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Research.

The Impact of the Designation of Coal as a Taxable Good (BKP) on VAT Treatment and Revenue Recognition: A Case Study at PT BNM

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Abstract. *This study examines the impact of designating coal as a taxable good (BKP) on Value Added Tax (VAT) treatment and revenue recognition through a case study of PT BNM. Regulatory changes under the Job Creation Law have created differences in interpretation between tax authorities and companies, particularly regarding the timing of VAT liability in FOB Destination transactions. The study aims to analyze the relevant point of goods delivery according to tax regulations and PSAK 115, and to evaluate whether VAT imposition affects the volume of national coal sales. A qualitative case study approach was employed to trace PT BNM's accounting and taxation practices based on interviews, observations, and documentation. The results indicate that revenue recognition and VAT collection should occur when the Delivery Note (BAST) is issued. Furthermore, data from 2016 to 2023 show that coal sales volumes continue to rise, suggesting that VAT does not hinder industry growth. This study contributes to accounting practices and fiscal policy by proposing technical guidelines for tax authorities to prevent similar disputes in the future.*

Keywords: coal; taxable goods; revenue recognition; Value Added Tax (VAT); FOB Destination term

INTRODUCTION

Background

Taxes are the main instrument of state revenue and play a crucial role in supporting government expenditure and national development. One of the taxes that makes a significant contribution is the Value Added Tax (VAT), which has a broad tax base and is imposed at every stage of the production and distribution process. To expand the tax base and enhance fiscal efficiency, the Indonesian government introduced reforms through **Law No. 11 of 2020 on Job Creation (Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja)**, which, among other provisions, designates coal as a **Taxable Good (Barang Kena Pajak or BKP)**.

The reclassification of coal—from previously being non-taxable to becoming subject to VAT—has significant implications for the accounting, taxation, and operational aspects of mining companies. Entities that were previously not required to collect VAT must now register as **Taxable Entrepreneurs (Pengusaha Kena Pajak or PKP)**, issue tax invoices, and remit VAT to the state treasury. This policy also directly affects revenue recognition, particularly when there are timing differences between the delivery of goods, the issuance of delivery notes (**Berita Acara Serah Terima or BAST**), and the validation of coal quality through the sampling process.

One of the key issues arising from the implementation of this policy is its potential impact on coal sales volume, given that the imposition of Value Added Tax (VAT) may increase the final selling price paid by consumers. This has raised concerns that the application of VAT could reduce the competitiveness of Indonesian coal in export markets and weaken domestic consumer demand, particularly amid growing competition from alternative energy sources such as natural gas and renewable energy. However, there is currently no comprehensive empirical evidence that examines the actual impact of this policy on the sales performance of the national coal industry.

The case of **PT BNM** further illustrates the complexity of this policy. The company experienced a dispute with the **Directorate General of Taxes (Direktorat Jenderal Pajak or DGT)** concerning the determination of the point of delivery in transactions conducted under the **FOB Destination** method. The main issue lies in the differing interpretations between the company and the tax authorities regarding the timing of VAT liability, which affects the validity of tax invoices and the recognition of revenue.

State Of The Art

Several previous studies have highlighted the legal and administrative aspects of imposing Value Added Tax (VAT) on coal. **Yakub and Rosdiana (2023)** discuss the challenges in implementing VAT policy on coal exports, while **Kartiko (2020)** emphasizes the importance of legal certainty in determining VAT objects. **Alif Nurdin and Septriadi (2024)** examine the impact of this policy on corporate tax management strategies. However, most of these studies are normative or conceptual in nature and have not empirically examined the implementation of the policy in actual transactions that simultaneously involve taxation and accounting issues.

Research Gap

There are two main gaps in the existing literature that this study seeks to address:

1. The absence of concrete case-based research that integrates the perspectives of tax regulation and revenue recognition in accordance with **Statement of Financial Accounting Standards (PSAK) No. 115**, within the context of the reclassification of coal as a **Taxable Good (Barang Kena Pajak or BKP)**.
2. The lack of quantitative studies that analyze whether the imposition of **Value Added Tax (VAT)** on coal has a significant impact on industry performance, particularly in terms of national coal sales and production volumes.

Novelty

The novelty of this study lies in the simultaneous application of two complementary approaches:

(a) A case-based analysis of differences in the interpretation of the point of delivery and the timing of revenue recognition that have led to tax disputes; and
(b) An empirical evaluation using national coal production time series data to assess the impact of **Value Added Tax (VAT)** on industry performance. This integrated approach has not been adopted in previous studies.

This study was carried out in three main stages:

1. Identification and mapping of PT BNM's accounting and taxation practices in coal sales transactions following the change in its status to *Taxable Goods (BKP)*;
2. Evaluation of the conformity of revenue recognition with **PSAK 115 (Statement of Financial Accounting Standards No. 115)** and determination of the timing of **Value Added Tax (VAT)** liability based on the relevant **Government Regulations (PP)** and **Minister of Finance Regulations (PMK)**; and
3. A comparative analysis of national coal production data (2016–2023) before and after the imposition of VAT to assess the aggregate impact of the policy on sales.

