

Analysis of Tax Incentive Implementation for MSME Taxpayers Affected by COVID-19 in Tomohon City

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ABSTRACT

The 2019 Corona Virus Disease (Covid-19) pandemic is a disaster for the world, including Indonesia. It has an impact on economic stability and the productivity of certain sectors in Indonesia. In response to this, the government made a policy to mitigate the impact of the Covid-19 pandemic, one of which was by establishing a Minister of Finance Regulation on Tax Incentives for Taxpayers affected by the 2019 Corona Virus Disease Pandemic (PMK Number 86 of 2020). Then from the results of initial observations that the researchers conducted by taking the example of 15 MSMEs in Manado, the results were 15 MSMEs did not know about the provision of Final Income Tax incentives on the responsibility of the government, therefore the researcher gives an opinion that many MSMEs in Manado have not taken advantage of the incentives given because they do not know that there is a provision of Final Income Tax incentives borne by the Government.

Keywords: Covid Pandemic, Micro, Small, and Medium Enterprises (MSME), Tax Incentives

INTRODUCTION

The 2019 Corona Virus Disease pandemic is a disaster for the world, including in Indonesia. It has an impact on the economic stability and productivity of certain sectors. To maintain the stability of economic growth, people's purchasing power, and certain sector productivity, the government made a policy to mitigate the impact of the Covid-19 pandemic, one of which was by establishing a Ministerial Regulation of Finance on Tax Incentives for Taxpayers affected by the 2019 Corona Virus Disease Pandemic (PMK Number 86 of 2020). It is a change of PMK Number 44 of 2020.

The changes are arguably significant, especially in terms of the period and number of incentive users. Previously in PMK-44, the incentives for PPh and VAT were only valid until September 2020. In PMK-86, the tax incentive was extended until the end of 2020. Additional KLU for PPh 21 incentives DTP (Government borne) 1062 KLU has now become 1189 KLU. The expansion of the sector that is given tax incentives also applies to PPh 22, 25, and VAT incentives. As for the KLU related to the MSME final PPh incentive itself, it is similar to what in the previous PMK, which was classified based on Government Regulation Number 23 of 2018. In addition to the extended incentive period and the number of KLUs, there are several other changes in this PMK 86. The reporting on the realization of the use of tax incentives, which used to be quarterly for import PPh 25 and PPh 22, has become monthly. The same goes for other income tax incentives monthly reported before the 20th of the following month.

The spread of the Covid-19 brings several impacts on the Indonesian economy, trade, investment, and tourism. Tax revenue from the trade sector has also decreased, despite its second-largest contribution to tax revenue. Based on data from the Central Statistics Agency (BPS), oil and gas and non-oil and gas exports have decreased because China is the largest importer of crude oil. In addition, the pandemic has also resulted in a production decrease in China, even though China is the center of world production of goods. Indonesia also heavily relies on raw materials from China, especially plastic, textile, electronic parts, computers, and furniture. The pandemic also affects market projections. Investors can delay investment due to unclear supply chains or changing market assumptions (Wahyuni, Nasution, Budiman, & Arfidhila, 2020).

Putri, Sari, Wahyuningsih, and Meikhati (2020) explained that the Covid-19 pandemic also affected the spike in layoffs. Through data reported by the Ministry of Manpower (Kemnaker) as of May 1, 2020, the number of dismissed workers due to the Covid-19 pandemic is 1,032,960 formal sector workers, 375,165 formal sector workers, and 314,833 informal sector workers. The total number of formal and informal sectors is 1,722,958 people. This data is the latest data verified by the Ministry of Manpower, while other 1.2 million data is being validated. The Indonesian Employers' Association (Aspindo) as of May 8, 2020, recorded 7 million workers have been laid off and sent home amid the Covid-19 pandemic.

The MSME sector occupies a significant role in the Indonesian economy (Sepriana, 2021). Thaha (2020) found that more than 50% of MSMEs could be out of business in the next few months. The impact of the COVID-19 pandemic on the MSME sector is highly significant for the Indonesian denomination as their contribution to the Indonesian economy is very large in various fields. Among 64.2 million business units in 2018, 64.1 million (99.9%) of them are MSMEs. A total of 116.9 million MSME workers occupy 97% of 120.6 million workers in 2018. The total contribution of the business world to the Indonesia GDP in 2018 is 14,038,598 billion, with the contribution of MSMEs to GDP of 8,573,895 billion (61.07%). Contribution to Non-Oil and Gas Exports Total non-exports

Indonesian oil and gas in 2018 is 2,044,490 billion, with the contribution of MSMEs of 293,840 billion (14.37%). Total investment in Indonesia in 2018 is 4,244,685 billion, with the contribution of MSMEs is 2,564,549 billion (60.42%).

