
IMPLEMENTATION OF PERMENDAG NO. 31 OF 2023 ON THE MERGER OF TIKTOK SHOP SOCIAL COMMERCE WITH TOKOPEDIA E-COMMERCE AND THE IMPACT ON UMKM ACTORS.

Reynaldi Alfarisi Trideta¹, Adien Trisha Maulani², Tri Wulandari³, Harmono⁴, Deni Yusup Permana⁵

Universitas Swadaya Gunung Jati, Cirebon, Indonesia

E-mail: Reynaldialfarisi9@gmail.com¹, adientrisha25@gmail.com², triwul2705@gmail.com³, harmono@ugj.ac.id⁴, deni.yusup@ugj.ac.id⁵

ABSTRACT

This research focuses on exploring the extent to which the application/implementation of Permendag No. 31 of 2023 concerning Business Licensing, Advertising, Development, and Supervision of Business Actors in Trading Through Electronic Systems towards the Merger of Social Commerce TikTok Shop with E-commerce Tokopedia and how it impacts MSME actors which includes protection and an increase in their business turnover. This study aims to determine how the Implementation of Permendag No. 31 of 2023 is towards the merger of TikTok Shop with Tokopedia and to find out the impact on MSME players both in terms of Legal Protection and turnover income. In answering the problems in this study, we use a legal research method, namely Normative Juridical, where we focus on legal studies of Permendag No. 31 of 2023. The author examines the extent to which the implementation of the presence of the Permendag for MSME actors and the merger of TikTok Shop with Tokopedia. So in the end, we find the conclusion that the presence of this Permendag has fulfilled the need to protect business actors who carry out their activities through PMSE and the merger between TikTok Shop and Tokopedia which then merged into Shop Tokopedia which is currently managed under Tokopedia is by the contents of Permendag Number 31 of 2023, namely social commerce is not allowed to provide transaction services in it. Social media only functions as a social media service.

Keywords: TikTok Shop, Tokopedia, MSMEs

Introduction

Indonesia is a country with a population of approximately 275 million people and is supported by a geographical location that has a large area and an archipelago. Making Indonesia a good market share in the global market. The development of technology and media that is now starting to mushroom in Indonesia has caused changes and progress in several sectors. One of them is in the trade sector where there is a shift from conventional systems to e-commerce. This can be seen from the many e-commerce platforms that provide a place to conduct buying and selling transactions on electronic systems or using internet

media. In contrast to the conventional trading system where the transaction occurs directly in the store or market.

Recent studies show that Indonesia's e-commerce market is growing at a constant annual rate, driven by factors such as an increase in internet users, the rise of mobile commerce, and increasing consumer confidence in online shopping (BPS, 2020). This growth has certainly caught the attention of businesses, investors, and regulatory bodies.

The development of a transaction through electronic media or e-commerce has given rise to several media platforms that are included in e-commerce, including; Lazada, Shopee, Bukalapak, and Tokopedia. The platform is an online transaction provider application that is widely used in Indonesia. The existence and transaction system in this increasingly rapid e-commerce requires the government to be present as a regulator to provide security guarantees in online transactions to protect parties who transact online. With this in mind, in 2019, the government issued Government Regulation No. 80/2019 on Trading Through Electronic Systems (PMSE). PMSE is a business where electronic devices and procedures become tools in transactions.

In 2022, a new platform for buying and selling began to appear in Indonesia. Among the existing platforms such as Lazada, Tokopedia, Shopee, and Bukalapak, there is now a new competitor, TikTok Shop. A platform owned by TikTok media now provides a shop platform so that users can directly use the platform for buying and selling transactions.

The presence of TikTok Shop is included as social commerce. Social commerce is a combination of social media and e-commerce that is used by someone to participate in product sales and marketing activities. This can facilitate consumers in purchasing transactions without having to have an e-commerce application. The presence of TikTok Shop also influences MSMEs. Business types are divided into several categories based on Article 6 of Law No. 20 of 2008 concerning MSMEs, namely:

1. Micro Enterprises are categorized as businesses with assets of less than IDR 50,000,000, excluding land and buildings used as business premises. Annual sales revenue does not exceed Rp. 300,000,000.00.
2. A Small Business is categorized as a business with assets of approximately Rp. 50,000,000.00 to Rp. 500,000,000.00. This asset calculation does not include commercial land and buildings. Annual sales revenue is more than Rp. 300,000,000.00 and not more than Rp. 2,500,000,000.
3. Medium-sized enterprises are categorized as businesses with assets of more than IDR 500,000,000 to IDR 10,000,000,000. In addition, it has annual sales revenue of more than IDR 2,500,000,000.00 to IDR 50,000,000,000.

