LEGAL BRIEF
ISSN 2722-4643 (Online) | 1979-522X (Print)
Volume 12, No.6, 2024, pp. 502-512
Published by: IHSA Institute (Institut Hukum Sumberdaya Alam)

Balancing Taxation in the Indonesian P2P Lending Landscape: Ensuring Fair and Equitable Treatment

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Abstract: This research aims to evaluate and compare the legal framework and tax policies of peer-to-peer lending (P2P lending) in various countries, using a normative juridical research approach. This research explores the tax implications and regulatory treatment of financial technology, particularly P2P lending platforms. The normative juridical research method focuses on the study of legal norms, principles, and doctrines. The results of this study show that there are significant similarities and differences in the VAT tax policies on P2P lending services in countries such as the European Union, Australia, Canada, and New Zealand. Each country recognises contributions under the P2P lending model as the provision of credit, which is generally exempt from VAT. However, there are differences in the treatment of the credit itself, eligibility for input tax credits, and the application of the principle of fiscal neutrality. From an Indonesian perspective, it is important to adapt tax regulations to digital innovations in the financial sector, considering the unique characteristics of technology-based financial services such as P2P lending. This policy should be able to address the complexity of services provided by P2P lending platforms and ensure fair and equitable tax treatment.

Keywords: P2P lending ; Value Added Tax; Taxation

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Received: Nov 27, 2023;
Revised: Dec 30, 2023;
Accepted: Jan 26, 2024;
Published: Feb 26, 2024

1. Introduction

Peer-to-peer lending, also referred to as P2P lending or lending platforms, is a modern form of online borrowing that connects potential borrowers with investors through the use of digital technology and communication (Basha et al., 2021; Ofir & Sadeh, 2019; Talahaturusun & Kohardinata, 2024). Many other platforms have emerged around the world since the introduction of Zopa, the first P2P lending platform, in the UK in 2005 (Patwardhan, 2018). The P2P lending market on a global scale was worth $26 billion in 2015 and predicted to achieve a remarkable $460 billion by 2022, with an imposing compound annual growth rate of 51.5% (Patwardhan, 2018). This rapid expansion can be attributed to the increasing adoption of digital technologies and the demand for alternative financing options. P2P lending platforms offer a unique opportunity for borrowers and investors, providing more accessible and efficient financial services (Lenz, 2016; Omarini, 2018). By removing traditional intermediaries such as banks, these platforms can reduce costs and streamline the borrowing process (Cai, 2018; Saiedi et al., 2022; Teplý et al., 2021). Borrowers benefit from competitive interest rates, while investors can diversify their portfolios and earn higher returns.

Asia, particularly Southeast Asia, is an emerging market for online lending owing to four primary factors: a substantial and young population, high usage of the internet and smartphones, an increasingly expanding consumer market, and a noticeable unbanked population (Tritto et al., 2020). This unique combination of factors creates favorable conditions for the growth of online lending platforms, as traditional banking services often need to be made more understandable and appropriate for many individuals. The large, tech-savvy population and increasing penetration of smartphones are facilitating the

adoption of digital financial services in the region (Kandpal & Mehrotra, 2019; Yang, 2019). In addition, the burgeoning consumer market underscores the need for alternative financing options to support economic growth and financial inclusion. With a significant percentage of the population lacking access to traditional banking services, online lending platforms can bridge the gap by offering innovative, convenient, low-cost financial solutions (Beck & De la Torre, 2006; Pazarbasioglu et al., 2020; Zalan & Toufaily, 2017). These platforms are well-positioned to meet the diverse needs of both borrowers and investors, creating a more inclusive and efficient financial ecosystem. As the online lending industry continues to thrive in Southeast Asia, policymakers and stakeholders must ensure a robust regulatory framework that balances the need to foster innovation while protecting the interests of consumers and maintaining financial stability in the region.