The tourism industry is also affected by the pandemic (Amri, 2020). Chairman of the Bali Tourism Board (BTB) / the Association of the Indonesian Tourism Industry (GIPI) Bali, Ida Bagus Agung Partha Adnyana, said that there had been 40,000 hotel cancellations with losses of up to Rp1 trillion every month. The sluggishness of the tourism sector has a domino effect on the MSME sector. Based on data processed by P2E LIPI, the impact of the tourism decline on MSMEs of micro food and beverage businesses reached 27%. 1.77% on small food and beverage businesses, and 0.07% on medium enterprises. The effect of the Covid-19 virus on wood and rattan handicraft units, micro-businesses will be 17.03%, 1.77% for small businesses of wood and rattan handicraft sector, and 0.01% medium enterprises. Meanwhile, household consumption will also be corrected between 0.5% to 0.8%. Around 37,000 MSMEs reported that they were seriously affected by the pandemic, as 56% reported a decrease in sales, 22% reported problems in financing, 15% reported problems with the distribution of goods, and 4% reported difficulties in getting raw materials (Pakpahan, 2020).

With such many cases and complaints from MSMEs, the government also provides a lot of assistance to MSMEs such as the provision of productive presidential assistance (Banpres) or BLT, restructuring for debtors, as well as the provision of MSME Final PPh Tax Incentives on the government's responsibility contained in the Ministerial Regulation of Finance Number 86 of 2020.

The incentives are provided for taxpayers with sales figures below IDR 4.8 billion, which is in the form of Final Income Tax (PPh) of 0.5% borne by the government of the gross turnover. Hence, taxpayers do not need to pay taxes. The incentive is given for the tax period of April 2020 to December 2020. The ministerial regulation is expected to increase household income, which in turn encourages increased household spending and national economic growth. However, Sitohang and Sinabutar (2020) found that the policies implemented have not been well realized. In the material for the work meeting of the Minister of Finance and Commission XI of the DPR, the results obtained only reached 14.3% of the estimated ceiling of 120.61 T. Our initial observations on 15 MSMEs in Manado indicate that they do not know the provision of Final Income Tax incentives on the responsibility of the government. This implies that many MSMEs in Manado have not taken advantage of the incentives.

Based on the description above, the problems raised in this study are how to implement tax incentives for MSME taxpayers affected by Covid-19 in Manado City based on the Ministerial Regulation of Finance Number 86 of 2020. This study aims to investigate the implementation of tax incentives for MSME taxpayers affected by Covid-19 in Manado City based on the Ministerial Regulation of Finance Number 86 of 2020

LITERATURE REVIEW

Tax (from Latin *taxo*, "rate") is the people's contribution to the state based on the law so that it can be imposed without receiving direct remuneration. According to McLure (1992), tax is a financial obligation or levy imposed on taxpayers (private persons or entities) by the state or institutions whose function is equivalent to the state used to finance various kinds of public expenditures.

Taxes are collected based on legal norms to cover the cost of producing collective goods and services to achieve general welfare. Refusal to pay, evasion or fighting against taxes

is a violation of the law. Taxes consist of direct or indirect taxes and can be paid with money or work of equal value. Some countries do not impose taxes at all, for example, the United Arab Emirates. The government agency that manages state taxation in Indonesia is the Directorate General of Taxes (DGT) which is one of the directorates general under the auspices of the Ministry of Finance of the Republic of Indonesia.

Taxes are collected by law. This principle is in accordance with the third amendment of Article 23A of the 1945 Constitution which states, "taxes and other levies which are forcing for state purposes are regulated in law." a person who is obedient to pay motor vehicle tax will travel the same quality road as a person who does not.

Tax collection is intended for financing purposes in carrying out government both routine and development functions. Tax collection can be enforced if the taxpayer does not fulfill tax obligations. He/she can be subject to sanctions in accordance with statutory regulations.

In addition to the budgetary function, which is the function of filling the State Treasury/State Budget to cover the financing of government administration, taxes serve as a tool to regulate or implement state policies in the economic and social fields (regulatory function).

