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EVALUATION OF THE IMPLEMENTATION OF TAX INCENTIVES FOR MSMES DURING THE COVID-19 PANDEMIC

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EVALUATION OF THE IMPLEMENTATION OF TAX INCENTIVES FOR MSMEs DURING THE COVID-19 PANDEMIC

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ABSTRACT

This study describes research evaluating the implementation of tax incentives during the COVID-19 pandemic. The aim is to examine and determine the effect of such incentives based on PMK No. 44/PMK.03/2020 up to PMK No. 3/PMK.03/2022 concerning Tax Incentives for Taxpayers Affected by the 2019 CoronaVirus Disease Pandemic. The evaluation criteria refer to effective policies to evaluate the achievement results; suitable efforts made to achieve the desired results; adequate results to solve problems; equity in the tax incentives given to all groups; responsiveness to tax incentive policies according to needs; accuracy in evaluating the benefits of policy achievement; and taxpayer compliance, in order to evaluate whether the existence of tax incentives can encourage MSME business actors to report taxes. The evaluation of this tax incentive is aimed at business actors or people responsible for MSME taxes in South Bekasi. The research uses a qualitative approach with a case study method. Data were obtained from questions to the Directorate General of Taxes and the Fiscal Policy Agency, as policymakers, and five MSMEs in South Bekasi. The Government has facilitated ease of use in procedures and has improved services. However, the policy applied to individual and corporate taxpayers has failed to achieve the benefits of a tax incentive, as only one respondent had used it and not all of them knew about it. Therefore, it is necessary to make improvements in the dissemination of tax information and to educate taxpayers about taxation. For example, there should be cooperation with MSME organizations to help them understand the importance of taxes, how to report them, and tax benefits.

Keywords: Micro, Small and Medium Enterprises (MSMEs) Taxpayers' Compliance in Bekasi Selatan, PP No. 7 Tahun 2021, Tax Rates and Fiscal Services, PP 23/2018.

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1. INTRODUCTION

Micro, small and medium enterprises (MSMEs) comprise an economic sector that plays a significant role in the national economy. They contribute 61.7% to national GDP, 58% to national investment, and 14% to national exports. MSME units employ 64.19 million people, and represent 99.9% of the total business units in Indonesia, capable of absorbing 97% of employment in the country (APBN KITA, 2020).

During the COVID-19 pandemic, the Indonesian economy, especially the MSME sector, has experienced a decline. To handle the impact of the pandemic, the Government created the National Economic Recovery Program (PEN), which helps MSMEs with a budget of RP.123.46 trillion. In addition, since the beginning of the pandemic, the Government has attempted to provide support in the form of credit relief for MSMEs, fiscal incentives, direct cash assistance for micro-enterprises, and discounted electricity rates, with the aim of helping such companies to survive.

The criteria used in this research are based on the policy evaluation of Dunn (2003, p.609), with the intention of providing valid relevant information. The criteria, listed below, can also reveal and measure the efforts and achievements of a policy.

1. Effectiveness, referring to the expected results of the policy.
2. Efficiency, the level of effort required to achieve policy objectives.
3. Sufficiency, which establishes if the policy is sufficient to meet the needs of its objectives.
4. Equity, or whether the policy applies to all different groups.
5. Responsiveness, in terms of how far a policy can satisfy needs.
6. Accuracy, meaning whether the policy is on target.

In addition, the study will evaluate tax compliance, which is directly proportional to the understanding of taxpayers. If MSMEs have knowledge of the meaning and function of taxes, does this mean they will comply with tax obligations?

In 2016 there were 203,000 MSMEs in Bekasi City (Bekasi Kota.go.id, 2018), which provide employment for 410.000 workers spread across 12 sub-districts of the city. They continue to grow and create job opportunities for the people of Bekasi, including MSMEs in South Bekasi. However, as a result of the COVID-19 pandemic, they are also experiencing economic weakness. MSMEs in South Bekasi make a large contribution to the economy, and the

Government has provided tax incentive facilities to reduce their burden during the pandemic. The policy is in the form of a 0.5% MSME final PPh tax incentive, which is borne by the Government. The tax incentive facility policy is expected to improve the financial capacity of MSMEs, which is one of the problems faced by them.

