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THE EFFECTIVENESS OF THE COVID-19 TAX INCENTIVE POLICY FORM OF INCOME TAX 25 AND INCOME TAX ARTICLE 22 IMPORT (CASE STUDY: KPP XYZ)

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EVALUATION OF THE COVID-19 TAX INCENTIVES ON POLICY INCOME TAX ARTICLE 25 AND IMPORT INCOME TAX ARTICLE 22

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ABSTRACT

The Covid-19 pandemic hindered the achievement of the state tax revenue target in 2020. As a result, until 2022 the government is still providing Covid-19 tax incentives such as reducing installments of Income Tax Article 25 and exemption from Import Income Tax Article 22. This study aimed to evaluate the effectiveness of the tax incentives based on the Four Maxims from taxpayers' perception. The evaluation was conducted at the ABC Tax Office using mixed methods combining quantitative and qualitative approaches. Data were collected using questionnaires and interviews with tax authorities and taxpayers. The results showed that taxpayers' perception of tax policies has fulfilled the Four Maxims of tax collection criteria. Furthermore, the government has achieved its goals but still faces certain obstacles. Taxpayers' satisfaction should be monitored, evaluated, and assessed with government policy. This would create an effective tax administration system for optimal business recovery during the pandemic.

Keywords: *Tax Incentives, Covid-19 Pandemic, the Four Maxims*

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1. INTRODUCTION

In March 2020, the World Health Organization (WHO) declared Corona Virus Disease 2019 (Covid-19) a global pandemic in March 2020. The increasing spread of the pandemic in Indonesia has impacted various sectors, including the economy. Consequently, the nation has suffered significant material losses, resulting in slow national economic growth, reduced state revenues, as well as more state spending and financing.

Governments are taking appropriate and fast actions to overcome the obstacles to economic disruption. In this situation, a fiscal policy that includes taxation policies could be used (Horton & El-Ganainy, 2020). Fiscal policy also affects Indonesian national income, employment opportunities, and investment (Ginting & Silalahi, 2020).

The Danny Darussalam Tax Center (DDTC) Fiscal Research found that 137 countries have implemented tax instruments during the Covid-19 pandemic. The Central Statistics Agency (2021) also reported that Indonesian Gross Domestic Product (GDP) experienced a -2.07 yoy contraction. From the second quarter of 2020, the economic contraction rate was -5.32%. This rate continued into the third and fourth quarters at -3.49% and 2.19%, respectively.

The Indonesian government issued a tax policy as part of the National Economic Recovery (PEN) program to anticipate a recession and economic downturn due to the Covid-19 outbreak. The Minister of Finance issued PMK Regulation of the Minister of Finance No. 23/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the Corona Virus Outbreak. This PMK is the first to be issued regarding Covid-19 tax incentives, such as reducing installments of Income Tax Article 25 and exemption from Import Income Tax Article 22.

The problems occurring in 2022 based on the government PMK No. 3/PMK.02/2022 have not met the needs of the tax incentive expansion program. This implies the need to apply a new regulation of PMK No. 114/PMK.03/2022 (DDTC News, 2022). According to the Minister of Finance, tax incentives are still being provided because the ongoing Covid-19 pandemic has impacted the economy. This means that tax incentives are still needed for national economic recovery. Therefore, the tax incentives for reducing installments of Income Tax Article 25 and exemption from Import Income Tax Article 22 still need to be applied. The Indonesian Employers' Association also asked the government to continue distributing tax incentives to business actors, such as reducing installments of Income Tax Article 25 (DDTC News, 2022).

This study has novelty compared to Saniananda (2021), which analyzed the effectiveness of providing tax incentives for Income Tax Article 25 based on taxpayers' compliance. Susanto (2022) also evaluated the effectiveness of incentives in terms of companies receiving incentives. Therefore, this study is different in terms of the object and measurement framework. It was also conducted on two groups, 1) tax authorities as tax officers, and 2) taxpayers as the parties utilizing the two incentives. The measurement used the Four Maxims framework.