Indonesia has emerged as a prime market for the growth of P2P lending. As of March 9, 2023, the Financial Services Authority of the Republic of Indonesia (OJK) had granted licenses to 102 P2P lending fintech companies. According to OJK, the total amount of online loans disbursed in December 2022 reached IDR 19.52 trillion. This figure represents a 43.52% year-on-year (YoY) increase when compared to IDR 13.6 trillion in December 2021. In December 2022, loans were disbursed to 13.71 million borrowers, marking a slight 0.07% decrease month-on-month (MoM) from the previous month. A majority of these borrowers, approximately 10.86 million or 79.21% of the national total, were from the Java region. Out of the disbursed loans, IDR 8.2 trillion, or 42.04%, were allocated to the productive sector. Among this amount, IDR 2.81 trillion was channeled to the wholesale and retail trade sectors. Agricultural, forestry, and fisheries sectors received IDR 228.16 billion in loans, while the manufacturing industry obtained IDR 57.61 billion. Additionally, IDR 1.34 trillion was granted to the accommodation and food services sectors. The number of lender accounts reached 10.43 million, with funds provided totaling IDR 19.67 trillion. During this period, collaborations in loan disbursement by institutional lenders, or "super lenders," were contributed by 690 conventional financial institutions, amounting to IDR 3.92 trillion (Otoritas Jasa Keuangan, 2023).

The development and growth of P2P lending requires a strong regulatory framework, including fair and equitable tax rules. Sufficient support from legislation and policies that encourage innovation while addressing the concerns of all stakeholders is essential for the industry. A critical aspect of this support is the establishment of tax regulations that treat P2P lending platforms fairly and on an equal footing with traditional financial institutions. In 2022, Indonesia introduced a specific tax regulation for P2P lending, an important step towards providing a clear legal foundation for the burgeoning industry. The regulation, known as Minister of Finance Regulation No. 69 of 2022, concerns income tax and value-added tax on the provision of financial technology. This legislation aims to clarify the tax obligations of P2P lending platforms and ensure that they are treated fairly compared to other financial service providers. By implementing such regulations, the government can create a stable and transparent environment conducive to the growth of the P2P lending sector. Moreover, this approach can help minimise potential risks associated with the industry, such as tax evasion or fraud, while promoting financial inclusion and economic development.

This research is urgent given the rapid growth of financial technology, particularly peer-to-peer lending (P2P lending), which has transformed the global and Indonesian financial landscape. The emergence of P2P lending platforms presents new challenges in tax regulation, which require a comprehensive understanding of the relevant legal framework and tax policies. Indonesia, as a burgeoning market for P2P lending, must adapt its tax regulations to keep pace with digital innovations in the financial sector. This research demonstrates the importance of adjusting tax regulations to suit the distinctive

features of technology-based financial services, such as P2P lending, and treating them equitably and consistently. Previous research in the area of taxation and regulation of peer-to-peer lending (P2P lending) in the financial sector has provided a strong foundation, but significant knowledge gaps remain. The main focus of previous research, such as those conducted by Stanley & Kohardinata (2023), Kartiko & Rachmi (2021), and Talahaturusun & Kohardinata (2024), is limited to the impact of tax implementation on P2P fintech lending and tax planning strategies. However, there is no research that deeply explores the status of P2P lending in the context of the Value Added Tax (VAT) Law and how these services are treated in different tax systems across jurisdictions.

This research aims to fill the gap by evaluating and comparing the legal framework and tax policies of P2P lending in different countries. This is important to understand how these services are treated in the international tax context and to identify best practices that can be benchmarked for tax policy development in Indonesia. As such, this research can contribute to the development of a more consistent and fair tax policy for P2P lending platforms, supporting regulatory certainty and fairness in the financial services industry. This research is expected to provide the necessary insights to ensure that P2P lending platforms are treated equally and fairly in the tax system, supporting innovation while safeguarding consumer interests and financial stability. From a theoretical perspective, this research is expected to make a significant contribution to the tax law literature, particularly in the context of fintech services. The comparison of legal frameworks and tax policies of P2P lending in various countries will enrich academic understanding of the tax treatment of emerging digital financial services. The identified best practices can serve as a reference for tax policy development in Indonesia. The research results are expected to have a significant impact on the establishment of a more effective and fair tax policy for P2P lending platforms in Indonesia. Adapting tax regulations to the needs of the fintech industry will support economic growth and financial inclusion while maintaining financial sector stability. This research will guide policymakers and regulators in addressing the challenges that arise from the interaction between digital innovation and the traditional tax system.