Based on the discussion above, the study will evaluate the implementation of the tax incentive policy in the MSME sector during the COVID-19 pandemic, based on PMK 23 2020 to PMK 149 2021. This will refer to the achievement of goals and the expected results from the provision of Final Income Tax DTP; the readiness of the DGT system that makes it easier to use the facilities; and whether the incentive is used by taxpayers. In the PMK, it is explained that MSMEs receive Final PPh incentive facilities at a rate of 0.5%, according to tariffs in PP 23 of 2018.

2. LITERATURE REVIEW

2.1. MSME TAX POLICY

In helping MSMEs to survive during the pandemic in the context of the National Economic Program (PEN), the Government has paid close attention to the MSME sector in the form of tax incentives. In the incentive rules in the regulations, including PMK No.44 of 2020, there is one additional incentive for Final PPh 0.5% Taxes Borne by the Government. To benefit from it, MSME taxpayers first apply for a certificate on the Tax.go.id website.

The Government is supporting MSMEs through the National Economic Recovery Program by changing PMK 44 to PMK No. 86/PMK.03.2020. If previously taxpayers had to apply for a certificate, in this PMK they do not need to submit one; it is sufficient to submit a Realization Report. The Government will extend the tax incentive facility until the issuance of new regulation PMK no. 3/2022, which regulates the termination of the DTP Final PPh facility.

2.2. TAX COMPLIANCE

Kamleitner et al. (2012) grouped issues that affect MSME tax compliance into three characteristics: opportunity, system complexity, related knowledge, and the taxpayer's view of the tax itself. With regard to knowledge related to tax obligations, taxpayers must understand the required tax provisions and have the related capabilities. This study will discuss taxpayer compliance to evaluate whether the existence of tax incentives can encourage MSME business actors to report taxes. The study will use indicators showing that the existence of tax incentive facilities can improve tax compliance and encourage non-taxpayers to report taxes.

The study will also evaluate tax compliance which is directly proportional to the understanding of taxpayers. With knowledge of the meaning and function of taxes, taxpayers are expected to comply with payment. Taxes are the largest state revenue, so without them the state will not be able to grow because of the absence of funding sources. Therefore, knowledge about taxes is necessary so that the country can continue to develop.

Based on data from the Ministry of Finance, the level of community compliance in paying taxes currently remains low. The tax ratio in 2015 was 10.76% and decreased gradually in 2016 to 10.36% and in 2017 to 9.89%. In 2018, it increased to 10.24% before falling back to 9.76% in 2019. The low tax ratio could be a barrier to Indonesia being able to build important aspects of life and the welfare of the wider community.

2.3. POLICY EVALUATION

The study uses several criteria to evaluate government policies related to the National Economic Recovery Program. These refer to the challenges faced by MSME actors during the COVID-19 pandemic. Dunn (2003, p. 609) describes the evaluation criteria used, as shown in Table 1.

Table 1. Evaluation Framework

Concept	Variable	Category	Criterion	Indicator
Policy Evaluation	Evaluation of MSMEs' final PPh incentive facility policy during the Covid-19 pandemic	Fulfilled	Effectiveness	1. Achievement of the expected results from the provision of DTP final PPh 2. Achievement of the goal of providing DTP final PPh efficiency
		Not Fulfilled		
			Efficiency	1. Readiness of the DGT system to make it easy to use the facilities 2. Creation of a special team for the incentive program

			Fairness	1. Policy capability in solving MSME problems during the pandemic
			Equitability	1. Tax policy is aimed at both taxpayers and non-taxpayers 2. Tax policy can be used by individual and corporate taxpayers
			Responsiveness	1. MSME business continuity response to the DTP final PPh facility 2. The response of business actors to the availability of raw materials during the pandemic
			Accuracy	1. Accurate tax policy can help maintain financial stability
			Tax Compliance	1. The existence of tax incentive facilities can improve tax compliance 2. There is an attractive tax incentive for

				non-taxpayers to report taxes
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Source: Adapted from Dunn (2003)

Evaluation based on these criteria in this research includes finance (e.g., liquidity). The financial evaluation refers to the purpose of the policy, namely to help MSMEs maintain cash flow during the pandemic. Further evaluation regards operations (for example, the availability of raw materials). As a result of the limited movement that has hampered the economy, export and import activities have been affected. The operational criteria relate to evaluation of the availability of raw materials obtained from such activities. It is considered whether the tax incentive is also able to help the supply of raw materials. Finally, business continuity during the Covid-19 pandemic is addressed, an issue which impacts economic activities. The criteria above relate to the purpose of tax incentives to help MSME businesses continue during the Covid-19 pandemic.