The study questions are as follows:

1. How is the taxpayers' perception of the tax incentives policy for reducing Income Tax Article 25 and exemption from Import Income Tax Article 22 during the Covid-19 pandemic from 2021 to 2022 based on the Four Maxims?
2. How is the implementation of the policy of providing tax incentives by reducing installments of Income Tax Article 25 and Import Income Tax Article 22 exemption at ABC Tax Office based on program and goal success?

2. LITERATURE REVIEW

2.1. TAX INCENTIVES: INCOME TAX INSTALLMENT REDUCTION ARTICLE 25

PMK No. 23/PMK.03/2020 and PMK No. 9/PMK.03/2021 stipulates that Article 25 is a tax payment made in installments to ease the burden on taxpayers. The pandemic created severe financial difficulties for companies and negatively impacted their cash flow. Participants in these incentives include new taxpayers, banks, BUMN, BUMD, and individual entrepreneurs. These taxpayers must have at least one of the following criteria:

- a) Meet the Business Field Classification in the list of tax incentives recipients
- b) Designated as KITE Companies (Ease of Import for Export Purposes)
- c) Obtained Bonded Zone Operator Permit and Bonded Zone Entrepreneur Permit

The tax incentives for reducing installments of Income Tax Article 25 is given to taxpayers after meeting at least one of the criteria. The taxpayers who have received the incentives are required to submit a realization. A failure to submit this report means the taxpayers cannot use the incentives and must pay their tax obligations.

2.2. TAX INCENTIVES : EXEMPTION FROM IMPORT INCOME TAX ARTICLE 22

Import Income Tax Article 22 is a withholding tax on taxpayers conducting trading activities of imported goods. It is collected by the Foreign Exchange Bank or the Directorate General of Customs and Excise when the Taxpayer imports goods. The Covid-19 pandemic has reduced the activity of sending goods to Indonesia, negatively impacting business actors trading imported goods. Therefore, taxpayers could utilize the incentive on import income tax exemption. PMK No. 23/PMK.03/2020 and PMK No. 9/PMK.03/2021 stipulates that taxpayers must have at least one of the following criteria:

- a) Meet the Business Field Classification in the list of tax incentives recipients.
- b) Designated as KITE Companies (Ease of Import for Export Purposes)
- c) Obtained Bonded Zone Operator Permit and Bonded Zone Entrepreneur Permit.

The tax incentives exemption of Import Income Tax Article is given to taxpayers after meeting at least one of the criteria. The taxpayers who have received the incentives are required to submit a realization. A failure to submit this report means the taxpayers cannot use the incentives and must pay their tax obligations.

2.3. THE FOUR MAXIMS OF TAX COLLECTION

The Covid-19 tax incentives policy aims to promote the recovery of taxpayers' business activities during the pandemic. The tax collection principle must be reflected in all policies given to taxpayers. According to Adam Smith (1776), tax collection has principles called the Four Maxims, including:

1. Equality

Tax collection by the state must be based on taxpayers' ability without discrimination. This principle emphasizes balancing the capabilities of each taxpayer. Justice should be achieved because the tax imposed must be based on the benefits received by taxpayers.

2. Certainty

The principle of certainty states that there is openness in the amount to be borne by each taxpayer and should not be based on arguments. This is related to the tax object, subject, payment term, and method, and the amount to be paid. Moreover, there is no negotiation term and the applicable regulations must be clear and firm with no double interpretations.

3. Convenience

The principle of convenience stipulates that tax collection should follow easy procedures for taxpayers.

4. Economy

Tax collection should be conducted sparingly to avoid costs exceeding tax revenues. Costs incurred to fulfill tax obligations must be minimized to promote taxpayers' business activities.

The tax collection principle must be represented through government policies. This includes the Covid-19 tax incentives policy of reducing installments of Article 25 and exemption from Import Income Tax Article 22. Therefore, this study aimed to analyze whether the two tax incentives policies have fulfilled the equality, certainty, convenience, and economy principles to influence taxpayers' compliance.

The national economic recovery program and the Four Maxims tax collection principle have the same meaning. Every government policy to recover and save business actors must reflect the tax collection principle to realize national economic recovery objectives.