Through this approach, the study aims to make a theoretical contribution to the development of taxation and accounting literature in the mining sector, while also providing fiscal policy recommendations for the government to reduce tax disputes and enhance legal certainty in the future.

Research Question

This study aims to:

1. Analyze the impact of designating coal as **Taxable Goods (Barang Kena Pajak – BKP)** on the **Value Added Tax (VAT)** treatment in coal sales transactions using the **FOB Destination** delivery method, with a case study of PT BNM;
2. Evaluate the appropriateness of the timing of revenue recognition for coal transactions based on the principles of **PSAK 115 (Statement of Financial Accounting Standards No. 115)** and the applicable Indonesian tax regulations;
3. Examine the implications of confirming **Taxable Entrepreneur (Pengusaha Kena Pajak – PKP)** status for **VAT** collection and reporting obligations within mining companies;
4. Identify and elaborate on the differences in interpretation between the **Directorate General of Taxes (Direktorat Jenderal Pajak – DJP)** and the company regarding the timing of VAT liability, as well as the resulting consequences for tax disputes; and
5. Analyze whether the policy of imposing **VAT** on coal has a significant impact on national coal sales and production volumes, using trend data from 2016 to 2023.

LITERATURE REVIEW

1. VAT Policy and the Coal Mining Sector

The imposition of Value Added Tax (VAT) on the mining sector, particularly coal, is a central topic in taxation literature and fiscal policy in developing countries. In Indonesia, the reclassification of coal as Taxable Goods (Barang Kena Pajak – BKP), as stipulated in Law No. 11 of 2020 concerning Job Creation (Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja), marks a significant transformation in the fiscal approach toward this strategic commodity (Putri & Muhasan, 2021).

The implementation of VAT in this sector not only affects state revenue but also has implications for the efficiency of tax administration and the sustainability of mining operations. Challenges emerge due to the characteristics of the coal industry, which is capital-intensive, export-oriented, and frequently involves cross-jurisdictional entities.

2. The Relationship between VAT Rates and State Revenue

Several studies have examined the relationship between Value Added Tax (VAT) rates and state revenue. Qibthiyyah and Arrachman (2018), through a cross-country study, found that this relationship follows an inverted U-shaped Laffer curve. This indicates that there is an optimal VAT rate that maximizes government revenue, whereas rates exceeding this threshold may reduce revenue due to the contraction of the tax base and the rise of tax avoidance practices.

In the context of the mining sector, which tends to be relatively informal and open, an increase in VAT rates without a corresponding strengthening of tax administration and compliance mechanisms is likely to be ineffective and may undermine fiscal efficiency.

3. Challenges in Implementing VAT in Developing Countries

An international study by Alavuotunki et al. (2019) indicates that the impact of Value Added Tax (VAT) on government revenue is not always positive, particularly in developing countries with high levels of informality. Administrative inefficiencies and limited tax base coverage constrain the effectiveness of VAT as a fiscal instrument. Therefore, the successful implementation of VAT must be accompanied by efforts to strengthen tax administration capacity, ensuring that it does not disrupt the liquidity and sustainability of business operations.

4. Restitution Issues and Fiscal Efficiency

In a study focusing on the extractive sector, Yakub and Rosdiana (2023) highlight a key challenge in the application of VAT on coal exports that are subject to a 0% rate—namely, the excess accumulation of input VAT that cannot be credited. This situation creates liquidity pressures for businesses and increases their dependence on VAT refunds (restitution). Such inefficiencies underscore the importance of designing tax policies that adhere to the principles of neutrality, simplicity, and administrative effectiveness.

5. VAT Reform and Economic Sector Efficiency

Gao et al. (2022), through a study conducted in China, demonstrated that Value Added Tax (VAT) reform can promote structural efficiency and industrial transformation. Through well-targeted fiscal incentives, VAT reform has been shown to improve carbon efficiency, encourage green investment, and strengthen the competitiveness of the energy sector. These findings are relevant in broadening the understanding that VAT policy can be designed not only to optimize revenue but also to support sustainability agendas.

6. Revenue Recognition and VAT Provisions

The aspect of revenue recognition in the context of VAT is also a critical issue, particularly in the mining sector, which involves export transactions and cross-border physical deliveries. According to Government Regulation (Peraturan Pemerintah) No. 1 of 2012 and Minister of Finance Regulation (Peraturan Menteri Keuangan/PMK) No. 238/PMK.03/2012, VAT becomes payable at the time of the transfer of ownership rights over goods, rather than at the time of payment or contract signing.

However, accounting practices under Financial Accounting Standards (Pernyataan Standar Akuntansi Keuangan/PSAK) No. 115 (2024) emphasize that revenue should be recognized when the risks and rewards of ownership have been transferred. This divergence in approaches may lead to inconsistencies in determining the timing of VAT liability.