2. Materials and Methods

This research utilises a normative juridical research approach to explore the implications of taxation and regulatory treatment of financial technology, specifically focusing on P2P lending platforms. Normative legal research is an approach that focuses on the study of legal norms, principles, and doctrines (Budianto, 2020). It examines legal provisions, regulations, and court decisions to determine their implications, coherence, and effectiveness in addressing specific legal issues (Negara, 2023). In the proposed research, normative legal research can examine the tax laws and regulations applicable to P2P lending platforms and assess their adequacy and fairness based on established legal principles and international best practices. This approach will enable researchers to analyse the legal and regulatory framework governing these platforms, as well as to explore the perspectives and experiences of relevant stakeholders, which will ultimately contribute to the development of more effective and fair taxation policies in the field of financial technology.

3. Results and Discussion

3.1. P2P Lending Regulation in Indonesia

Bank Indonesia Regulation No. 19/12/PBI/2017, which is known as PBI No. 19/12/PBI/2017, functions as Bank Indonesia's policy response to ensure that the swift growth of financial technology is consistent with other Bank Indonesia policies, like the regulation of payment transaction processing and the National Payment Gateway. This

regulation is important in maintaining synchronisation within the Indonesian financial system. The regulation seeks to uphold monetary and financial stability by ensuring an efficient, safe and dependable payment system, whilst fostering innovation within the financial sector. Additionally, the regulation aims to safeguard consumers, manage risk, and promote prudent practices. The application of financial technology is divided into five different areas, as set out in Article 2(1) of PBI No. 19/12/PBI/2017: "payment systems, market support, investment management and risk management, credit, financing and capital provision, and other financial services." Financial technology, as per this ordinance, must satisfy specific requirements, including: "a) being innovative, b) having the potential to affect current financial products, services, technologies, and/or business models, c) offering benefits to society, d) featuring extended applicability, and e) meeting any other criterion set by Bank Indonesia."

The Indonesian Financial Services Authority (OJK) issued "Regulation No. 77/POJK.01/2016 concerning Information Technology-Based Lending Services (POJK 77/POJK.01/2016)" as a means of further regulating financial services activities that rely on information technology. This regulation was introduced to address concerns that information technology-based business activities could potentially result in losses for users. According to Article 1(3) of POJK 77/POJK.01/2016, Information Technology-Based Lending Services are defined as "the provision of financial services that facilitate the connection between lenders and borrowers for the purpose of entering into loan agreements in the Indonesian Rupiah currency, conducted directly through electronic systems using internet networks." This regulation aims to establish a comprehensive framework for governing such services, ensuring that both borrowers and lenders are adequately protected and that the financial sector remains stable and secure. Borrowers participating in information technology-based lending services must be citizens and residents of the Republic of Indonesia. This requirement ensures that borrowers are subject to Indonesian laws and regulations and facilitates the enforcement of any con-tractual obligations arising from their participation in these services. On the other hand, lenders can be either domestic or international. This provision reflects the global nature of financial technology and the potential for cross-border transactions. By allowing lenders inside and outside Indonesia to participate in information technology-based lending services, the regulation promotes the growth and development of the financial technology sector while maintaining a robust regulatory framework to protect all par-ties involved.

The regulation governing the taxation of P2P lending in Indonesia is "the Ministry of Finance Regulation No. 69/PMK.03/2022 on Income Tax and Value Added Tax on Financial Technology Implementation (PMK No. 69/PMK.03/2022)." This regulation sets out the country's taxation guidelines and principles for P2P lending. Article 2 of PMK No. 69/PMK.03/2022 identifies three parties involved in P2P lending: lenders, borrowers, and P2P lending platform operators. Lenders receive income through loan interest paid by borrowers through the P2P lending platform. This interest income can take any form or name or be a return based on Sharia principles. Interestingly, the interest received by P2P lending platform operators from borrowers is not considered income for the oper-ators. This provision recognizes the role of platform operators as intermediaries rather than direct participants in the lending process. Similarly, the interest paid by P2P lending platform operators to lenders is not treated as an expense. It cannot be deducted from the platform's gross income when determining its taxable income.