2.4. CAMPBELL'S EFFECTIVENESS THEORY

Expert opinions are considered in measuring a policy's effectiveness. In line with this, Campbell et al. (1989) measured organizational effectiveness based on practices occurring in various industrial fields. The measurement includes:

1. Program Success

Program success relates to the achievement of operational targets in a program being implemented compared to the actual targets. Program effectiveness could be applied to operational capabilities in carrying out work with predetermined goals.

2. Goal Success

Goal success relates to the achievement of a target set by the company, such as a predetermined result.

3. RESEARCH METHODS

This study employed a case study approach used to explore a phenomenon (Stake, 1995). The phenomenon in this study is the Covid-19 tax incentives of a reduction in Income Tax Article 25 and exemption of Import Income Tax Article 22.

This study used a mixed methods design, where data were collected using quantitative and qualitative approaches. According to Creswell (2014), the mixed methods approach combines quantitative and qualitative methods.

Primary data obtained through questionnaires and interviews were used to evaluate taxpayers' perception based on the Four Maxims. Meanwhile, secondary data were obtained from the Directorate of Tax Data and Information (DJP) and ABC Tax Office. The data were collected by applying for permits on the study object at the ABC Tax Office through eriset@pajak.go.id. The information obtained comprised the number of requests for incentives regarding a reduction in installments of Income Tax Article 25 and exemption from Imports Income Tax Article 22. Moreover, the data showed the number of taxpayers receiving the incentives, the target of receiving, and the realization of receipts.

The first question on taxpayers' perception of the Covid-19 tax incentives policy of reducing Income Tax Article 25 installments and exemption from Import Income Tax Article 22 based on the Four Maxims was answered by distributing questionnaires and interviewing taxpayers. The second question on the implementation of the policy at the ABC Tax Office was answered through interviews with tax authorities and data obtained from the office.

The questionnaire data on taxpayers' perception were analyzed through quantification using a 6-point Likert scale. According to Sugiyono (2013), the Likert Scale measures attitudes, opinions, and perception about a phenomenon.

The interview results were analyzed through transcription and data reduction by selecting information relevant to the study topic. The data were then classified according to the resulting themes. This was followed by systematic descriptions to

make the themes clearer. Conclusions were made based on the meaning of the themes to answer study questions. Secondary data were obtained from ABC Tax Office regarding the number of taxpayers who utilized Income Tax Article 25 and Import Income Tax Article 22 incentives. Furthermore, data were collected on taxpayers who submitted reports on the realization of tax incentives. The data were tabulated and analyzed to evaluate the implementation of the tax incentives policy at the ABC Tax Office.

4. ORGANIZATION PROFILE

ABC Tax Office is a unit of the Directorate General of Taxes in Jakarta and operates under the North Jakarta Regional Office of DJP. The office collects, searches, and processes data, observes potential taxation, and presents tax information. Furthermore, it collects data on tax objects and subjects and evaluates PBB objects. ABC Tax Office also administers tax documents and files, receipts, processes Tax Returns and receipts of other letters, and conducts counseling and tax services.

The ABC Tax Office conducts the tax education function performed by the Tax Instructor Functional Group and Assistant Tax Instructor. Extension workers conduct active and passive direct counseling, as well as one-way, two-way, and indirect counseling through contact centers and third parties

The account representative conducts analysis and management to ensure that taxpayers comply with laws and regulations. The account representative plans, implements, and follows up on intensification and extensification based on data collection. This office also maps tax subjects and objects and conducts territorial control, as well as potential observation tax and information mastery. Furthermore, the account representative searches, collects, processes, analyzes, updates, and conducts follow-up of tax data. Other duties are to conduct counseling, supervision, and quality control of taxpayers' compliance with tax obligations and appeals.

5. RESULT AND DISCUSSION

The first question was about the taxpayers' perception of the tax incentives policy for a reduction of Income Tax Article 25 and exemption from Import Income Tax Article 22 during the Covid-19 pandemic from 2021 to 2022 based on the Four Maxims. The results are shown in Table 1 until Table 8.