RESEARCH METHODS

This study employs a descriptive qualitative approach with a case study method to explore the impact of designating coal as a Taxable Good (Barang Kena Pajak/BKP) on Value Added Tax (VAT) treatment and revenue recognition at PT BNM. In addition, to analyze the impact of VAT imposition on national coal sales, a comparative descriptive quantitative approach based on secondary data is applied.

a) Research Object and Scope

The object of this study is PT BNM, a company engaged in the coal trading sector and subject to a tax audit by the Directorate General of Taxes following the change in the legal status of coal to BKP. The study focuses on coal sales transactions using the FOB Destination shipping method, particularly concerning the determination of VAT liability timing and revenue recognition in accordance with PSAK 115 (2024).

b) Data Sources and Collection Techniques

The data used in this study consist of:

- **Primary data:** obtained through semi-structured interviews with tax consultant partners and senior accounting staff of PT BNM involved in preparing tax invoices, VAT reporting, and the tax audit process.
- **Secondary data:** include internal company documents such as invoices, tax invoices, Handover Reports (Berita Acara Serah Terima/BAST), Examination

Result Notification Letters (Surat Pemberitahuan Hasil Pemeriksaan/SPHP), financial statements, VAT period returns (SPT Masa PPN), and relevant legal and regulatory documents (e.g., Value Added Tax Law, Government Regulations, and Minister of Finance Regulations).

To analyze the macro impact on national coal sales, time-series secondary data from the Ministry of Energy and Mineral Resources (Kementerian Energi dan Sumber Daya Mineral/ESDM) on Indonesia's coal production and export volumes for the period 2016–2023 are used.

c) Data Analysis Techniques

The analysis was conducted using two approaches:

1. **Descriptive qualitative analysis** of the PT BNM case study by comparing the company's revenue recognition and VAT imposition practices with accounting standards (PSAK 115) and tax regulations (Value Added Tax Law, Government Regulations, and Minister of Finance Regulations). The process was supported by data triangulation across multiple sources to enhance the validity of findings.
2. **Comparative descriptive analysis** of national coal production data to evaluate the impact of the VAT imposition policy. The analysis compares trends in coal production and sales volumes before (2016–2019) and after (2020–2023) the policy implementation. Additionally, counterfactual analysis techniques are employed to assess differences in average production volumes between the two periods.

This mixed-method approach is intended to provide a comprehensive understanding of how fiscal policy influences accounting practices and the performance of Indonesia's mining sector.

RESULTS AND DISCUSSION

PT BNM's business process consists of two main activities, namely the purchase and sale of coal. There are three parties involved in this process: the coal sales company (PT BNM), the coal mining company (supplier), and the customer. The following illustrates the case of PT BNM.

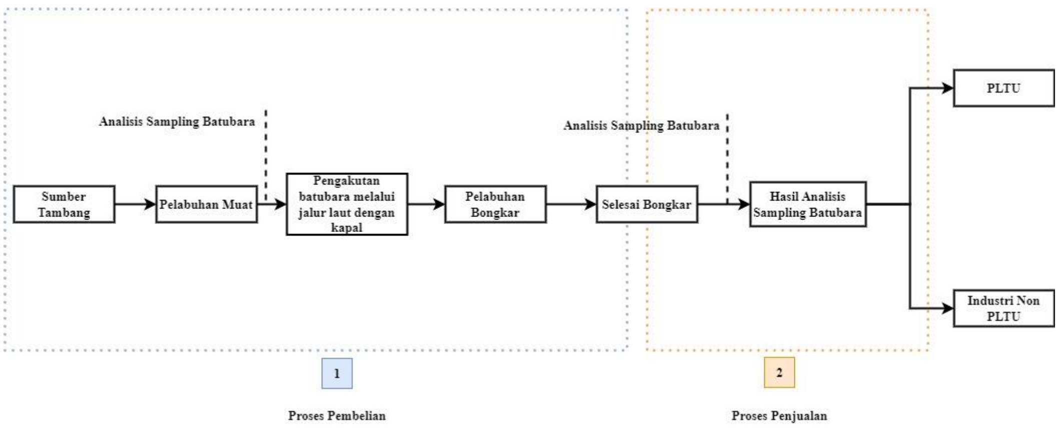


Figure 1. Overview of Coal Sales and Purchase Activities

The purchase transaction is represented by the blue line, indicating transactions between the coal mining company (supplier) and PT BNM, which subsequently resells the coal. Meanwhile, the sales transaction is represented by the yellow line, illustrating the sale from PT BNM as the coal seller to the customer. Coal shipments are conducted via sea transportation from the loading port to the unloading port, taking approximately one to two months, depending on the distance between ports. Upon arrival at the unloading port, the coal undergoes a Coal Sampling Analysis process to determine the final selling price. This step is necessary because during shipment, changes in the coal's quality and quantity may occur due to environmental factors, necessitating a price adjustment based on the sampling analysis results. Once the final price is confirmed, a Handover Report (Berita Acara Serah Terima/BAST) is issued as official evidence of delivery between the seller and the buyer.