In its position, MSMEs play an important role in the development of a country. The MSME sector in Indonesia is a major driver of economic growth, contributing by creating jobs and generating large national income (Ministry of Finance, 2023). In addition, with the TikTok Shop social commerce, MSMEs can increase their sales and reach a wider audience.

However, MSMEs often face difficulties in the ever-evolving e-commerce space. These include intense competition, changing consumer tastes, and the risks associated with online shopping (Zaelani, 2019). In addition, the presence of TikTok Shop has also caused a lot of debate and complaints from various groups. Among them are the local business actors who

have decreased because the prices sold on the TikTok Shop platform are very cheap, causing unfair competition. As well as problems related to regulations and licensing. Where TikTok Shop as social media is prohibited from facilitating buying and selling transactions on its platform. Because social commerce may only promote and advertise products but may not provide media for direct transactions. This assertion is in line with the provisions stipulated in Permendag No. 31 of 2023.

According to Teten Masduki, TikTok can continue trading activities in Indonesia if it complies with applicable regulations. According to him, to be able to sell, TikTok must establish a legal entity in Indonesia rather than just functioning as a representative office. In addition, TikTok also needs to obtain a license before being allowed to sell because it is a type of business that has risks.

The chaos regarding the existence of TikTok Shop is getting heated until at its peak in October, TikTok finally closed its TikTok Shop service on the TikTok platform. So TikTok is back to being just a social media platform with no shop platform in it. This is in line with the statement issued by the Minister of Trade, Zulkifli Hasan that Indonesia now prohibits buying and selling transactions on social media.

So with the new regulation, namely through the Minister of Trade Regulation No. 31 of 2023 which contains rules regarding the prohibition of social commerce providing services for transactions in it. So it is required that there is a separation between the e-commerce platform and social commerce. Based on this regulation, the TikTok Shop must be closed. It can operate again if it meets the requirements described in the regulation.

The presence of the Minister of Trade Regulation No. 31 of 2023 is expected to provide protection and development of MSMEs. Because the making of laws and regulations is based on urgency. In particular, avoiding conflicts that occur and becoming boundaries to make clear and bright everything that is still empty (Harmono, 2021).

After the closure of TikTok Shop, about two months later TikTok Shop returned by cooperating with the Tokopedia E-commerce platform. The reopening of TikTok Shop by cooperating with the Tokopedia platform in whether it meets the criteria based on applicable regulations.

So this research aims to examine how the Implementation of Permendag No. 31 of 2023 on the merger between TikTok Shop social commerce and the Tokopedia E-commerce platform. In addition, in this study, we also examine the extent of the impact of the Permendag and the merger between TikTok Shop and Tokopedia for MSME players.

In this study, the author tries to examine the problems that are the core of the discussion of this study using Gustav Radbruch's theory called the "Purpose of Law" theory where in this theory it is explained that the purpose of law must focus on three things, namely; the principles of certainty, justice, and usefulness. So that we can conclude about the problems that occur in this research topic.

Research Method

This research uses a normative juridical approach to examine how legal norms and rules are applied in a particular context. Secondary data available in the field of law is the main source of information in this research, so it does not require sampling (Soekanto, 2008). Where the data presented in this study are about the implementation of Permendag No.31 of 2023 on

the merger of TikTok Shop Social Commerce with Tokopedia e-commerce and the impact on MSME actors.

In this research, the author also approaches legislation as a basis for analyzing and with the concept of legal science. In addition, this research uses a qualitative normative analysis method, in which the research results are presented descriptively. (Marzuki, 2005). We obtained the data in this research from literature studies such as books, journals, or doctrines about the object under study. In addition, it uses a random survey through a questionnaire of MSME actors.

Result and Discussion

Implementation of MOT 31/2003 on the Merger of Social Commerce TikTok Shop with E-Commerce Tokopedia

Social commerce is a new phenomenon in the world of e-commerce that integrates social media platforms and online social networks. This type of business presents a new way to sell products or services by utilizing the interactive features of social media, encouraging consumer interaction and participation in the buying process, and creating a more personalized and engaging shopping experience (Moody, 2023). TikTok Shop is a feature in the TikTok social media application that in Indonesia has become a topic of conversation. In 2022, TikTok Shop expansion reached several Southeast Asian countries, including Singapore, Malaysia, Indonesia, the Philippines, Vietnam, and Thailand (Amanda, 2023). Indonesia makes a large contribution to Tiktok's revenue, in Indonesia alone TikTok Shop within 3 months has reached a GMV of US \$ 2.5 billion in Q1 2023.