Taxes in Indonesia can be divided into three categories. Based on the party that bears the tax, they are direct tax and indirect tax. Direct tax is a tax whose payment must be borne by the taxpayer and cannot be transferred to other parties and is imposed repeatedly at certain times. For example, income tax, land and building tax. Indirect taxes are taxes whose payments can be transferred to other parties and are only imposed on certain things or certain events. For example, sales tax, VAT, PPn-BM, stamp duty, and excise.

Based on the nature, taxes consist of subjective tax and objective tax. Subjective tax is the imposition of taxes by first taking into account the personal situation of the taxpayer (the subject). Then, the objective condition is considered in accordance with the bearing style, whether it can be taxed or not. For example, calculating income tax, which the number of dependents can reduce the amount of tax to be paid. Objective tax is the imposition of taxes by first paying attention/seeing the object, either in the form of a condition, action, or event that causes the obligation to pay taxes. Once the object is known, the subject is searched for who has a legal relationship with the known object. For example, Value Added Tax (VAT) does not take into account whether the taxpayer has dependents or not.

Based on the party collecting the tax, taxes consist of two types, central tax and local tax. Central tax is managed by the central government, in this case partially managed by the Directorate General of Taxes - Ministry of Finance. It includes:

1) Income Tax (PPh)

It is imposed on an individual or entity on income received or earned in a tax year. Income is any additional economic capacity originating from Indonesia or outside Indonesia that can be used for consumption or to increase wealth in any name or form. Thus, the income can be in the form of business profits, salaries, honoraria, and gifts.

2) Value Added Tax (PPN) and PPn BM

VAT is a tax imposed on the consumption of taxable goods or taxable services in a customs area based on Law No. 8 of 1983 concerning value added tax and sales tax on luxury goods which was last amended by Law no. 42 of 2009.

3) Land and Building Tax (PBB)

Since the enactment of Law number 28 of 2009 concerning regional taxes and regional charges, the authority of the central government to collect PBB is only in the forestry, plantation, and mining sectors, while PBB in the rural and urban sectors has been transferred to district/city governments.

4) Stamp Duty

Tax on documents as regulated in Law Number 13 of 1985 concerning stamp duty

5) Export Duty / Import Duty

Law no. 10 of 1995 jo. UU no. 17 of 2006 concerning Customs

6) Excise

Law no. 11 of 1995 jo. UU no. 39 of 2007 concerning Excise

Local tax is managed by the regional government at Provincial and Regency/City levels based on Law Number 28 of 2009 concerning regional taxes and regional retributions (PDRD Law) which are managed by the Regional Revenue Service (Dipenda). It includes:

1) Provincial Tax

- Motor Vehicle and Water Vehicle Taxes;
- Transfer of Motorized Vehicle and Water Vehicle Title Fee, Motor Vehicle Fuel Tax;
- Surface Water Tax; and
- Cigarette tax.

2) Regency / City Tax

- Hotel Tax
- Restaurant tax
- Entertainment Tax
- Advertisement tax
- Street Lighting Tax
- Non-Metal Mineral and Rock Tax
- Parking Tax
- Groundwater Tax
- Swallow's Nest Tax
- Rural and Urban Land and Building Tax
- Fees for the acquisition of rights to land and buildings

Tax incentives refer to the efforts made by a country to attract investors in order to encourage economic activity. This also creates competition between countries to convince them to enter and invest. The tax incentives can be in the form of exemptions, reduced tax base, reduced tax rates, or tax deferrals.

In its implementation, the tax incentive provision brings positive and negative impacts depending on how it is calculated and implemented. Policymakers must consider costs and benefits and take into account whether the benefits are greater than the costs incurred or the opportunity lost to collect taxes from designated economic activities.

There are several matters to focus on the costs incurred by tax incentives. They are the lost income from imposed economic activities, allocation of resources, costs of enforcement and compliance, and lack of transparency if the conditions made are based on subjectivity and discretion, so they are prone to misuse.

Transparency in the implementation of tax incentives is fundamental for stakeholders, including the government. It provides information to the public as the government's responsibility. It is also necessary for policy evaluation. There are three dimensions in measuring the transparency of tax incentive implementation. They are:

1. Legal and regulatory dimensions

Tax incentives are always related to tax law that governs its implementation.

2. Economic dimensions

The reasons for determining tax incentives must be clear and based on costs and benefits that can be tested methodologically.

3. Administrative dimensions

Easy, clear, and specific requirements that provide guidance to tax law enforcement authorities to monitor and enforce tax incentives.