Imposition of VAT on Coal Based on the Provisions of Taxable Goods (BKP) and Taxable Entrepreneurs (PKP)

The reclassification of coal as Taxable Goods (Barang Kena Pajak/BKP) has significantly affected coal mining companies. Previously, coal deliveries were not subject to Value Added Tax (VAT), meaning that sales and purchase transactions did not include VAT components. However, following the change in status, coal deliveries became subject to VAT, and companies engaged in such transactions were required to be registered as Taxable Entrepreneurs (Pengusaha Kena Pajak/PKP). This registration enables them to collect VAT in compliance with statutory obligations and to credit input VAT accordingly. The following case illustrates the VAT imposition at PT BNM based on the provisions of BKP and PKP.

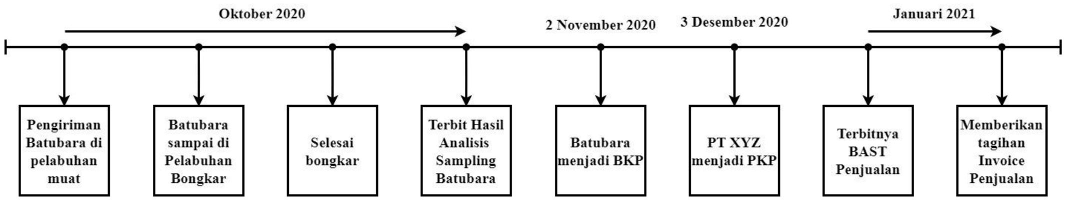


Figure 2. Illustration of Coal Sales Delivery Case

PT BNM carried out a coal sales transaction, with delivery to the unloading port completed in October 2020 under the FOB Destination shipping term. After the unloading process, a Coal Sampling Analysis was conducted. On 2 November 2020, coal was officially classified as BKP, thereby making the delivery subject to VAT. However, PT BNM was only confirmed as a PKP on 3 December 2020, in accordance with Minister of Finance Regulation (Peraturan Menteri Keuangan/PMK) Number 197/PMK.03/2013 Article 4. This change in tax status occurred prior to the issuance of the Handover Report (Berita Acara Serah Terima/BAST) and the invoice in January 2021. The following section provides an explanation of the VAT imposition mechanism based on the relevant BKP and PKP provisions:

1. Based on the Provisions of Taxable Goods (BKP)
   Value Added Tax (VAT) is imposed on the delivery of goods classified as Taxable Goods (Barang Kena Pajak/BKP). Accordingly, there are two possible scenarios for VAT imposition in the case illustration based on BKP provisions:
   - If the point of delivery occurs when the coal arrives at the port and unloading is completed in October 2020, the sales transaction is not subject to VAT, since the delivery took place before coal was classified as BKP.
   - If the point of delivery occurs when the Handover Report (Berita Acara Serah Terima/BAST) is issued as proof of the transfer of ownership and risks in January 2021, the sales transaction is subject to VAT, as the delivery occurred when coal had already been designated as BKP
2. Based on the Provisions of Taxable Entrepreneurs (PKP)
   VAT collection may only be carried out by entities that have been confirmed as Taxable Entrepreneurs (Pengusaha Kena Pajak/PKP). The imposition of VAT in this case depends on the timing of PKP confirmation by the tax authority, as follows:

- If the point of delivery occurs at the unloading port in October 2020, the transaction is not subject to VAT, not only because coal was still classified as Non-BKP, but also because PT BNM had not yet been confirmed as a PKP.
- If the point of delivery occurs upon the issuance of the BAST document in January 2021, the sales transaction is subject to VAT, as the delivery was made after coal became BKP and after the company had obtained PKP confirmation.

The imposition of VAT based solely on BKP provisions cannot be applied unless the company has also been confirmed as a PKP. Therefore, it is essential to assess the company's tax registration status at the time of delivery. In essence, VAT liability arises only when the selling company has been officially confirmed as a PKP, since entities without PKP status are not authorized to collect VAT on transactions, even if the goods delivered have been designated as BKP.

VAT Dispute

The change in coal classification into Taxable Goods (Barang Kena Pajak/BKP) has had an impact on PT BNM, which is shipping coal using the FOB Destination method, whereby the company remains responsible for the coal until it reaches the destination port. This situation results in three potential points of coal delivery, namely (1) completion of unloading, (2) issuance of sampling analysis results, and (3) issuance of the Handover Report (Berita Acara Serah Terima/BAST) document. The following presents an illustration of the case related to the points of coal delivery in transactions carried out by PT BNM.

