ministry of Communication and Information. In addition, according to Regulation of the Minister of Trade No. 50 of 2020, a clause is stipulated that the marketplace must provide a link to One Single Submission (OSS), each business actor must register. Researchers assess both systems and procedures are very good to continue to prioritize the coordination system of ministries and institutions.

The most important coordination with DGT's external parties is with Central Statistical Agency, because this coordination is related to the e-commerce data recording system. Later the e-commerce business actor reporting system will be built and developed by Central Statistical Agency. The policy that was designed, related to the collection of this data is being conceptualized at Central Statistical Agency. In terms of infrastructure and human resources, Central Statistical Agency is ready to carry out this task. The concept brought beforehand separates the types of formal and informal businesses, formal businesses such as those using the marketplace and websites, while the informal ones are those who trade using social media. It is hoped that this informal business will soon be known. Regarding the reporting of business actors, formal businesses are required to report on a monthly basis, while for informal businesses are required to report annually. Reporting by the system/machine/FTP (File Transfer Protocol) is made of two reporting models, first, for the marketplace requested daily transactions, which are reported monthly. Second, non-marketplaces are asked for only monthly transaction data, which is reported annually. In addition, for the marketplace requested daily transaction data along with commodity details. There are two types of data that are requested from business actors, first, company data (profile) on an annual basis and second, daily transaction data that is reported monthly.

It should be noted that previously Bank Indonesia had collected data on the four largest marketplaces in Indonesia. In short, in the future raw data from the marketplace and business players will be directly accessible to DGT and Bank Indonesia. Specifically, the DGT requires marketplace data and business actors to add data on the population registration number, telephone number and Taxpayer Identification Number for which data can only be accessed by the DGT only. And any other party is not allowed to access the data, even though Central Statistical Agency is the developer of this system. In detail, the business actor will be encoded with the Identification Data (ID) only, may not include the name, the identity details are unknown. With this condition Central Statistical Agency did not violate Law 16 of 1997 concerning Statistics. Because it does not provide individual data. Central Statistical Agency is also designing systems for non-marketplaces, such as vertical classified: jobstreet, horizontal classified like Olx, Kaskus. This classification was carried out by Indonesian e-Commerce Association (IDEA). For Tokedia, Lazada, Bukalapak, shopee already has a non disclosure agreement (NDA) with Bank Indonesia. Whereas DGT has entered into agreements with 13 marketplace companies. Related to this system, it is targeted if this Central Statistical Agency Regulation global draft is completed in June 2020, then in July 2020 it will be finalized. The system will soon be developed. It is recommended that the concept of data transfer of business actors to Central Statistical Agency for the marketplace use FTP, while non-marketplaces use online input.

The fourth element of readiness is the agent of change. It is about the factors of credibility, trust, friendliness and expertise. The effectiveness of the influence strategy (the fourth element of readiness) depends on the change agent that uses it. Attributes, such as the credibility, trust, friendliness, and expertise of change agents are obtained from what people know about the agent and/or the general reputation of the agent (Armenakis et.al., 1993). Clearly, messages that create readiness will have more influence if change agents produce messages that have a good reputation about the digital economy. Conversely, when these attributes are not liked, the ability of change agents to create readiness for change will be hampered.

For this reason, related to the elements of the agents of change, DGT and FPA continue to strive to achieve these four attributes such as credibility, trust, friendliness and expertise, both domestically and internationally. DGT and FPA always strive to improve the ability of employees. Meanwhile, the preparedness of the DGT is not only about digital economy taxation. The issue of credibility, trust, friendliness and expertise is about the big picture of the institution. Talking about OECD BEPS Action Plan 1 recommendations is indeed more inclined to the digital giant. If only employees in special units who understand and master the digital economy are considered to be no problem, but in the future, it is expected to also look at the wider DGT employee coverage. Trust regarding the balance of rights with obligations, then friendliness, friendliness and responsiveness must be put forward especially for complaints or questions of taxpayers.

Regarding the expertise of change agents, it is demanded that the will and ability to learn continuously, learning teams need to be formed at each level of leadership in the context of synergy and innovation methods of socialization according to the times. And about this expertise received input and complaints from external tax authorities who complained about the unevenness and lack of knowledge and ability of some tax authority employees, especially regarding international taxation, namely the digital economy, interpretation of tax treaty and transfer pricing. This is related to the Indonesian tax authority which does not yet have a program to carry out continuous personal development improvement. It is proposed that a road map be made to improve employee competency as a whole, in a continuous and programmed manner which is certainly synergized with programs from related agencies such as the Financial Education and Training Agency and FPA.

The final element of readiness, the fifth is readiness assessment. It is related to the aspects of expertise, funding, time and assessment. To guide efforts to build readiness is very useful for assessing organizational readiness. An assessment of perceived difference and target efficacy will be carried out in measuring the state of readiness. This provides evidence that readiness can be assessed through a Research methodology survey. The methodological assessment can include the use of questionnaires, interviews, and observation methods. Whatever method is used in sensing readiness, change agents must respect the importance of the reliability and validity issues (Armenakis, et.al., 1993).

Researchers conducted interviews with relevant and competent informants in the field of digital economy to assess the readiness of the tax authority according to the fifth element of readiness. The informants convey the following matters: 1) preparation of the organization in accordance with Law Number 2 of 2020, has been carried out by the DGT to immediately form a Digital Economy Task Force. Cooperation between directorates within the DGT and between the DGT and FPA within the Ministry of Finance has also been quite effective and quite good, the readiness of each individual tax authorities, DGT team and organization to be able to formulate taxation on the digital economy has also been done well; 2) assessed in terms of expertise, please note that DGT has sent many employees to study international tax and digital economy. Then in terms of funding, this is a challenge, it needs good IT (information technology) capabilities, it needs a lot of investment, this IT was developed not only for digital economy, but for all administrative purposes this DGT has led to digitalization. So that taxpayers do not need to report physically anymore. Related to this element of readiness assessment in terms of resources, DGT is able, staying political will or commitment from the leadership, because this is also very important; 3) it needs to be long-term to deal with this digital economic phenomenon, and a model or roadmap for employee competency development is needed. This is related to the training material to be delivered related to digital economy, who will be the instructor and who will be the participant. Then the trainning model through the trainning of trainer (TOT) mechanism, whose targets are employees at the Large Taxpayer Regional Tax Office and the Special Jakarta Regional Tax Office may be applicable.

V. CONCLUSION

The Indonesian Tax Authority in general can be said to be ready in taxing the digital economy, although there are some things that still need to be improved and refined. Some things that can be categorized as ready include: 1) The Minister of Finance has signed a Multilateral Instrument (MLI) related to changes in defining PE and the Ministry of Finance has always been involved in several OECD working parties related to the digital economy; 2) great support from the country's leadership by issuing a unilateral regulation, Law No. 2 of 2020 concerning the imposition of taxes on the digital economy; 3) DGT and FPA have received assistance and training from international institutions such as OECD and IBFD; 4) DGT has coordinated and continues to establish data exchange cooperation with Ministries, Institutions and other parties related to digital economy.

It is recommended to the tax authority to immediately determine the taxation instrument in terms of a tax policy scheme that is appropriate and easy. And this must be immediately followed by rapid and appropriate dissemination and trainning. Equally important, a roadmap for developing employee competency development that is programmable and beneficial for the DGT and FPA should be immediately made, especially in the field of international taxation which includes transfer pricing, interpretation of tax treaty and digital economy. And in a broader scope to put forward the involvement of all taxation stakeholders in each preparation of tax regulations.

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