Micro, Small, and Medium Enterprises (MSMEs) is a general term in the realm of economics which refers to productive economic enterprises owned by individuals or business entities in accordance with the criteria stipulated by Law No. 20 of 2008. Included in the criteria for a micro business is a business that has a net worth of IDR 50,000,000, excluding buildings and land on which the business is located. The maximum income from the sale of a micro business is IDR 300,000,000 per year. Small business is a productive economic business that stands alone, whether owned by individuals or groups and not as a branch business entity of the main company, controlled and owned as well as being part of both directly and indirectly from medium-sized enterprises. Included in the criteria for a small business is a business that has a net worth of IDR 50,000,000 with a maximum amount of IDR 500,000,000 needed. The income from sales of the business annually ranges from IDR 300,000,000 to a maximum of IDR 2,500,000,000.

Medium-sized enterprises are businesses in a productive economy and are not a branch or subsidiary of a central company and are a direct or indirect part of a small or large business with total net assets as regulated by statutory regulations. They are often categorized as large businesses with the criteria that the net worth is more than IDR 500,000,000 to IDR 10,000,000,000 excluding buildings and land where the business is carried out. In addition, their annual sales revenue is IDR 2.5 billion to IDR 50 billion.

The government has issued a policy to reduce the Final Income Tax (PPh) rate to 0.5% for MSMEs. The regulation was outlined in Government Regulation (PP) Number 23 of 2018 concerning Income Tax for taxpayers with certain gross circulation as a substitute for Government Regulation Number 46 of 2013, which was effective as of July 2018.

PP 23 of 2018 regulates the imposition of Final Income Tax Article 4 Paragraph (2) for taxpayers with a gross turnover of up to IDR 4.8 billion in one tax year. It revokes Government Regulation Number 46 of 2013. The main points of the amendment are:

1. Reduction of 1% Final Income Tax rate to 0.5% of turnover;
2. Taxpayers can choose to follow the tariff with a final 0.5% scheme, or use the normal scheme which refers to Article 17 of Law Number 36 of 2008 concerning Income Tax.
3. The imposition period of Final Income Tax rates of 0.5% is:
 - a. 7 years for Individual Taxpayers, namely for;
 - b. 4 years for corporate taxpayers in the form of cooperatives, limited partnership, or firms;
 - c. 3 years for corporate taxpayers in the form of Limited Liability Companies.

The enactment of this new rule is intended to encourage the public to participate in economic activities by providing convenience and simplicity to MSME actors in carrying out their tax obligations. With the application of this new tariff, the tax burden borne by MSME players will be smaller, so that MSME players have greater economic capacity to develop businesses and make investments. (DGT, 2020)

Through the Minister of Finance Regulation Number 86 / PMK.03 / 2020 which took effect on July 16, 2020, MSMEs received an extension of government-borne tax incentives which were previously only valid until September, to December. The incentives given to

final PPh taxpayers in accordance with PP No. 23/2018 are in the form of Government Borne Final Income Tax (DTP). To get the final incentive, taxpayers must submit a copy of a certificate and its validity has been confirmed in the information system of the Directorate General of Taxes. They must also submit a report on the realization of the use of the final PPh DTP incentive no later than the 20th of the following month after the end of the tax period. The certificate must be owned no later than before the realization report is submitted. The dissemination of this provision must be carried out immediately, not only to taxpayers but also to the withholding of the final income tax who carries out transactions with them. If the provision is not known or late, the final incentives are not or are underutilized by taxpayers. The realization report submission for those who do not have a certificate can be treated as submission of a certificate and they can issue a certificate as long as it meets the requirements as stipulated in the Ministerial Regulation that regulates the implementation of Government Regulation Number 23 of 2018 concerning Income Tax on Income from Business Received or Obtained by Taxpayers With Certain Gross Turnover.

Final PPh taxpayers in accordance with PP No. 23/2018 who transact with Income Tax cutters submit a photocopy of the certificate. The withholding tax will confirm the correctness of the certificate, such as by scanning the barcode. If confirmed, the cutter makes a Tax Payment (SSP) or a printed billing code affixed with a stamp or the words "FINAL PPh BURNED BY THE GOVERNMENT OF EXCHANGE PMK NUMBER... / PMK.03 / 2020" and does not deduct income tax.

Table 1 below presents the results of previous researches.