Analysis of Taxpayers' Perception Based on the Principle of Certainty

Table 1. Taxpayers' Perception Questionnaire Results on Certainty of Income Tax Article 25

No	Statement	Total Score	Maximum Score	Approval Percentage	Average Likert Scale
1	When I do not report the realization, I cannot utilize tax incentives and must pay the tax obligations	163	204	80%	4,79
2	My company believes there would be no tax audit related to incentives for reducing installments of Income Tax Article 25 provided it fulfills the tax obligations requested	149	204	73%	4,38
Total		312	408	76%	4,59

Table 2. Taxpayers' Perception Questionnaire Results on Certainty of Import Income Tax Article 22

No	Statement	Total Score	Maximum Score	Approval Percentage	Average Likert Scale
1	When I do not report the realization, I cannot utilize tax incentives and must pay the tax obligations	97	126	77%	4,62
2	My company believes there would be no tax audit related to incentives for exemption from import income tax Article 22, provided it fulfills the tax obligations requested	78	126	62%	3,71
Total		175	252	69%	4,17

Taxpayers' perception of certainty is indicated by the approval level of 76% and an average Likert scale of 4.59 for reducing Income Tax Article 25 installments. The perception is also shown by the approval level of 69% and an average Likert scale of 4.17 for exemption from Import Income Tax Article 22. These incentives policies are effective based on the certainty principle. The biggest statement relates to certainty when it fails to report the realization attracting restriction from using the tax incentives and being forced to pay the tax obligation. This could provide certainty regarding administrative obligations in utilizing both incentives. Furthermore, there are consequences for taxpayer non-compliance to report the realization of incentives. Waluyo (2011) stated that tax policy must be based on laws and statutory provisions for taxpayers. Therefore, the Covid-19 tax incentives

policy has regulated legal certainty and consequences in case of violations by taxpayers.

Analysis of Taxpayers' Perception Based on the Principle of Equality

Table 3. Taxpayers' Perception Questionnaire Results on Equality of Income Tax Incentives Article 25

No	Statement	Total Score	Maximum Score	Approval Percentage	Average Likert Scale
1	Determining KLU taxpayers receiving incentives to reduce Income Tax Article 25 installments include KLU in need of assistance due to the Covid-19 pandemic	157	204	77%	4,62
2	Sanctions given to companies receiving incentives for reducing Income Tax Article 25 installments for failure to submit a realization report are equitable. The companies cannot utilize the incentives and must pay the tax obligation.	161	204	79%	4,74
	Total	318	408	78%	4,68

Table 4. Taxpayers' Perception Questionnaire Results on Equality of Import Income Tax Article 22

No	Statement	Total Score	Maximum Score	Approval Percentage	Average Likert Scale
1	Determining taxpayers KLU receiving Covid-19 incentives Import Income Tax Article 22 includes KLU in need of assistance due to the Covid-19 pandemic	98	126	78%	4,67
2	Sanctions given to companies receiving Covid-19 incentives Import Income Tax Article 22 for failure to submit a realization report are equitable. The companies cannot utilize the incentives and must pay the tax obligation	97	126	77%	4,62
	Total	195	252	77%	4,64

Taxpayers' perception of fairness is indicated by a 78% approval level and an average Likert scale of 4.68 for a reduction in Income Tax Article 25 installments. The perception is also shown by a 77% approval level and an average Likert scale of 4.64 for exemption Import Income Tax Article 22. As a policy maker, the government determines the addition and reduction of KLU of each PMK according to taxpayers' ability. This is also supported by the results of an interview with one taxpayer as follows:

"It is fair because incentives are not directly given to all companies. There must be a determination to prioritize those affected according to their ability." (WP-2)

This statement reflects justice where taxpayers pay taxes according to their ability, supporting Waluyo (2011). Therefore, the justice ability principle ensures that taxes are charged according to taxpayers' ability to pay.