This has caused concern for e-commerce users such as Shopee and Lazada. Based on research conducted by Cube Asia, TikTok Shop users' spending is much higher than the spending on Shopee and Lazada. The emergence of TikTok Shop in several Southeast Asian countries, such as Indonesia, Thailand, and the Philippines, triggered a significant decline in sales on other e-commerce platforms, such as Shopee (51%), Lazada (45%), and offline stores (38%). The reason is that users migrated to TikTok Shop (Ilham, 2023).

So with that, then the government banned the existence of social commerce such as TikTok Shop through the existing, namely through the regulation of the Minister of trade No. 31 of 2023. This ban aims to facilitate users in choosing social media and e-commerce so that no overlap confuses users and no two functions are running simultaneously on one platform (Kezia, 2023). In addition, the ban on TikTok Shop operations also prevents the misuse of data, causing unfair business competition.

Article 21 paragraph (1) of the Regulation explains that in conducting e-commerce, business actors must comply with legal requirements related to business licenses, standards, or technical requirements for goods and/or services, as well as rules related to goods and/or services that are prohibited or limited in trade, distribution of goods, and taxes. Then in paragraph (2), it is explained that PPMSEs with the business model of Lokapasars (Marketplace) and/or Social-Commerce are not permitted to act as producers by applicable regulations in the distribution of goods. Furthermore, paragraph (3) outlines that PPMSEs using the social commerce business model are not permitted to provide payment services through their electronic systems. Based on these regulations, TikTok Shop did not fulfill and

violated so the government then closed TikTok Shop. And in October 2023 TikTok officially eliminated the Shop option in its application.

A strategic step was taken by TikTok and Tokopedia on December 11, 2023, by announcing their official partnership that promises to transform the e-commerce space. The partnership integrates TikTok's strengths as a popular social media platform with Tokopedia as one of Indonesia's leading e-commerce platforms. TikTok also reportedly invested US\$15 billion in Tokopedia and holds a 75.01% controlling stake. This has resulted in PT Tokopedia operating Tokopedia and TikTok Shop Indonesia. With this partnership, TikTok will transfer the purchase process made by users from the TikTok application to the Tokopedia application.

Currently, TikTok Shop is reopened but no longer provides direct transaction services in the application unlike the first time TikTok was present. Now, when we open the shop service, it will be transferred to a platform managed by Tokopedia.

According to Melissa Siska Juminto President of Tokopedia, the TikTok Shop migration process to Tokopedia was completed on March 27, 2024, so it is now by Permendag No. 31 of 2023.

This merger is an application of the rules in Permendag No. 31 of 2023 so that it can run by existing regulations and answer concerns that previously arose. Melissa also revealed that MOT 31/2020 focuses on three main aspects, namely the payment system, user data protection, and merchant operational processes. According to her, these three things currently fulfill the provisions of the applicable regulations.

Currently, for payments, all transactions are made through the system at Tokopedia. Likewise, all income and expenses are recorded and managed in Tokopedia's electronic system. Now, Tokopedia provides proof of transactions in the form of invoices or bills. Melissa also explained that user funds are transferred to the Tokopedia account and then channeled to creators through the Tokopedia platform. TikTok's electronic payment system is used for this transaction, and Tokopedia is now fully responsible for the entire process (Kompas, 2024).

To address users' data concerns, it can now be ensured that there will be no more cases of data misuse that cause unfair competition. According to him, there is now a privacy setting option that allows users to disable data personalization when shopping. So there will be no more misuse of user data and it is guaranteed and will create fair competition in it.

Currently, TikTok is only a social media that provides services such as social media and a place to promote and display advertisements or campaigns in the form of video content. All transaction and operational processes related to merchant services are now carried out entirely through Tokopedia's electronic system. In addition, Tokopedia is fully responsible for all activities that occur on its platform, including consumer protection, merchant coaching, and dispute resolution. So that now TikTok is only a social media and a place for promotion. By merging TikTok with Tokopedia, TikTok has met the standard provisions in the applicable regulations. The merger is, among other things, the result of Permendag Number 31 of 2023 which states that TikTok agrees to these provisions.