Table 1. Previous Research

Name (Year)	Title	Method of Analysis	Research result
Sitohang and Sinabutar (2020)	Analysis of tax incentive policies amid the Covid-19 outbreak in Indonesia	Literature study	The progress of the realization of business incentives in the work meeting of the Minister of Finance and Commission XI of the DPR results in 14.3% of the estimated ceiling of 120.61 T. It was recorded that in the first semester the government received 13.5 T then experienced an increase of 3.06 T in July to 16.55 T and as of August 19, 2020 there was an increase of 0.68 T which if added together will get the number 17.23 When PPh article 21, PPh article 22, and income tax article 25 can no longer be credited in article 29. The amount of income tax article 29 becomes more than happened in previous years
Marlinah (2020)	Utilizing UMKM tax incentives in an effort to encourage	Descriptive methods with literature, theory, or	The government through the Director General of Taxes will continue to disseminate information to MSME players

	national economic recovery	literature studies	regarding the existence of tax incentives so that beneficiaries can increase and be able to support the recovery of the national economy.
Kumala and Junaidi (2020)	Business strategy and tax policy utilization during the Covid-19 pandemic and the new normal era (Case study of SME marketplace players)	Qualitative methodology	<p>The business strategy carried out by SMEs is product innovation, so that the business opportunities can increase sales in online stores during the Covid-19 period and the new normal era.</p> <p>SME players appreciate the tax incentives policy stipulated in PMK Number 44 / PMK.03 / 2020 and they have taken advantage of the incentives and continue to improve tax compliance. They expected socialization and assistance to get more detailed information related to the latest tax regulations or policies.</p>

The Covid-19 pandemic has greatly affected economic growth. Health quarantine, social distancing, and large-scale social restriction (PSBB) policies greatly affect the activities of the tourism and manufacturing sectors, causing economic growth to slow down. Reduced labor, increased unemployment, and poverty led to reduced state revenue in the form of income tax (PPH). The scarcity and delay of raw materials from China cause product price increase and trigger inflation (Silalahi & Ginting, 2020). MSMEs are at the forefront of the economic shocks by the pandemic. In our initial survey, more than 50% of MSMEs indicated that they could go out of business in the next few months.

These issues urge the government to make policies that can reduce the impact of the pandemic, by stipulating the Ministerial Regulation of Finance on Tax Incentives for taxpayers affected by the Pandemic 2019 (PMK Number 86 of 2020). One of the tax incentives provided is the provision of MSME Final Income Tax incentives to the government. This study aims to see the application of the tax incentive regulations, especially in the city of Manado. Figure 1 below illustrates the research framework.

