

Analysis on the vat-only registration of non-resident traders in relation to supply chain activities

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Abstrak

This paper analyses the possibility of implementing a VAT-non-PE (hereinafter referred as ?VAT-only?) registration under the prevailing Indonesian Tax Laws to accomodate changes in the global business models. The research methodology used is a literature research, particularly those detailing VAT practices in ASEAN countries in dealing nonresident entities to apply for a VAT-only registration under certain circumstances. In-depth interview with capable fiscal scholars and tax practitioners were also carried out aimed at providing suggestions on how VAT-only registration for nonresident traders could be implemented so as to enhance a favorable climate for supply chain activities in Indonesia. In addition, a secondary data collection is also conducted to support the suggestions of introducing a VAT-only registration in this jurisdiction in respect of nonresidents due to the following reasons: (i) it technically does not breach the prevailing tax law; and (ii) it may encourage more supply chain activities by nonresidents in Indonesia in order to further developing the national economy.