According to Article 6(1) of PMK No. 69/PMK.03/2022, VAT is levied on entrepre-neurs' provision of financial technology services. These services include various services such as a) payment services, b) investment transaction settlement, c) capital raising, d) lending and borrowing services, e) investment management, f) online insurance prod-ucts, g) market support services, and h) digital financial support services and other

fi-nancial service activities. P2P lending, based on PMK No. 69/PMK.03/2022, is a form of lending and borrowing service that uses technology to connect lenders and borrowers directly. In this context, P2P lending allows lenders to lend funds to borrowers without the intermediation of traditional financial institutions. This P2P lending system allows individuals or businesses to access credit more easily and quickly while allowing lend-ers to earn higher returns than keeping funds in banks. Based on the provisions of Ar-ticles 14 and 15 of PMK No. 69/PMK.03/2022, the services provided by P2P lending platforms consist of services subject to VAT and services exempt from VAT. VAT is applied to peer-to-peer lending services under Article 14(1). On the other hand, the financial ser-vices described in Article 15(1) are exempt from VAT.

3.2. VAT Aspects of Peer-to-peer lending

Individuals are subject to value-added tax (VAT) on the ultimate consumption of products and services. The value-added tax system is intended not to affect the production of products and services. In contrast to a sales tax, VAT is collected at each production stage, with the tax paid on inputs deducted from the total amount (Sukardji, 2015). However, the VAT collection at every production stage serves primarily as a control mechanism and is not an essential element of the VAT system (Van Doesum & Van Kesteren, 2016). Like other consumption taxes, VAT generates government revenue in the country where consumption occurs (Sukardji, 2015). The tax is intended to transfer the tax burden from producers to final consumers along the supply chain. The VAT system reduces tax evasion and guarantees a more equitable distribution of the tax burden by imposing the tax at each production stage. Moreover, it avoids the issue of cascading taxes, which occurs when a tax is imposed on a commodity at multiple phases of production, resulting in a more significant overall tax burden on the final product (Van Doesum & Van Kesteren, 2016). With VAT, only the value added at each stage is taxed, prohibiting double taxation (Schenk et al., 2015). Noting that the neutrality of the VAT system does not imply that it has no economic effects is essential. As with any tax, the value-added tax (VAT) may influence consumer behavior, particularly regarding the demand for products and services. Nonetheless, the objective of the VAT system is to minimize economic activity distortions and guarantee a level playing field for all producers and consumers.

In the context of Value Added Tax (VAT) treatment of P2P lending in Indonesia, there are mixed views from researchers. Research conducted by Kartiko & Rachmi (2021) revealed that fintech, including P2P lending, is not included in the category of Financial Services that are exempt from the imposition of VAT. They argue that the main function of P2P lending is as a platform that brings together borrowers and lenders. In this case, P2P lending only acts as a facilitator that brings the two parties together, not as a substantial financial service provider. Therefore, they concluded that P2P lending services should not be included in the types of services that are not subject to VAT. This approach portrays P2P lending more as an intermediary rather than a direct financial service provider. This is different from the traditional perception of financial institutions, which are generally directly involved in the credit and investment process.

KPMG (2022) report highlights that fintech sits at the intersection of two VAT regimes, combining elements of traditional financial services with digital innovation. The sector comprises online payment processing, online banking, online lending, e-wallets, stock trading applications, crowdfunding, and diverse types of crypto-assets. Applying VAT to this industry poses singular challenges. Traditionally, financial services have been exempt from VAT in most jurisdictions due to socio-economic reasoning and the challenge of calculating the added value to fee-free financial services. Nevertheless, the emergence of fintech companies that amalgamate digital and financial services has

created ambiguity, with policymakers seeking clarity on whether fintech services should be considered taxable digital services or qualify for VAT exemption. For instance, in numerous established VAT regions, the majority of payment processing services do not meet the criteria to qualify as VAT-exempt financial services because they have to adhere to a precise definition of the exemption. In one of its working papers, the VAT Committee came to the same conclusion despite the wider VAT exemption for financial services in the European Union with regard to specific payment processing transactions.