The impact of MOT 31/2023 and the merger of TikTok Shop with Tokopedia on MSME players

The presence of MOT 31/2023 has had an impact on MSME players from various sectors. Starting from the merger of the TikTok Shop platform with Tokopedia, from the protection

sector for consumers and MSME players to create healthy competition in the business world so that medium-sized businesses can compete and not be crushed by large companies. Apart from the legal protection of MSME players, the presence of this regulation also has an impact on the income of MSME business actors.

Protection for MSME Actors

Protecting MSMEs in the realm of online business is crucial, given the fundamental and vital role of this sector in the Indonesian economy. The reasons for the importance of MSME protection (as expressed by Harianto, R.A. & Sari, P.N (2021)) include: 1) Improving economic welfare; 2) Improving the competitiveness of small, medium, and micro enterprises; 3) Improving the quality of products and services; 4) Increase innovation and creativity; and 5) strengthen regulatory compliance.

One of the protections for MSME players in this regulation is explained in CHAPTER V of this regulation which emphasizes the prioritization of Domestic Products. Article 32 paragraph (1), it is explained that business actors involved in PMSE are required to support government programs by a. Giving priority to trade in domestically produced goods and/or services; b. Increasing the competitiveness of domestically produced goods and/or services; c. Providing promotional space facilities for domestically produced goods and/or services for PPMSE in Indonesia. With this, there is a guarantee for MSME players to compete in it.

In addition, this regulation strongly emphasizes the procedures and legality of PMSE provider business actors to fulfill all licenses for both domestic PMSE and foreign PMSE. As for foreign PPMSEs domiciled in Indonesia, they must have a Foreign Trade Company Representative Office in the PMSE Field with one or several leaders chosen as representatives (Article 1 paragraph 30), this is to facilitate supervision and guarantee protection for merchants who buy and sell on the platform. So that everything is supervised by the government and to ensure the process of fair business competition.

The Impact of the Merger of TikTok Shop with Tokopedia Based on Permendag No. 31 of 2023 on the Income of MSME Players

Since the TikTok Shop platform was closed in October 2023, this has had an impact on MSME players who also use the platform to sell and promote their merchandise. So that there is a decrease in income felt by business people. Then in December TikTok Shop returned after resolving licensing issues.

Now TikTok is collaborating with Tokopedia as the organizer of the e-commerce platform so that TikTok Shop is no longer in violation because the commerce platform has been managed and is under Tokopedia. So that TikTok is only a social media to facilitate promotion and does not provide options for transactions therein.

The presence of TikTok Shop again affects increasing the sales of business people who play in it. Because their market that is used to shopping through TikTok Shop is running again. Coupled with the influence of trends and advertisements through video content displayed by business actors in TikTok media that influence consumer buying interest, making sales increase.

Based on the results of a survey conducted through a search questionnaire for MSME players, the authors found varied results. 70% of the respondents who gave answers found that the return of TikTok Shop provided an increase in profit. Since the reappearance of

TikTok Shop, even though it has joined Tokopedia, it still provides an increase in profit. From sales through TikTok media, they experienced a considerable increase in profit of around 30-40%. Although not as big as the first time TikTok Shop was present before it was closed.

On the other hand, 30% of respondents gave different answers. For them, the return of TikTok Shop has had a decreasing impact on their sales profits. Because these 30% are those who still sell directly not using electronic platforms. For them, the presence of e-commerce and social commerce platforms such as TikTok Shop and Tokopedia influences sales in their stores. This is because brands are less competitive from the start of the price and promotions carried out. So not many MSME players who are still conventional end up going out of business. Because currently, people's lifestyles have shifted to buying and selling online which is more efficient and cheaper and has a variety of choices. So those who still sell conventionally, feel that the presence of TikTok Shop affects the income they receive.

Conclusion

This research reveals the role of MSMEs in driving Indonesia's economic progress. In the era of technological disruption, online businesses and social commerce, such as TikTok Shop, have become a significant trend and economic driving force. However, these advances in digital technology and electronic transactions pose a challenge for MSME players to continue to innovate and adapt to technological developments to compete and survive in increasingly fierce economic competition.

The presence of Permendag No. 31 of 2023 is to provide supervision and ensure fair competition in the transaction process on electronic platforms. As well as protecting the actors in it, including merchants, most of which are products from MSME actors. In addition, the existence of the Regulation of the Minister of Trade No. 31 of 2023 also has an impact on the progress of domestic MSME products because they get a prioritized platform to help the progress of domestic products.