2.4. PREVIOUS STUDIES ON THE IMPACT OF THE COVID-19 PANDEMIC ON THE IMPLEMENTATION OF TAX INCENTIVES

In a study entitled *Evaluation of the Application of Tax Incentives for MSMEs During the COVID-19 Pandemic*, the researchers analyzed several previous studies for comparison purposes. Several of the researchers involved have conducted previous related research, but the research themes are the same, related to MSME tax incentives.

The first study, *The Impact of Covid-19 and the Utilization of Tax Incentives on Business Continuity in MSMEs Weaving Troso Jepara*, was conducted by Indaryani, Budiman dan Mulyani (2020). It analyzed the impact of Covid-19 and the use of tax incentives for business continuity in troso weaving SMEs in Jepara. The study population were those running small and medium enterprises involved in Weaving Troso Jepara. Based on PMK no. 44 of 2020, the final PPh of MSMEs is borne by the government (DTP) at a gross rate of 0.5%, as regulated in PP No. 23 of 2018. This research uses quantitative to collect data sets and make generalizations to explain particular phenomena experienced by the population.

The second study is *PMK 86/2020 Incentives in the Middle of the Covid 19 Pandemic: Does it Affect MSME Taxpayer Compliance in Surabaya?* by Andrew and Sari (2020). This study aims to analyze and determine the effect of socializing incentives for PMK 86/2020, tax rates, tax services, PP 23/2018 deadlines, and tax sanctions on MSME taxpayer compliance in Surabaya.

The third study was conducted by Agustina (2022), entitled *Evaluation of Implementation in Government Regulation no. 23 of 2018*. This discussed regulations related to MSME income tax, using the theory of tax knowledge and capability, tax fairness, compliance costs, and external conditions. It evaluates compliance with

income tax provisions in PP 23 of 2018 regarding the choice of tariff, period, and gross turnover threshold.

This approach makes it possible to investigate and understand an issue, namely MSMEs affected during the COVID-19 pandemic, by collecting various information from interviews. Solutions and input will later be provided so that the incentive can be appropriately utilized.

3. RESEARCH METHODS

This research was conducted on MSMEs located in South Bekasi City. A qualitative approach was employed; according to Denzin and Lincoln, cited in Moleong (2018), such research uses a natural setting to interpret phenomena that occur and is conducted using various methods. According to Ellet (2007), case studies have at least four benefits: they evaluate current performance/results; analyze certain situations; provide solutions to problems encountered; and provide information for decision-making. This study uses the evaluation criteria of effectiveness, efficiency, adequacy, equity, responsiveness, and accuracy, which aim to identify and assess the feasibility of the policy. In addition, criteria are identified and applied to evaluate the benefits of linking policies with problems that have occurred in MSMEs during the pandemic.

The data sources used in the study are primary and secondary. Primary data can be obtained from the research object directly through the data collection techniques and research instruments described later. In addition, secondary data can be obtained from tax provisions or information officially released by the Directorate General of Taxes and the Ministry of Finance. In collecting the data, the author conducted interviews and document analysis. The respondents were representatives of five MSMEs whose rates are regulated in PMK 44 2020 to PMK 3 2022. In addition, a further respondent was an employee of the Directorate General of Taxes and the Fiscal Personnel Agency in the role of regulator.

4. ORGANIZATIONAL PROFILE

The first organizational profile used refers to an MSME business owner, who has the authority to make tax-related decisions. The MSME respondents consisted of six business actors, three of whom have made tax payments, while three have never paid taxes. Next, respondents from the Directorate General of Taxes were represented by employees at the Directorate of Tax Regulations II. This is because the formulation and implementation of policies and technical standardization in the field of regulations related to income tax, advocacy, providing guidance and implementation advocacy, and harmonization of tax regulations are tasks delegated to the Directorate of Tax Regulations II (Ministry of Finance, 2021). The last respondent was from the Fiscal

Policy Agency, a Middle Expert Policy Analyst at the Center for State Revenue Policy. The Center for State Revenue Policy performs coordination and analysis, formulation of recommendations, and evaluation of state revenue policies related to subjects, objects, and tariffs.