Analysis of Taxpayers' Perception Based on the Convenience Principle

Table 5. Taxpayers' Perception Questionnaire Results on Convenience of Income Tax Article 25

No	Statement	Total Score	Maximum Score	Approval Percentage	Average Likert Scale
1	The Tax Officer provides services and consultations that enable me to utilize the Covid-19 tax incentives	162	204	79%	4,76
2	The administrative requirements for obtaining incentives for reducing Income Tax Article 25 installments are easy for my company to fulfill	169	204	83%	4,97
3	E-reporting on the realization of incentives for reducing installments of Income Tax Article 25 is easy for my company	166	204	81%	4,88
4	In 2021, an online update system makes it easier for my company to utilize the tax incentives of Income Tax Article 25 installments	166	204	81%	4,88
	Total	663	816	81%	4,88

Table 6. Taxpayers' Perception Questionnaire Results on Convenience of Import Income Tax Article 22

No	Statement	Total Score	Maximum Score	Approval Percentage	Average Likert Scale
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1	The Tax Officer provides services and consultations that enable me to utilize the Covid-19 tax incentives	97	126	77%	4,62
2	The administrative requirements for obtaining an exemption from Import Income Tax Article 22 are easy for my company to meet	95	126	75%	4,52
3	E-reporting on the realization of Import Income Tax Article 22 exemption through E-reporting is easy for my company	103	126	82%	4,90
4	In 2021, an online update system makes it easier for my company to utilize the tax incentives of Import Income Tax Article 22 exemption	102	126	81%	4,86
	Total	397	504	79%	4,73

Taxpayers' perception of the convenience principle is shown by 81% and 79% approval rates for reducing Income Tax Article 25 installments and exemption from Import Income Tax Article 22, respectively. The highest approval level is 82% in statement three for exemption from Import Income Tax Article 22. Statement two is easy at 83% for reducing installments for Income Tax Article 25. These statements show that the convenience of the two policies is very effective. The social restrictions during the Covid-19 pandemic mean that taxpayers cannot meet in person. Therefore, an online realization reporting system and easy administrative requirements help taxpayers. Assistance from tax officers also makes it easy for taxpayers to utilize the incentives. This is in line with Waluyo (2011) that convenience is seen in the services provided by the tax authorities, the ease of procedures, and the conditions for taxpayers.

Analysis of Taxpayers' Perception Based on the Principle of Economy

Table 7. Taxpayer Perception Questionnaire Results on the Economy of Income Tax Article 25

No	Statement	Total Score	Maximum Score	Approval Percentage	Average Likert Scale
1	The incentives to reduce Income Tax Article 25 installments help restore my company's cash flow during the Covid-19 pandemic	171	204	84%	5,03
2	My company does not incur additional costs such as consultant fees to utilize the incentives to reduce Income Tax Article 25 installments	157	204	77%	4,62
3	My company does not need to incur additional costs such as tax staff overtime fees to utilize the incentives to reduce Income Tax Article 25 installments	154	204	75%	4,53
	Total	482	612	79%	4,73

Table 8. Taxpayers' Perception Questionnaire Results on the Economy of Import Income Tax Article 22

No	Statement	Total Score	Maximum Score	Approval Percentage	Average Likert Scale
1	The incentives of Import Income Tax Article 22 exemption help restore my company's cash flow during the Covid-19 pandemic	107	126	85%	5,10
2	My company does not incur additional costs such as consultant fees to utilize the Import Income Tax Article 22 exemption incentives	100	126	79%	4,76
3	My company does not need to incur additional costs such as tax staff overtime fees to utilize the Import Income Tax Article 22 exemption incentives	102	126	81%	4,86
	Total	309	378	82%	4,90

Taxpayers' perception of the benefits aspect are indicated by 79% and 82% approval levels for reducing Income Tax Article 25 installments and exemption from Import Income Tax Article 22, respectively. This means the two policies are appropriate and benefit taxpayers during the Covid-19 pandemic. The company's cash flow is assisted through a reduction in the obligation to pay taxes with no additional costs to get incentives. During the interviews, a taxpayer stated the following:

"Clear benefits in terms of cash flow for helping companies facing declining turnover conditions during the pandemic. Although we feel burdened to pay taxes, the incentives provide benefits." (WP-1)

This is in line with Mustaqiem (2014) that the tax policy does not provide additional costs to taxpayers. As a result, it encourages companies to conduct their business activities during the Covid-19 pandemic. In line with Padyanoor (2020) stated that tax incentives help companies restore cash flow by reducing Income Tax Article 25 installments. Another benefit is taxpayers' compliance with reporting, In line with Saniananda (2021). According to the study, the incentives to reduce Income Tax Article 25 installments effectively increase taxpayers' compliance with periodic reporting of tax returns.