The VAT taxation policies of fintech lending show interesting variations among the European Union, Australia, Canada, and New Zealand. In the EU, contributions to crowdfunding campaigns organized as model loans can be considered as the provision of credit, where interest earned on such credit is exempt from VAT under Article 135(1)(b) of the VAT Directive (van Brederode & Krever, 2017). However, it is important to determine whether the creditor is a tax subject making a supply that is subject to tax. This emphasizes that while the provision of credit may be considered a continuing economic activity, the tax-subject status of the creditor will depend on its level of involvement in P2P lending activities. In Australia, the approach to P2P lending in the context of the Goods and Services Tax (GST) is different. Backers in the P2P lending model provide loans to crowdfunding entrepreneurs with an agreement to pay interest, where this transaction is considered a supply subject to input tax. However, no GST liability arises from this transaction, and the backer is not entitled to an input tax credit. Uncertainty still exists regarding the eligibility of a reduced input tax credit for crowdfunding entrepreneurs, which suggests that there is still room for interpretation in the application of GST to the P2P lending model (Pfeiffer, 2017).

From a Canadian perspective, contributions in a P2P lending model are regarded as providing credit, and any interest earned is free from GST. The act of lending is considered by Canada as the provision of finance without charge, encompassing loan making or credit extension. This exemption applies without differentiation to any lender, regardless of whether they are a financial institution or not, indicating a broad-minded attitude to P2P lending model taxation. In New Zealand, contributions in P2P lending models are regarded as provision of credit and are generally exempt from GST. The provision of credit is classified under the definition of financial services, and this exemption is applied based on the nature of the provision, rather than the type of provider. Additionally, there exist exemptions within the business-to-business financial services scheme, where the supply of financial services can be zero-rated. This implies a more adaptable stance towards the taxation of financial services in peer-to-peer (P2P) lending. This study indicates that, while there are shared principles in the tax laws for P2P lending, there are noteworthy variations in approach and implementation across nations (Pfeiffer, 2017).

An analysis of the VAT taxation policies of P2P lending in the European Union, Australia, Canada, and New Zealand reveals a number of significant similarities and differences. Visible similarities include the recognition of contributions in the P2P lending model as the provision of credit, the tendency to exclude interest earned from VAT, and the focus on the nature of the provision rather than the identity of the provider. However, there are clear differences in how each country handles certain aspects of these transactions, including the treatment of the provision of credit itself, eligibility for input tax credits, and the application of the principle of fiscal neutrality. According to the EU, contributions to a crowdfund campaign organised as a lending model constitute the granting of loans, with the interest received being exempt from VAT under Article 135(1)(b) of the VAT Directive. The EU places emphasis on economic activity as the foundation for determining tax status of P2P lending model creditors, who may be considered tax subjects if continuously involved in P2P lending. However, the legal

status of the lender is immaterial for VAT purposes, meaning the exemption is not exclusive to banks or other financial institutions. The EU's approach also upholds the principle of fiscal neutrality, necessitating similar transactions be treated uniformly from a VAT standpoint. Comparing VAT taxation policies on P2P lending models between different countries has uncovered both similarities and differences in their approaches. Below are five similarities and five differences from the perspectives of the EU, Australia, Canada, and New Zealand (can be seen in Table.