5. RESULTS AND DISCUSSION

Discussion will be made of the evaluation of the implementation of tax incentives during the Covid-19 pandemic from PMK 44 2020 to PMK 3 2022. It is considered whether MSMEs have used these tax incentives correctly, and what the challenges and obstacles are. In addition, it is questioned whether the existence of this tax incentive can encourage MSMEs to be tax compliant. Previous research only referred to PMK 44 2020 and PMK 86 2020. It did not explain why PMK 3 2022 PMK was terminated and used a quantitative methods. This study uses a qualitative method, and the results are discussed in more depth. In the future, it is hoped that this research will be considered in Government decision-making on providing incentives to MSMEs. The research was conducted on five MSMEs, AA, BB, CC, DD, and EE, and on employees of the Fiscal Policy Agency, coded BKF, in addition to employees of the Directorate General of Taxes, coded DJP.

5.1. MSME DATA

Five MSME respondents took part in the study, having the status of business owners or those with the authority to make decisions related to taxation, thus providing a more in-depth picture of the background of tax decisions. The profile of the MSME respondents given in Table 2.

Table 2. MSME Respondent Profiles

No	Respondent	Status	Tarif	Bidang Usaha
1.	AA	OP	-	Perdagangan Besar Berbagai Barang
2.	BB	CV	Final	Industri Pakaian Jadi
3.	CC	-	-	Industri Pakaian Jadi
4.	DD	OP	-	Industri Pakaian Jadi
5.	EE	CV	Final	Industri Kulit, Barang dari Kulit dan Alas Kaki

There has been an increase from year to year in the number of MSMEs in Indonesia, reaching 64.2 million by March 2021 (Kemenkeu.go.id, 2021). However,

this number was reduced compared to 2019 (before the pandemic). The MSMEs are dominated by micro-businesses, at around 98% of the total.

5.2. EFFECTIVENESS

The criteria for evaluating effectiveness by questioning whether the desired results have been achieved. First, the background of the program and its objectives are considered. The DTP Final PPh is a government incentive facility program forming part of the National Economic Recovery that has been running since 2020 in response to the COVID-19 pandemic.

"The MSME final PPh incentive is borne by the Government, and is part of the national economic recovery program... (BKF)

"...with such mobility restrictions, it certainly has a significant impact on the MSME economy itself like that. Indeed, in the beginning, the DGT provided this tax incentive in the PMK 23 taxation; the MSME incentive did not yet exist. Now, only in the amendment of PMK 23, namely PMK 44, incentives for MSMEs in the form of 0.5% Final PPh borne by the Government have begun..." (DJP)

The program was created in the context of handling the impact of the Covid-19 pandemic on MSMEs. The assistance provided during the pandemic aimed at preventing a more profound economic impact. Such an impact is also due to restrictions on mobility and other factors, which reduce all community activities.

In the pandemic period, many MSMEs have gone out of business because they have been unable to survive. Businesses with no turnover during this period are not required to pay taxes, so the use of this facility is for businesses which still have a turnover and are still running. In PMK 23 of 2020, the Government has not provided financial support for MSMEs because they are still considering the impact of the pandemic at the beginning of Covid-19. Therefore, in the new PMK 44, the Government has provided tax incentive facilities for MSMEs.

"I have never heard of tax incentives..." (AA)

"I do not know, and there is no information at all" (BB)

"Not at all, I do not know because I also did not learn about taxes..." (DD)

"...So the government gave a 0.5% policy, so I have more support from the government, so yesterday there was something like the Government... So, for two years in a row, we were facilitated by the Government for free, so we only deposited 0.5% to the Ministry of Cooperatives.... (EE)

The EE respondents felt that the incentive facility had benefited them. The Ministry of Cooperatives has assisted the respondents in taking advantage of the facility; they only report on the realization, while the ministry handles the rest.

From the discussion above, it is clear that the Government has made efforts to help MSMEs survive during the pandemic. However, only one MSME uses the facility, four do not use it, and three have never paid taxes. These results indicate that the purpose of tax incentives for MSMEs in South Bekasi has not been met.

5.3. EFFICIENCY

Efficiency means the ability to perform tasks correctly and precisely. This can be seen in the Directorate General of Taxes' readiness to implement tax incentive policies. Is the existing system adequate, and whether the service has been conducted optimally. Has the implementation of the tax incentive facility been conducted efficiently?