Program Success Analysis

The second study question used Campbell's effectiveness theory of Program Success. The results and analysis are shown in Table 9.

Table 9. Table and Realization of Article 25 Income Tax and Import Income Tax Article 22

Year	Income Tax Article 25			Import Income Tax Article 22		
	Target	Realization	Percentage	Target	Realization	Percentage
2019	Rp 569.988.010.000	Rp 365.216.762.804	64%	Rp 382.745.614.000	Rp 654.962.158.778	171%
2020	Rp 359.101.822.000	Rp 253.863.592.767	71%	Rp 581.049.028.000	Rp 317.639.850.328	55%
2021	Rp 253.101.710.000	Rp 322.037.967.636	127%	Rp 409.534.271.000	Rp 162.668.982.000	40%
August 2022	Rp 350.999.279.000	Rp 174.158.710.307	50%	Rp 567.938.611.000	Rp 64.483.837.993	11%

Table 9 In 2020 shows that ABC Jakarta Tax Office has not yet reached its target of the receipt of Income Tax Article 25 because the company was still in dire conditions. Furthermore, the incentive of the Import Income Tax Article 22 has not reached its target due to the continued import restrictions imposed by the government.

There is no specific target for this incentive, though the success of the incentive programs for reducing installments of Income Tax Article 25 and exemption from Import Income Tax Article 22 could be measured based on their objectives. According to the Extension Functional, the two incentives are successful because they help companies impacted by the Covid-19 pandemic. This is in line with the measurement by Ripley & Franklin (1986) using an outcome perspective. In line with this, Tarigan (2021) stated that Income Tax Article 25 incentives have been used well by taxpayers. The measurement of Campbell et al. (1974) showed that effectiveness could be applied to operational capabilities in carrying out work programs with predetermined objectives.

Table 10. Data on the Number of Taxpayers Using and Not Using Covid-19 Tax Incentives

	Income Tax Article 25	%	Import Income Tax Article 22	%
The Number of taxpayers applying for incentives	952		173	
The number of taxpayers approved to utilize the incentive	776	82%	128	74%
The number of taxpayers not eligible to utilize the incentives	176	18%	45	26%

Table 10 shows that more than 70% of taxpayers utilize incentives to reduce installments of Income Tax Article 25 and exemption from Import Income Tax Article 22. This means the objectives of the incentives could be achieved by benefiting taxpayers.

The program's success is also measured based on whether tax obligations have been met correctly or not. According to the interview with the account representative and the extension function, taxpayers obediently report the realization to utilize the tax incentives. This is also supported by data from ABC Tax Office that all taxpayers receiving incentives report realization. During the interviews, the account representative stated as follows:

“For tax obligations that have been going well, the realization report has been carried out.” (AR-1)

The program's success is also supported by a survey on why taxpayers utilize incentives because the process is easy.

Goal Success Analysis

The second study question was answered using Campbell's effectiveness theory of Goal Success. Covid-19 tax incentives to reduce installments of Income Tax Article 25 and exemption from Import Income Tax Article 22 have undergone several PMK changes. These changes are dominant regarding the determination of KLU. This means that taxpayers' target is in line with the instructor functional.

"For industries that enter into KLU, taxpayers are entitled to incentives because they are in need. The policymakers have also thought about determining KLU. Those not entering KLU are considered not entitled because the rules do not include KLU in the PMK. This means it does not impact their business." (FP-1)

Interviews with the tax authorities revealed that KLU has been determined carefully by policymakers. This means that the targeting accuracy is good for the affected industries. Therefore, the incentives aim to reduce Income Tax Article 25 installments and Import Income Tax Article 22 exemptions to support national economic recovery.

The goal success is also seen from the socialization provided by the ABC tax officer. This socialization and consultation provide information to taxpayers to be helped during the Covid-19 pandemic. Moreover, aims to ensure that the incentives reach the target recipients. The Instructor's Functional statement stated as follows:

“Our socialization is conducted through tax classes and live Instagram. Tax classes are held through Zoom as well as socialization when there is a new PMK to notify Taxpayers. The socialization is conducted through Instagram live using a question-and-answer system. Consultation services are offered at the WhatsApp help desk and help desk.” (FP-2)

Social restrictions due to the pandemic that prevented taxpayers from coming to ABC Tax Office made socialization possible by holding tax classes related to Covid-19 tax incentives through zoom and Instagram live. So that taxpayers can be helped by not having to go directly to ABC Tax Office and can do consultations by Whatsapp with the helpdesk.