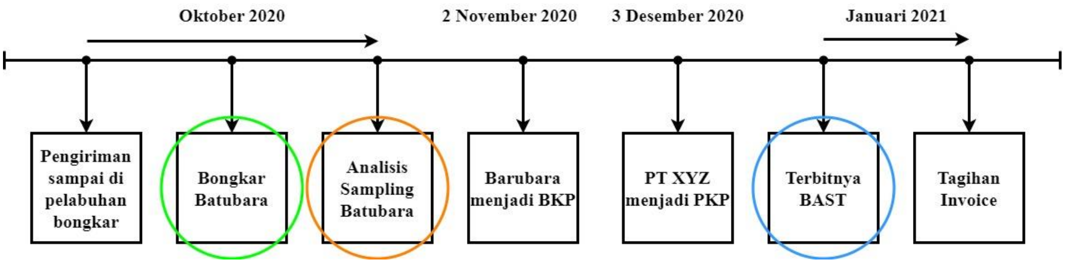


Figure 3. Determination Point of Coal Handover

The existence of three possible points of delivery has led to differing perceptions between the tax auditors and the company due to the following differences in interpretation:

1. Point of Delivery Based on Tax Auditors:
   The Tax Auditor determines the point of coal delivery based on Government Regulation (Peraturan Pemerintah/PP) No. 1 of 2012, which stipulates that Value Added Tax (VAT) becomes payable at the moment when the right of control is transferred to the customer. In addition, Minister of Finance Regulation (Peraturan Menteri Keuangan/PMK) No. 238 of 2012 states that tax invoices for certain types of transactions must be issued no later than when the final price of the income has been determined. Based on these provisions, the delivery of coal is considered to occur upon the issuance of the Handover Report (Berita Acara Serah Terima/BAST), which serves as the legal and official document evidencing the transfer of ownership of coal in sale and purchase transactions.

2. Point of Delivery Based on the Company:
   The Company determines the point of delivery based on the terms of the shipping method used in the coal sales transaction, which is related to the transfer of ownership of goods. Under the FOB Destination shipping method, ownership of the coal passes to the customer only when the coal arrives at the customer's location or intended destination. Accordingly, the company recognizes the delivery as having occurred when the coal has arrived at the destination port for unloading.

These differing interpretations have resulted in a tax dispute, as both parties maintain their respective positions based on differing understandings of the applicable tax and accounting provisions related to coal sales.

Review of Accounting Treatment of Revenue and Tax

The issue of Value Added Tax (VAT) imposition on coal delivery is inseparable from the accounting treatment of revenue recognition at the time of the transaction. Based on the case study of PT BNM, the following is an accounting review referring to Statement of Financial Accounting Standards (Pernyataan Standar Akuntansi Keuangan/PSAK) No. 115 regarding revenue recognition.

1. Review of Accounting for Revenue based on PSAK 115

Table 1. Comparison of Revenue Recognition Compliance Based on PSAK 115

Revenue Recognition in Accounting			
Stage of Revenue Recognition	**Criteria under PSAK 115**	**Application in the Company**	**Compliance with PSAK 115**
Identification of Contract with Customers	A company may record a contract when the following criteria are met: 1. Approval and commitment to fulfill the contractual obligations 2. Determination of rights over the transfer of goods and services 3. Existence of payment terms 4. Presence of commercial substance in the contract 5. The company is likely to collect the consideration.	The company enters into a contract with customers for the supply of coal, evidenced by a signed agreement stating that both parties will fulfill their contractual obligations and exercise their respective rights. The company also evaluates and considers the customer's ability to make payments by reviewing the billing due dates and payment history.	Compliant
Combination of Contracts	The company offers more than one contract to customers at the same time, and the contracts are interrelated. Therefore, such contracts may be recognized as a single contract when the following criteria are met: 1. The contracts are negotiated as a single package with a common commercial objective. 2. The consideration in one contract is interdependent with that in another 3. The goods or services promised represent a single performance obligation.	The contracts entered into with customers contain agreements for the supply of coal, which are negotiated as a single bundled contract. The payment made under the coal supply agreement represents the consideration for fulfilling one integrated contract. The coal supply agreement constitutes a single performance obligation that includes the provision of coal, its transportation by vessel, and other related activities necessary to fulfill the contractual obligations.	Compliant
Contract Modification	A modification may occur when both parties agree to changes in the contract	The delivery of coal constitutes a distinct performance obligation that can be separately identified	Compliant

Revenue Recognition in Accounting			
Stage of Revenue Recognition	**Criteria under PSAK 115**	**Application in the Company**	**Compliance with PSAK 115**
	related to price, quantity, or specifications from the original agreement.	from other contractual arrangements. The company, as the seller, recognizes revenue from coal once the performance obligation has been satisfied. The issuance of the *Minutes of Handover of Goods* (*Berita Acara Serah Terima* or BAST) serves as evidence that control over the goods has been transferred to the customer, indicating that the performance obligation has been fulfilled.	
Identification of Performance Obligations	The company shall assess the goods specified in the contract agreement and identify them as performance obligations to be transferred to the customer when they are distinct.	The delivery of coal represents a distinct performance obligation that can be separately identified from other contractual commitments. As the seller, the company recognizes revenue from coal once the performance obligation has been fulfilled. The issuance of the *Minutes of Handover of Goods* (*Berita Acara Serah Terima* or BAST) serves as evidence that control over the goods has been transferred to the customer, signifying that the performance obligation has been satisfied.	Compliant
Fulfillment of Contractual Obligations	The company may recognize revenue when the performance obligation has been satisfied by meeting the following criteria: 1. The right to receive payment has been established. 2. The customer obtains legal ownership of the asset. 3. Physical possession of the goods has been transferred. 4. The customer bears the significant risks and rewards associated with ownership. 5. The customer has accepted the asset.	The fulfillment of contractual obligations occurs when the customer obtains the benefits upon the delivery of coal, meaning that the seller satisfies its obligation at a specific point in time (*at a point in time*). The company considers the performance obligation fulfilled once the unloading process has been completed. However, this treatment is **not compliant**, as it does not meet the criteria for recognizing revenue—at the time of unloading, the customer has not yet obtained legal ownership of the coal because the *Minutes of Handover of Goods* (*Berita Acara Serah Terima* or BAST) has not been issued. Consequently, the right to receive	Not Compliant