"Our procedure is quite easy, right, because, from the start, we gave this incentive to WP MSMEs, right from PMK 44, right? Taxpayers must apply for a certificate to take advantage of this DTP Final PPh incentive. So this Taxpayer applies through the DGT website www.Pajak.go.id to be able to get a certificate explaining that oh indeed this Taxpayer has a taxpayer who has a certain gross turnover...." (DJP)

In PMK 44, it is explained that to take advantage of this incentive, taxpayers with an inevitable gross turnover must make a certificate through the tax webpage, but in PMK 86, the tax rules have been changed to make them more accessible. Taxpayers only need to report the realization. The Government has tried to make the rules as easy as possible for taxpayers to take advantage of the facilities.

"I went to the KPP, didn't I? As far as I know, I just input it straight away. However, in the second year, I got a program from the government, so I just continued like that.... (EE)

According to one respondent, to take advantage of this facility, only the realization report needs to be input; there is no need to submit a letter of application. However, he does not know whether the current regulations require a certificate because there is a program from the Government (Ministry) that assists in filling out the realization report. This makes it very easy for MSME taxpayers to take advantage of the facilities.

"Yes, there is also this from us, yes from the KPP representative; indeed, the supervision must be more extravagant. This is all electronic, yes, from the submission, then from the reporting on the realization of the use of these incentives, and then the supervision from the KPP to monitor..." (DJP)

In its implementation, it is necessary to ensure that those who can take advantage of the incentive facility are MSME taxpayers who have a gross turnover of 4.8 billion per year.

Regarding efficiency, the Government has developed procedures that make it easier for taxpayers to take advantage of the facility. For example, they only need to submit a realization report and do not need to pay taxes because the Government already bears it. This is supported by the extra services provided by DJP employees in conducting supervision to minimize significant obstacles.

5.4. SUFFICIENCY

The provision of tax incentives is a response from the Government to the declining productivity of businesses. The COVID-19 pandemic has had an impact on economic stability and state revenues, which has made it a non-natural disaster for the Government. Self-sufficiency refers to how much effort is required to achieve the desired result. Businesses that are evaluated under this criterion are the socialization of tax incentive facilities provided by the Government, but it should be asked what the extent of the Government's effort in disseminating information has been. Incentive facilities are expected to help MSMEs to stay afloat during the pandemic.

"...it can be used to run the Company's operations, either paying rent or paying employees, so that can be used for that. So that he can survive the impact of the Pandemic...." (BKF)

State revenue was reduced by 19.6% compared to the realization in 2019. However, the Government continues to provide tax incentive facilities for MSMEs in the hope that they can be helped and the economy will consequently improve. In addition, Yustinus (2021) stated that there was great hope that MSMEs and the Government would work together for a strong and growing Indonesia.

In addition to state revenue, MSMEs also feel the impact of the COVID-19 pandemic. The restrictions on the mobilization of community activities have also hampered business, such as party events that require souvenirs and decorations.

"Yes, it is clear that the turnover is very low at this time, especially since my business is for party supplies such as souvenirs and others. There are no parties nowadays, so it is going down." (AA)

"Yes, surely we are in a slump, yes, if we survive, yes, but if, for example, our turnover increases, we do not. During the pandemic turnover fell by around 80% to 90%." (DD)

However, in addition, MSMEs must continue to innovate so that their sales will continue to grow in the market.

"Because yes, it decreases with the same burden, there are many fixed expenses every month, so it ends there" (EE)

In addition, according to the EE respondent, although he previously said that the tax incentive facility did not significantly impact his business, the money could cover certain fixed expenses every month, but the amount was not significant.

During the pandemic, the turnover of all the respondents fell, and assistance from the Government was needed, such as tax incentives. In addition to such incentives, MSMEs also need other assistance such as marketing assistance and interest-free capital. The Government has provided capital assistance in the National Economic Recovery Program, and there is also presidential assistance in the form of cash that can help MSMEs during and after the pandemic. However, the information related to this assistance has not yet reached all MSMEs; this could be because they have not actively sought such information. Therefore, MSMEs must be active in seeking this information, and the Government must be more proactive in disseminating it.

5.5. EQUITY

In the National Economic Program, the Government provides socialization to people who have registered with the DJP system so that they can take advantage of the tax incentives. Information related to such incentives can be obtained through news, the kemenkeu.go.id website, the DJP tax.go.id website, online news, and social media. Evaluation is seen on whether this tax incentive facility is given to all groups.