Table 1. Policy Similarities dan Differences

Policy Similarities	Policy Differences
1. Recognition of Loans as VAT-Free Transactions: All countries recognise that contributions under the crowdfunding lending model can qualify as extensions of credit, which are generally exempt from VAT.	1. Definition of Credit: While all countries recognise contributions in crowdfunding as credits, there are differences in the meaning and definition of credits that are specific to each jurisdiction.
2. Focus on the Nature of the Transaction: In every country, the VAT exemption is based on the nature of the transaction (the provision of credit), not the identity of the lender. This shows that the exemption is broadly applied and not limited to financial institutions.	2. Imposition of Input Tax: In Australia, credits provided are considered a supply subject to input tax, in contrast to the European Union, Canada, and New Zealand, where there is more emphasis on VAT exemptions.
3. Taxation of Interest Income: Interest earned from lending, while an income, is generally exempt from VAT, emphasising the more favourable tax treatment for the lending model.	3. Eligibility for Input Tax Credits: In Australia, there is confusion about eligibility for input tax credits in relation to input taxable financial supplies, in contrast to clarity in other countries.
4. Lending as an Economic Activity: In the EU context, lending is considered an economic activity that can generate sustainable income, similar to the perspective in other countries.	4. Specific Regulations for Business-to-Business Services: New Zealand has a specialised system for business-to-business financial services that can be zero-rated, in contrast to other countries that do not have specific distinctions for such transactions.
5. Neutral Treatment of Lenders: There is no discrimination in taxation based on who the lender is, whether it is an individual or a financial institution. This demonstrates the principle of fiscal neutrality in VAT regulations.	5. Approach to Interest-Free Services: There are differences in the way countries address services provided without interest. Some countries may consider this an economic activity worthy of VAT, while others may not.

3.3. Policy Recommendations for Indonesia

The regulation of Value Added Tax (VAT) on peer-to-peer lending (P2P lending) services in Indonesia, as stipulated in Minister of Finance Regulation No. 69/PMK.03/2022, marks a significant step in formulating tax policy for financial technology services. This regulation recognises that P2P lending platform operators act as intermediaries between lenders and loan recipients, not as direct participants in the lending process. Interestingly, the interest income that platform operators receive from borrowers is not considered as income for the operators. This underlines their role as intermediaries and not direct financial service providers. On the other hand, P2P lending in Indonesia is considered a form of lending service that uses technology to directly connect lenders and borrowers without the intermediation of traditional financial institutions. The services provided by P2P lending platforms consist of services that are subject to VAT and those that are exempt from VAT, in accordance with Articles 14 and 15

of PMK No. 69/PMK.03/2022. Certain P2P lending services, as per Article 14(1), are subject to VAT, while certain financial services described in Article 15(1) are exempt from VAT.

The analysis of VAT taxation policies on P2P lending services in various countries such as the European Union, Australia, Canada, and New Zealand shows significant similarities and differences. In general, each country recognises contributions under the P2P lending model as the provision of credit, which is generally exempt from VAT. The focus on the nature of the transaction, rather than the identity of the lender, suggests that this exemption is broadly applied and not limited to financial institutions. From an EU perspective, contributions to a crowd funding campaign organised as a lending model are considered to be the provision of credit, and the interest earned is exempt from VAT in accordance with Article 135(1)(b) of the VAT Directive. However, there are differences in the treatment of the credit itself, eligibility for input tax credits, and the application of the principle of fiscal neutrality between countries. In the Indonesian context, this policy reflects an effort to adapt tax regulations to digital innovations in the financial sector, emphasising the role of P2P lending platforms as intermediaries rather than direct financial service providers. This is important to ensure fair and consistent tax treatment, while taking into account the unique characteristics of technology-based financial services such as P2P lending.

In the context of VAT regulation for P2P lending in Indonesia, there is a need to adapt tax policy to the rapidly growing development of fintech services. P2P lending platforms should be clearly defined in the context of financial services subject to VAT, given that they provide more than just loan facilitation, including market support services and digital financial support services. Furthermore, policies should take into account the view that P2P lenders are not only intermediaries, but also providers of sustainable economic services. This approach follows the practice in the European Union, Australia, Canada, and New Zealand, where P2P lending is considered as credit provision and is generally exempted from VAT. In Indonesia, a similar approach could be applied to ensure fair and consistent tax treatment of P2P lending services, focusing on the nature of the transaction rather than the identity of the service provider.