Revenue Recognition in Accounting			
Stage of Revenue Recognition	**Criteria under PSAK 115**	**Application in the Company**	**Compliance with PSAK 115**
		payment has also not been established.	

Source: Processed by the author (2025)

Based on a review conducted in accordance with the revenue recognition criteria under PSAK 115, a discrepancy is found at Stage 5 — fulfillment of performance obligations. This discrepancy arises because the company recognizes revenue at the point when unloading is completed, while the Handover Report (Berita Acara Serah Terima/BAST) document has not yet been issued. This indicates that the customer does not yet possess the legal rights to the coal. Therefore, revenue recognition should be carried out after the BAST has been signed and issued, as at this point, the customer has not only received the coal physically but also obtained legal control over it.

Table 2. Comparison of Revenue Measurement Compliance Based on PSAK 115

Accounting Measurement of Revenue			
Revenue Measurement Stage	**Criteria in PSAK 115**	**Application at PT BNM**	**Compliance with PSAK 115**
Determination of Transaction Price	The transaction price is determined based on the terms of the contract. Consideration in the contract may include a fixed amount, a variable amount, or a combination of both.	The determination of coal transaction prices follows the *Regulation of the Minister of Energy and Mineral Resources (Permen ESDM) No. 11 of 2020*. The transaction price in the agreement uses the *Coal Benchmark Price (HPB)* and a calculation formula issued by the Ministry of Energy and Mineral Resources as the reference for measurement. When the *Coal Sampling Analysis* results are issued by an independent surveyor institution, a price adjustment is made according to the analysis results.	Compliant
Allocating the Transaction Price to Performance Obligations	The entity allocates the transaction price to each performance obligation in an amount that reflects the consideration it expects to be entitled to.	The company has allocated the transaction price to performance obligations in accordance with the estimated consideration based on the *stand-alone selling price*. The coal price is adjusted according to the *Coal Sampling Analysis* results. Deductible costs are calculated based on the *FOB Destination* shipping method, where transportation costs are borne by the seller. Therefore, invoices to customers use the final price calculated as “Base Coal Price –	Compliant

Accounting Measurement of Revenue			
Revenue Measurement Stage	**Criteria in PSAK 115**	**Application at PT BNM**	**Compliance with PSAK 115**
		Deductible Costs + Transportation Costs."	

Source: Processed by the author (2025) based on *PSAK 115*

Revenue measurement has been carried out in accordance with PSAK 115, namely by determining the transaction price using the Coal Benchmark Price (Harga Patokan Batubara/HPB) as a reference for calculating the transaction value, as this regulates the pricing used in coal transactions. Subsequently, adjustments are made upon the issuance of sampling analysis results related to coal quantity and quality. The company has also applied a price allocation basis using stand-alone selling prices, allowing the differentiation of prices for goods or services accordingly.

1. Corporate Tax Review on Income

According to Law of the Republic of Indonesia Number 6 of 1983 concerning General Provisions and Tax Procedures, as amended by Law of the Republic of Indonesia Number 7 of 2021 concerning Harmonization of Tax Regulations, Article 28 paragraph (9) stipulates that the basis for tax calculation originates from business turnover records, gross income, and sales. Therefore, accounting and administration play a crucial role in taxation, as taxation follows the applicable accounting policies.