"Now, in terms of tax incentives, not only taxpayers whose category is medium and large but also those in the MSME category are also a concern of the Government so that there is the final PPh of MSME DTP." (BKF)

In its implementation, the Government faces a challenge in providing socialization related to taxation to MSMEs. It also continues to strive to be more massive in providing literacy related to taxation to the public and especially to MSMEs.

"Never heard of tax incentives..." (AA)

"I do not know, and there is no information at all" (BB)

Some MSME respondents felt that the socialization was not very widespread. They felt that there was no socialization related to tax incentives, even though knowledge of taxes determines taxpayers' willingness to report them.

"It's easy; actually, it just takes time to look for it... it is like a seminar like that, but for us, clothing manufacturers seem to be wasting their time to come"
(DD)

"It is not too difficult because all the information is already a lot, yes, MSMEs themselves have much guidance on taxes, so it is back to the MSMEs themselves, how to deal with it." (EE)

The other two respondents felt that information related to taxes was abundant and easy to find, there was even a seminar held by the Government. The EE respondents are corporate taxpayers who routinely report and pay their taxes and are aware of the tax facilities provided by the Government during the pandemic. On the other hand, the DD respondents are individual taxpayers who feel they are wasting their time attending tax-related seminars. Therefore, it can be concluded that it is up to each individual whether to take advantage of the seminar or not.

The Government has provided socialization to people who have registered with the DJP system so that they can take advantage of the tax incentives. However, they also realize that more widespread socialization is needed aimed at MSME entrepreneurs who have not yet entered the system. Two respondents stated that the information was not complex, but returned to the MSMEs whether they wanted to find it or not. The policy is also given to all MSMEs WP OP and Entities; in addition to helping MSMEs after the pandemic, the Government provides other facilities in the HPP Law, in the form of tax incentives for WP OP MSMEs which have a turnover of up to 500 million.

5.6. RESPONSIVENESS

This criterion is based on whether the policy benefits business actors who use it. In particular, MSMEs using the tax incentive can become profitable or can be helped to survive during the pandemic. From data on the Temporary Realization of the MSME National Economic Program 2021, the Final PPh DTP policy is shown to be an appropriate program for MSME entrepreneurs because its coverage reaches around 72%. In addition, it is demonstrated by the responses of the MSME business actors regarding the current initiatives, which are believed to be a good form of tax incentives.

"So for now, for MSMEs, you do not have to pay; it is suitable..." (AA)

"For example, if the Government bears it, I think that is one of the benefits of MSMEs; we are not subject to income tax, right? That might be the benefit, but unfortunately, it should be more widely distributed to MSMEs so that MSME activities will continue to be even more active to advance the business."
(BB)

"Yes, if possible, the tax is as small as possible, that is what it means, especially during the last pandemic, our business also went down a lot" (CC)

Although the respondents have never used tax incentives, they think that those introduced by the Government are an excellent step to ease the burden on MSMEs. Furthermore, BB believes that related information should be more widely disseminated so that MSMEs can take advantage of the incentive. In addition, respondent AA added that there is a need for the Government to consider continuing the tax incentive facility even after the pandemic.

In addition to the downturn that caused turnover to fall, the pandemic also affected the purchase of raw materials, with prices continuing to rise.

"Yes, it is affected because some of the goods we sell are imported, so especially during the pandemic, it is challenging because import management is hampered because of the national scale restrictions, so yes, of course, we have difficulties in getting raw materials. (AA)

"At the beginning of the pandemic, it was difficult to find raw materials, wasn't it? It is just getting here; in the past year, it has been difficult to find raw materials because craftsmen have not worked for almost one year." (DD)

Respondents AA used raw materials imported from abroad, but during the pandemic the import of raw materials has experienced delays. DD said that difficulties in finding raw materials had occurred in the last year, due to restrictions on community activities which mean no craftsmen are making raw materials.

The tax incentive during the Covid-19 pandemic is a good program, but not all MSMEs know about it. During the pandemic, MSMEs have also found it difficult to obtain raw materials due to limited community activities which have hampered trade. In order to survive during the pandemic, MSMEs are continuing to innovate and to follow what is currently trending. In addition, they also sell their products or services through the marketplace so that customers can see these more efficiently from home or during the self-quarantine period.