Policies should also recognise the principle of fiscal neutrality, treating similar transactions in the same way from a VAT perspective. This includes recognising that interest income from loans, while an income, is generally exempt from VAT, emphasising the more favourable tax treatment for this loan model. In addition, policies should guarantee no discrimination in taxation based on who the lender is, be it an individual or a financial institution, to demonstrate the principle of fiscal neutrality in VAT regulation. Ultimately, these policy recommendations aim to integrate P2P lending services in Indonesia's tax framework in a way that reflects their unique role and function in the financial sector, while maintaining a balance between the country's revenue needs and support for innovation in the fintech sector

4. Conclusions

This research examines the tax and regulatory arrangements of P2P lending in the financial sector, with a focus on the status of P2P lending in the context of the Value Added Tax (VAT) Law that addresses financial services exemptions. The analysis of VAT taxation policies on P2P lending services in various countries such as the European Union, Australia, Canada, and New Zealand shows significant similarities and differences. Each country recognises contributions under the P2P lending model as the provision of credit, which is generally exempt from VAT. However, there are differences in the treatment of the credit itself, eligibility for input tax credits, and the application of the principle of fiscal neutrality. From an Indonesian perspective, it is important to adapt tax regulations

to digital innovations in the financial sector, taking into account the unique characteristics of technology-based financial services such as P2P lending. This policy should be able to address the complexity of services provided by P2P lending platforms and ensure fair and consistent tax treatment.

This research provides a significant scholarly contribution to the development of tax policies related to peer-to-peer lending (P2P lending) services in Indonesia. By analysing Minister of Finance Regulation No. 69/PMK.03/2022, this research reveals how the regulation positions P2P lending platform operators as intermediaries rather than direct financial service providers.Through a comprehensive comparison of the legal framework and tax policies related to P2P lending in various countries, such as the European Union, Australia, Canada, and New Zealand, this research establishes a clear understanding of how these services are treated in the international tax context. As P2P lending is a global phenomenon, it is essential to take a comprehensive approach to its regulation. The research clearly shows that credit treatment, eligibility of input tax credits, and the application of the principle of fiscal neutrality vary across countries. These findings are especially relevant for Indonesia, which is currently in the process of adapting its tax regulations to digital innovations in the financial sector. The research provides an in-depth analysis of the VAT policy on P2P lending services, identifying best practices that can be used as a reference in the development of tax policy in Indonesia. The study offers guidance for policymakers to design fair and consistent regulations, taking into account the unique characteristics of technology-based financial services such as P2P lending.

The study's results are significant for shaping tax policies that promote innovation while maintaining fiscal fairness and balance. This is crucial for fostering economic growth and financial inclusion, particularly in developing countries such as Indonesia. The research also aids policymakers in comprehending the intricacy of services offered by P2P lending platforms and the most effective way to tax them. These findings serve as a strong foundation for more suitable and efficient policymaking, promoting the stability and sustainability of Indonesia's financial sector. However, this study has limitations in terms of scope and depth of analysis. Limited to a few selected countries, this research may not fully represent the diversity of fintech tax practices globally. In addition, it has not fully explored the impact of tax regulations on the dynamics of the P2P lending market, both from the lender and borrower sides. As a suggestion for future research, it is recommended to expand the geographical coverage, including developing countries to provide a more comprehensive picture of global fintech tax practices. It is also important to examine the impact of tax policy on the behaviour of P2P lending market participants as well as broader macroeconomic implications, such as fintech sector growth and financial stability. In-depth research on the linkages between tax regulation and innovation in the fintech sector would be useful to support policymaking that strikes a balance between economic growth and fiscal justice.

Author Contributions: Conceptualization, A.W. and N.D.K.; methodology, A.W.; software, N.D.K.; validation, A.W. and N.D.K..; formal analysis, A.W.; investigation, A.W.; resources, A.W. and N.D.K.; data curation, A.W. and N.D.K.; writing—original draft preparation, A.W.; writing—review and editing, A.W. and N.D.K.; visualization, N.D.K.; supervision, A.W.; project administration, A.W.; funding acquisition, A.W. All authors have read and agreed to the published version of the manuscript.

Funding: This research received no external funding.

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