a. Based on Law of the Republic of Indonesia Number 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods, as amended by Law of the Republic of Indonesia Number 7 of 2021 concerning Harmonization of Tax Regulations, Article 11 paragraph (1) states that Value Added Tax (VAT) becomes payable when the delivery of Taxable Goods (Barang Kena Pajak/BKP) occurs. VAT collection adheres to the accrual principle, meaning it does not depend on whether payment has been received. Although the term "delivery" is not explicitly defined in taxation, Government Regulation of the Republic of Indonesia Number 1 of 2012 concerning the Implementation of Value Added Tax on the Delivery of Certain Taxable Goods and Services and the Utilization of Intangible Taxable Goods and Taxable Services from Outside the Customs Area within the Customs Area, Article 17 paragraph (3) letter a clarifies that the delivery of BKP may also occur when the price is recognized as revenue or when a Tax Invoice is issued, provided it aligns with generally accepted accounting principles applied consistently.
b. Furthermore, based on Minister of Finance Regulation of the Republic of Indonesia Number 238/PMK.03/2012 concerning the Time of Imposition, Deduction, and Collection of Value Added Tax and Sales Tax on Luxury Goods, the issuance of a Tax Invoice must occur no later than when the final sales price has been determined. In line with Minister of Energy and Mineral Resources Regulation of the Republic of Indonesia Number 11 of 2020 concerning the Procedure for Determining Benchmark Prices for Mineral and Coal Sales, Article 6 paragraph (4) stipulates that the price of coal must be based on the results of the Certificate of Analysis (COA) obtained from the Coal Sampling Analysis. Accordingly, there are two possible points of delivery—when the results of the Coal Sampling Analysis are issued or when the Handover Report (BAST) is released.

Based on this, the revenue recognition for the sales transaction conducted by PT BNM with customers should be carried out at the time of the issuance of the BAST, as it meets the requirements as the point of delivery. Accordingly, since the recognition occurs after the coal has become a taxable good (BKP) and the company has been confirmed as a taxable entrepreneur (PKP), the company is obliged to collect VAT and issue a tax invoice for the transaction.

Impact of VAT Imposition on Coal Sales in Indonesia

The implementation of Value Added Tax (VAT) on coal commodities, as regulated in *Article 4A of Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation*, represents a strategic step in expanding the tax base. However, there are concerns regarding the potential negative impact of this policy on the performance of the mining sector, particularly in terms of production and export volumes. To examine this, an analysis of the national coal production trend from 2016 to 2023 was conducted based on official data from the *Ministry of Energy and Mineral Resources (ESDM)*.

National Coal Production Trend (2016–2023)

The data show that Indonesia's coal production volume has increased significantly, from 355 million tons in 2016 to 775 million tons in 2023. This increase reflects a consistent growth trend in both the Domestic Market Obligation (DMO) and export segments (*Ministry of Energy and Mineral Resources of the Republic of Indonesia*, 2024).

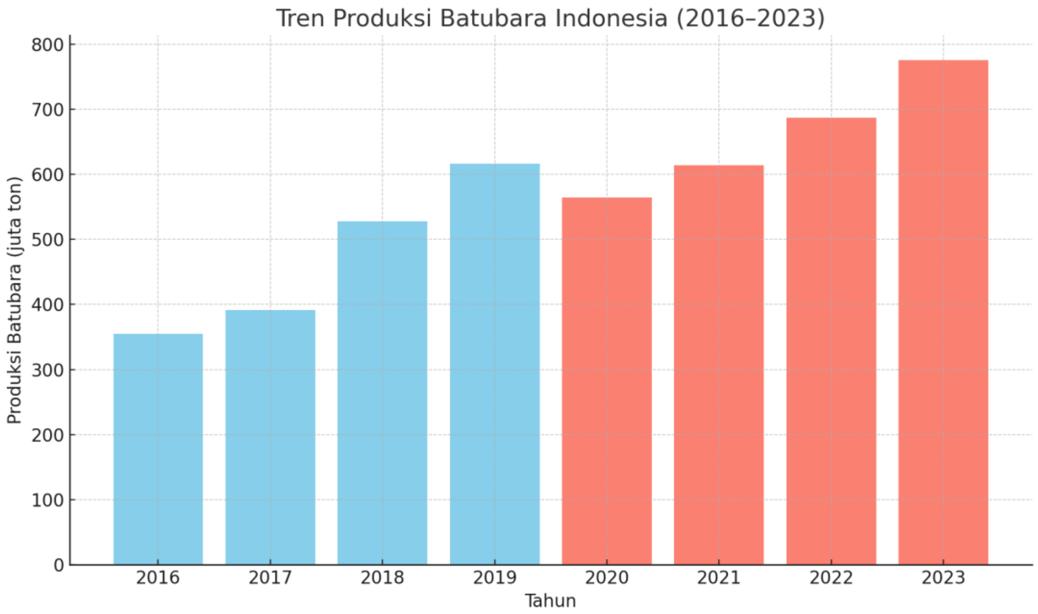
Table 3. Indonesian Coal Production (2016–2023)

Year	DMO (Million ton)	Export (Millio ton)	Total Production (Millionton)
2016	90,45	264,55	355,00
2017	97,00	294,00	391,00
2018	115,09	412,91	528,00
2019	138,00	478,16	616,16
2020	132,00	405,00	564,00
2021	133,00	435,00	614,00
2022	216,00	465,00	687,00
2023	213,00	518,00	775,00

Source: Kementerian ESDM RI, 2024

Counterfactual Analysis: Pre- and Post-VAT Implementation

To assess the causal impact of VAT imposition, a counterfactual analysis was conducted by comparing the periods before (2016–2019) and after (2020–2023) the policy implementation. The comparison results show that the average coal production in the pre-VAT period was 472.54 million tons, while in the post-VAT period it reached 660 million tons. This represents an average production increase of 39.7% following the implementation of VAT. These findings indicate that the enforcement of VAT, as regulated under *Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation*, did not act as a barrier to the growth of coal production and sales.