ABC Tax Office supports goal success and expands the network for taxpayers to utilize the two incentives. The office provides active and passive socialization services and consultations through tax classes, live Instagram, and help desk services. The services and socialization provided are effective in promoting taxpayers to utilize the incentives.

6. CONCLUSION AND RECOMMENDATION

6.1 CONCLUSION

This study found that the tax incentives policy implemented at ABC Tax Office has fulfilled the Four Maxims of tax collection from taxpayers' perception. The incentives policy is effective as shown by approval levels exceeding 70% on the certainty, fairness, convenience, and benefits principles.

The evaluation of the tax incentives policy implementation at ABC Tax Office reflects the Program Success Theory used in effectiveness measurement by Campbell et al. (1974). The goal of the covid-19 tax incentives is to reduce Income Tax Article 25 installments and exempt taxpayers from Import Income Tax Article 22. This policy is made by the government for the recovery of the national economy of taxpayers. The results showed that over 70% of taxpayers utilize the two incentives. However, no specific targets related to the utilization of these incentives are given to each tax office. This has made the number of taxpayers utilizing tax incentives to be sub-optimal. The findings also showed that the realization of Income Tax Article 25 revenue has been achieved. In contrast, the target for Import Income Tax Article 22 has not been met due to uncertain conditions. More than 70% of taxpayers can utilize the two tax incentives. The program's success is seen from taxpayers' perception that utilizing the two incentives is easy. Taxpayers feel that the incentives are significantly beneficial. Therefore, companies do not pay for overtime for employees to receive Covid-19 tax incentives.

The determination of KLU to utilize incentives for reducing installments of Income Tax Article 25 and exemption of Import Income Tax Article 22 is good. As a result, taxpayers are promoted to utilize tax incentives. ABC Tax Office conducts socialization through tax classes as well as question-and-answer sessions on Instagram live. The office collaborated with the Regional Office to open a WhatsApp help desk. However, monitoring and evaluation of Covid-19 tax

incentives have not been effective. There is no survey on taxpayer satisfaction assessment regarding the two tax incentives. Furthermore, there are obstacles to utilizing the incentives, such as system constraints.

6.2 RECOMMENDATION

The Directorate General of Taxes should determine the target for utilizing tax incentives. This is necessary to promote the tax office to support national economic recovery in 2023. Furthermore, the Directorate General of Taxes should evaluate each tax office regarding the implementation of tax incentives. A survey should also be conducted to assess the satisfaction with the Covid-19 tax incentives for taxpayers in each office tax. This supports the optimal and proper implementation of the tax incentives policy. The Directorate General of Taxes should update the online system regarding the incentives submission process. This is because some taxpayers submit reports in a certain month when not required. Additionally, the presence of anomalous data minimizes future examinations.

Taxpayers should utilize the services provided by the tax office, such as consultation with functional extension agents, account representatives, and help desks to fulfill their tax obligations. Furthermore, they should participate in socialization organized by the tax office to increase knowledge about tax incentives and regulations to comply with tax obligations.

6.3 LIMITATION

Questionnaires were distributed at the ABC Tax Office work area, meaning the evaluation of the tax incentives policy did not include a national scope. Therefore, further studies could distribute questionnaires to the wider scope of the tax office work area. The perception of the Four Maxims was measured only for respondents utilizing the tax incentives of Income Tax Article 25 and Import Income Tax Article 22. Future studies could include the taxpayers using and not utilizing the incentives based on the Four Maxims. Furthermore, the program success measurement was only based on revenue target and realization, the number of taxpayers using it, compliance in reporting, and the ease of filing procedures. Further studies could conduct an in-depth analysis of Income Tax Article 25 and Import Income Tax Article 22, as well as the number of services provided by the tax office.

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The Regulation

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