5.7. ACCURACY

Accuracy is assessed from the results or objectives of a policy that is useful for the community. This accuracy will help evaluate the results and objectives of the policy and whether it can be helpful for the community, in terms of the Government's goal to help MSMEs to survive during the Covid-19 pandemic. In addition to countries being affected by the pandemic, communities have also been affected, with travel restrictions, business closures that allow large numbers of people to meet in person, and even the removal of financial income from community businesses.

"It helps, doesn't it help, because it is only 0.5%, so we still pay it is not a loss. What am I not thinking about profit or loss, so because of what is called a tax, it will be scary in the future, so it is a loss, it is not a loss, we still have to pay the principal" (EE)

However, tax is a mandatory contribution that entrepreneurs must pay when doing business, such as the EE respondents. Even though income earned is not commensurate with expenses, income tax is still a mandatory contribution that EE business actors must pay. Taxpayers who do not pay their taxes can be subject to administrative sanctions, such as fines, interest, and rate increases. In addition, the EE respondents also felt that this type of Government assistance was the most appropriate.

"For now, that is what is needed because if it has been more than five years, the tax has changed, it is not 0.5% anymore, right. Well, soon it will be next year when I do not pay 0.5% anymore." (EE)

The EE respondents felt that the government tax incentive facility was the most appropriate because the Final PPh rate of only 0.5% has helped MSMEs. However, businesses will face a general tariff next year, which may become a more significant burden for companies.

"Business is not going well because our shop has been forced to close and online has also declined drastically, so we just survive as best we can.. (AA)

During the pandemic, the negative impacts felt by businesses have ranged from reducing the number of employees and working hours to closing shops. These impacts have occurred because of social restrictions and restrictions on movement. As perceived by Respondent AA. The closure of this store harms not only business owners but also employees. Employees with reduced in working hours have even been laid off. It is hoped that the existence of this tax incentive facility will minimize the laying off of employees due to low turnover.

"Well, what is the name, the money that was supposed to pay taxes earlier can be used by MSMEs to survive so that they can continue their business like that..." (DJP)

In addition, according to the DJP, the purpose of providing the tax incentive is to help MSMEs to survive during the pandemic. This is evident from the EE respondents, who feel that they have benefitted from the incentive. However, its utilization is low, because only one out of the five respondents has used it.

For MSMEs, government assistance in the form of tax incentives is needed because income during the pandemic does not cover fixed monthly expenses, meaning that money that should be used to pay taxes may be used for other needs. In addition, during

the pandemic not only have MSMEs been harmed, but also employees who were laid off because the business owners could not pay them.

5.8. TAX COMPLIANCE

Knowledge and understanding of taxation are directly proportional to tax compliance; MSMEs may be willing to pay their taxes if they do not understand their usefulness. For example, taxes are very useful in regulating state or fiscal policy; therefore, tax knowledge is needed for MSMEs to comply with taxation. These facilities can increase tax compliance.

"If I have made a personal NPWP... I have not reported the tax yet because I sell it online that is because all this time, I just sold it online, people bought it, I sent it." (AA)

"Well, I do not have it yet, because it was just a fad; it has not been made into a business..." (CC)

Respondents AA already have NPWP while respondents CC do not, but both of them do not have knowledge related to taxes.

In addition, their knowledge and understanding of the National Economic Recovery Program is that the cost of tax incentives in the form of final income tax is borne by the Government. The knowledge of these MSME owners regarding the final PPh is still lacking, as evidenced by their explanations of it.

"To be honest, I do not understand, because like this as trader, especially in our marketplace, we are required to have a price war..." (AA)

"As far as I know, the MSME PPh final is a tax imposed on an MSME/company for one year of activity" (BB)

"I do not know about the final PPh" (DD)

Furthermore, how is the understanding and knowledge of MSME business owners DTP Tax Incentives made to help business actors for business continuity. The business owner replied that he did not know about the tax relief given to MSMEs in the National Economic Recovery. Therefore, they argue that the lack of information related to taxes they get.

"If there is no information in the field regarding the 0.5% incentive for income tax, there is no information yet. Yes, 0.5% is still paid." (BB)

"I just found out that it was there, huh." (CC)

"It is effortless, it just takes time to look for it. It is like a seminar like that, but for us, clothing manufacturers seem to be wasting their time to come" (DD)

"If the information is easy, it depends on us how we need it" (EE)

Unlike the others, the DD business owners admit that they find it easy to obtain tax-related information. There are seminars on taxes, but they still have not taken advantage of the tax incentives. On the other hand, the other business owners find it challenging to obtain information related to the tax, as is seen from their ignorance of the government program.