The implementation or implications of this regulation have been fulfilled by TikTok where they have now joined Tokopedia. So based on the rules now TikTok is no longer in violation. Its current position is only as a social media that can be a promotion and advertising platform through video content, no longer providing transactions in it because the transactions are now directly managed in the system owned by Tokopedia. This merger has explained the separation between Social commerce and e-commerce platforms so that there is no confusion and misuse of data resulting in market monopoly and with the presence of this regulation it is hoped that a healthy and ethical business competition climate will be created.

In addition, the presence of Permendag No. 31 of 2023 has also filled the existing legal vacuum and protection related to the development of transactions through electronic media. The author considers that it is necessary to further improve the understanding of literacy related to existing regulations for business actors, especially medium-sized business actors to compete and be able to compete with entrepreneurs with large capital and also so that legal problems do not occur later.

Bibliography

Amalia, A. (2024, Mei 27). Perkembangan Tiktok Shop Mengancam Pemain E-commerce Asia Tenggara. Retrieved June 5, 2024, from investor.id:

- <https://investor.id/international/330573/perkembangan-tiktok-shop-mengancam-pemainecommerce-asia-tenggara>
- Harapan, Fajar. (2023, June 23). Peran Penting UMKM Pada Perekonomian Indonesia. Retrieved June 6, 2024, from djp.kemenkeu: <https://djp.kemenkeu.go.id/kppn/lubuksikaping/data-publikasi/artikel/314-kontribusi-umkm-dalam-perekonomian>
- Hariato, R. (2021). Strategic digitalization of UMKM business as an alternative to survive The COVID-19 pandemic. *Linguistics and Culture Review*, 617-623.
- Harmono. (2021). Urgensi Good Will Pemerintah Dalam Pembentukan Undang-undang Yang Baik. *Syntax Literate: Jurnal Ilmiah Indonesia*.
- Mamudji, S. S. (2008). *Penelitian Hukum Normatif (suatu Tinjauan Singkat)*. Jakarta: Raja Grafindo.
- Marzuki, P. M. (2005). *Penelitian Hukum (a)*. Jakarta: Kencana Prenada Media group.
- Melisa. (2024, April 04). Tiktok Shop Resmi Berubah Nama Jadi Shop Tokopedia. Retrieved Juni 09, 2024, from Kompas.com: https://tekno.kompas.com/read/2024/04/04/09350087/tiktok-shop-resmi-berubah-nama-jadi-shop-tokopedia?debug=1&lgn_method=google&google_btn=onetap
- Putri, M. R. (2023). Tinjauan Hukum mengenai Perlindungan UMKM serta Efektivitas Permendag No.31 Tahun 2023 terhadap social Commerce Tiktok Shop. *Innovate; Journal Of Social Science Research*, Volume 3 Nomor 6; 5087-5100.
- Restu, I. (2023, juni 08). Tiktok Shop makin Ngeri,Shopee-Lazad pantas khawatir. Retrieved juni 06, 2024, from CNBC Indonesia: <https://www.cnbcindonesia.com/tech/20230608120525-37-444155/tiktok-shop-makin-nger-shopee-lazada-pantas-khawatir>
- Tuju, K. (2023, Oktober 03). Polemik social commerce Tiktok Shop. Retrieved Juni 05, 2024, from Power Breakfast. IDX Chanel: <https://www.idxchannel.com/idxc-live/video-1/polemik-social-commerce-tiktok-shop>
- Zaelani, I. (2019). Peningkatan Daya Saing UMKM Indonesia :Tantangan dan Peluang Pengembangan. *IPTEK Jurnal*
- Ramdhani, N. A., & Musthofa, I. (2023). Analisis Respons UMKM Dan Konten Kreator Terhadap Kebijakan Social Commerce Lewat Peraturan Menteri Perdagangan Nomor 31 Tahun 2023. *Jurnal Ekonomi & Bisnis*, 11(3), 433-443.
- Astuti, I. I., Sulisman, A. N., & Tarigan, S. R. D. B. (2023). Eksplorasi E-Governance: Menjawab Tantangan Implementasi E-Commerce Era VUCA di Indonesia. *Jurnal Ilmiah Manajemen Muhammadiyah Aceh*, 13(2), 166-176.
- Anhar, D. A., & Kurniawan, S. (2024). Ketidakpastian Hukum Dalam Kembalinya Tiktok Shop Sebagai Platform Social Commerce di Indonesia. *UNES Law Review*, 6(3), 8963-8976.



licensed under a

Creative Commons Attribution-ShareAlike 4.0 International License