Source: Kementerian ESDM RI, 2024

Figure 4. Trend of Indonesian Coal Production (2016–2023)

Interpretation of Result

The increase in production volume during the post-VAT period indicates that the implementation of Value Added Tax (VAT) did not hinder coal production or export activities. On the contrary, production rose sharply, driven by global demand, competitive alternative energy prices, and improvements in national logistics efficiency. Coal sales are primarily influenced by external and structural determinants that are more dominant than the direct impact of domestic fiscal policies.

Determinants of Coal Sales

Although the imposition of VAT adds to the final price burden, its impact on market demand has proven to be minimal. This is because coal sales are influenced by various external and structural determinants, including

1. **Global Demand:** Countries such as China, India, and the United States continue to rely on coal as a primary energy source (*U.S. Energy Information Administration*, 2024).
2. **Alternative Energy Prices:** Fluctuations in natural gas and renewable energy prices affect the competitiveness of coal in the global energy market (Asmarini, 2022).
3. **Environmental Policies:** Carbon tax implementation in developed countries influences the energy transition toward cleaner sources, reducing long-term coal demand (*DDTC*, 2021).
4. **Production Costs and Infrastructure:** Transportation efficiency and proximity of mines to ports are key determinants of pricing structure (*PT SBT*, 2024; Tri Difta Utama, 2024).
5. **Oligopolistic Market Structure:** Industry concentration allows a few major companies to control prices and supply (Octavianto & Pujiati, 2024).
6. **Economic Conditions of Importing Countries**: Economic growth in importing nations drives coal demand, while clean energy policies may suppress it (Xianli, 2010).
7. **Price Volatility:** Coal prices are affected by global oil and gas prices, which directly influence demand (Wei & Shi-xing, n.d.).

8. **Technological Innovation:** Advances in technology improve efficiency and reduce production costs, enhancing competitiveness (Song et al., 2018).
9. **Export Competitiveness:** Indonesia maintains a comparative advantage despite exposure to global pressures (Admi et al., 2022).
10. **Geospatial and Resource Curse Factors:** Infrastructure disparities between energy-producing and consuming regions create distribution barriers (Zheng et al., 2013).
11. **Global Energy Transition:** International commitments toward *net-zero emissions* gradually suppress global coal demand (*DDTC*, 2021).

Implications and Recommendations

Based on the findings, it can be concluded that the imposition of Value Added Tax (VAT) on coal has not had a negative impact on national sales volume. Instead, the sector's performance is largely driven by more complex global dynamics. The implications and policy recommendations derived from this study are as follows:

1. Fiscal Implication: VAT increases the coal sector's contribution to state revenue without disrupting the growth of the coal mining industry.
2. Administrative Implication: The government should establish standardized guidelines on the timing of goods delivery and revenue recognition to prevent tax disputes.
3. Research Recommendation: Future studies are encouraged to employ panel data methods across multiple mining companies to empirically and representatively assess fiscal and accounting impacts**.**

CONCLUSIONS AND SUGGESTIONS

This study demonstrates that the reclassification of coal as a *Taxable Good (Barang Kena Pajak, BKP)* under **Law Number 11 of 2020 on Job Creation (Undang-Undang Cipta Kerja)** has significant implications for revenue recognition practices and VAT treatment in the mining sector. The case study of PT BNM reveals that differing interpretations between the company and the tax authority regarding the point of delivery in *FOB Destination* transactions have led to substantial tax disputes.

Based on an analysis of transaction documents and the provisions of **PSAK 115**, it is concluded that revenue recognition and VAT collection should occur when the *Handover Certificate (Berita Acara Serah Terima, BAST)* is issued, as this marks the legal and economic transfer of control to the buyer. This finding highlights the importance of synchronizing accounting standards with tax regulations to avoid interpretational discrepancies and potential disputes.

Furthermore, the analysis of national production data shows that the implementation of VAT on coal has not adversely affected sales volume; production even increased during the post-regulation period (2020–2023). This suggests that external variables—such as global demand, alternative energy prices, and logistics efficiency—have a more dominant influence on sectoral performance than domestic fiscal policies.

Practical and Policy Implications

- **For Companies:** It is essential to review revenue recognition policies and ensure that the transfer of ownership rights is reflected in the timing of tax invoice issuance.
- **For Fiscal Authorities:** More explicit technical guidelines are needed regarding the moment VAT liability arises in mining transactions with specific characteristics, in order to promote legal certainty and administrative efficiency.

Limitations and Future Research Directions

This study is limited to a single case study. To achieve stronger generalization, future research should adopt a quantitative or multi-case study approach involving several mining companies, as well as examine the impact of VAT policy on corporate financial performance and liquidity indicators.

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