Tax compliance must be followed by knowledge and understanding of the tax itself. The Government has provided MSME Final Income Tax incentives, but they have not been adequately utilized by business owners AA, BB, CC, DD, and EE. Therefore, apart from the Government (DJP) providing socialization about taxes, MSMEs must also play an active role in seeking information or studying tax provisions.

6. CONCLUSION AND RECOMMENDATIONS

Based on data from the Directorate General of Taxes, the National Economic Recovery Program will significantly help MSMEs. It should also be noted again that the recipients of this incentive facility are MSMEs that can receive the incentives by reporting the realization every month. In other words, not only must the Government be more proactive in providing socialization about taxes, but MSMEs must also take the initiative to seek knowledge about their obligations. It should also be remembered that the Government's intention to increase the VAT rate to 11%, which is of concern to MSMEs, is for the common interest, namely to help other sectors that have not yet emerged from the COVID-19 pandemic.

6.1. EFFECTIVENESS

The program to provide tax incentive facilities for MSMEs during the pandemic is good, but MSMEs have not maximized their utilization of it. The reason is that they are not aware of the tax incentive facility. In fact, with regard to tax incentives, the money intended to pay taxes can be used for other needs. In the future, it is hoped that MSMEs will actively participate in taxation and seek tax information because the tax function is intended to achieve a goal. The Government can make tax payments to make fiscal policy if there is a similar pandemic.

6.2. EFFICIENCY

During the Covid-19 pandemic, most MSMEs have been severely affected and even forced to go out of business due to a lack of buyers and liquidity problems. The

Government has developed fiscal policies to help MSMEs survive during the pandemic. The Directorate General of Taxes in particular has provided tax incentive facilities borne by the Government. By facilitating the requirements to utilize the facility, only reporting the realization does not need to register as a beneficiary of the facility. In addition, DJP has also prepared account representatives to be more stringent in deciding who can take advantage of the facility.

6.3. SUFFICIENCY

In order to survive, MSMEs must innovate their products; for example, by following the needs of current trends and making masks from readily available materials such as batik cloth. In the future, MSMEs hope to continue to receive this tax facility and receive adequate and equitable education. In addition, they also hope to receive business capital assistance, as during the pandemic they still have to pay their employees and for marketing assistance so that their products are better known amongst the public.

6.4. EQUITY

The MSME respondents still do not know about the tax incentives to help them during the pandemic. This is not because the information circulating is minimal, but because MSMEs have not responded to the information appropriately. The incentive can be used by individual and corporate taxpayers and all MSMEs, from micro to medium-sized ones. It is also good for helping MSMEs, who only need to report the realization. Even after the pandemic, the Government will continue to provide facilities to MSMEs with a gross turnover of 500 million; so they will not need to pay taxes.

6.5. RESPONSIVENESS

MSMEs are taking the opposite step and adding marketing channels to their business continuity strategy. During the pandemic, it is not only the economic sector that must be considered, but also the changing of the culture and economic behavior of the community in conducting economic activities. For example, people prefer to use digital markets to buy and sell. Digital marketing is therefore essential because it can reach the whole of Indonesia, unlike the traditional type, but MSMEs must also be equipped with digital marketing literacy; for example, how to post photos on social media and ensuring that the photos are not unclear and that the descriptions match. MSMEs can take advantage of several seminar programs provided by the Government and the private sector.

6.6. ACCURACY

Social restrictions during the pandemic have also reduced business productivity. The tax incentive facility seems to answer the needs of MSMEs to ease the burden. However, the incentive has not facilitated MSMEs to earn money to pay their monthly expenses. Fixed expenses every month are a substantial burden borne by MSMEs. During the pandemic, it is not only businesses that are affected, but also MSME employees, who may be laid off or have their salaries cut. According to the respondents who have used this facility, it has been constructive. However, adequate guidance is needed so that MSMEs can take advantage of the fiscal policy.

6.7. TAX COMPLIANCE

Fear of additional obligations through paying taxes makes some MSMEs not comply with taxation. The respondents also felt that there were no related agencies that provided tax guidance, let alone tax incentives. For this reason, DJP needs to provide transparent information and demonstrate the provision of incentives to relieve MSMEs of any additional burden.

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