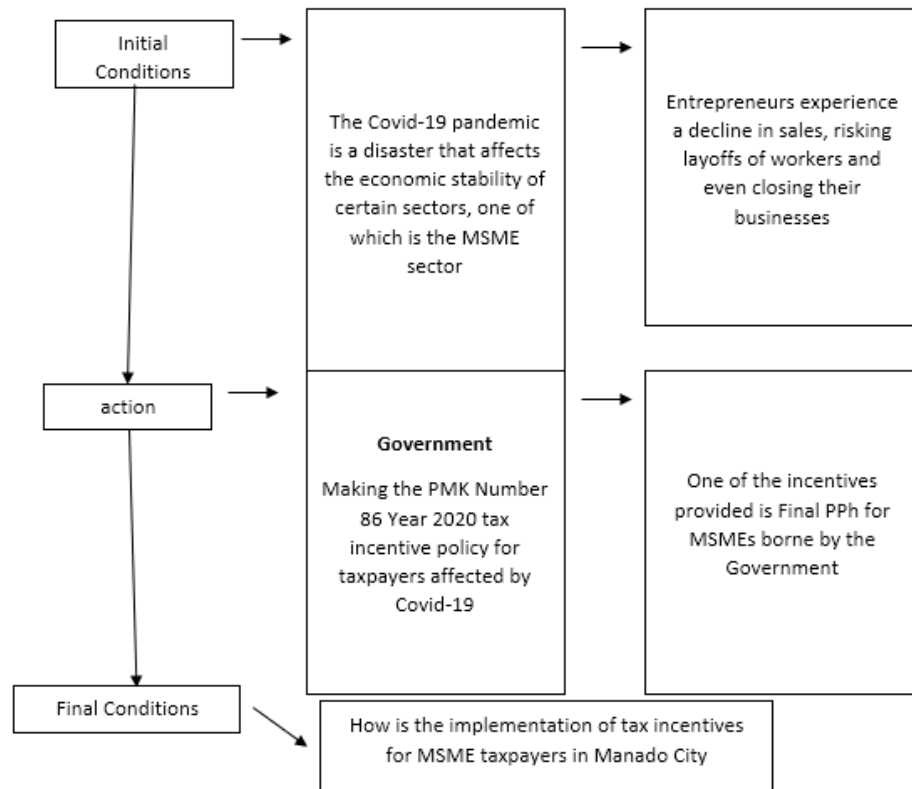


Figure 1. Research Framework

RESEARCH METHOD

Research Design

This study uses an evaluation research method with a qualitative approach. In its implementation, it aims to find as much information as possible to get an overview of program design and implementation. The results will be used for interested parties to make decisions (Adi, 2016). The qualitative program evaluation approach relies heavily on empirical data collection and systematic analysis of documented information. The qualitative approach is more suitable for conducting evaluations during the program. We could understand all things related to the program by seeing directly when the program is running.

A qualitative approach is used in analyzing the MSME Final Income Tax incentive policy to find out how the implementation of the incentive policy in Manado City. We use the evaluation research method to understand the meaning by researching, understanding, and representing it. The study was conducted at the Tomohon Tax Office, Tomohon City, North Sulawesi.

A research instrument is a tool used by researchers to collect research data (Sugiyono, 2014). In this study, the researcher is the instrument. Data sources are the subject from which data can be obtained (Muhadjir, 2002). Primary data sources are sources of research data obtained directly from the original source in the form of interviews, individuals or groups polls, observations of objects, events, or test results. The study's primary data were from informants at the Manado Pratama Tax Service Office, the Office of Cooperatives and MSMEs, and several MSMEs in Manado.

Secondary data sources are sources of research data obtained through intermediary media or indirectly in the form of books, records, existing evidence, or archives both published and not published. This study secondary data came from PMK No. 44 of 2020, previous research, and related research journals.

Data Collection Technique

Interview

Interviewing is a process of communication or interaction to collect information by means of questions and answers between researchers and informants or research subjects. In essence, an interview is an activity to obtain in-depth information about an issue or theme that is raised in research. It is a process of proving information that has been obtained through other techniques previously (Adisasmita, 2011).

Document

In addition to interviews, information can also be obtained through facts that are stored in the form of letters, diary notes, photo archives, meeting results, souvenirs, and activity journals (Adisasmita, 2011).

Data Analysis Technique

The data analysis technique used in this study is the analysis of qualitative data results, the data will be analyzed by grouping the events that occur in the program. The data will be presented in the form of a detailed story complete with an analysis of the situation and behavior of the people involved (Dr. Dadi Seti Adi, 2016)

Data Validity

Data validity tests in qualitative research include credibility, transferability, dependability, and confirmability tests (Sugiyono, 2014). In order for data in qualitative research to be accounted for as scientific research, it is necessary to test the validity of the data. The data validity test can be carried out by:

Extension of Observations

The extension of the observations can increase the credibility/trustworthiness of the data, by which the researcher returns to the field, makes observations, and interviews again with the data sources that are found or with newer data sources. The extension means that the relationship between the researcher and the source will be increasingly intertwined, more familiar, more open, as mutual trust arises, so that the information is more complete. It is focused on testing the data that has been obtained. After rechecking into the field, the data are accountable/correct means credible. This ends the extension of the observation.

Increase Accuracy in Research

Increasing accuracy or persistence in a sustainable manner ensures that the certainty of data and the chronological sequence of events can be recorded properly and systematically. Increasing accuracy is one way of controlling/checking the work whether the data that has been collected, created, and presented is correct or not. To increase it, reading various references, books, previous research results, and related documents by comparing the research results are necessary. In this way, researchers will be more careful in making reports of higher quality.

Triangulation

William in Sugiyono (2016) defined triangulation as checking data from various sources at various times. Thus, there are triangulation sources, triangulation of data collection techniques, and time.

Source Triangulation

To test the credibility of the data, it is by checking the data that has been obtained through several sources. The data obtained were analyzed by the researcher to produce a conclusion, then an agreement was asked (member check) with three data sources.

Technical Triangulation

To test the credibility of the data is by checking the data to the same source with different techniques. For example, checking data can be done through interviews, observation, documentation. If the data credibility testing technique produces different data, the researcher will conduct a further discussion with the data source to ensure which data is considered correct.

Time Triangulation

The data collected by interviews in the morning when the interviewee is still fresh will provide more valid data so that it is more credible. Furthermore, it can be done by checking by interviews, observations, or other techniques at different times or situations. When the test results produce different data, it is repeatedly conducted so that data certainty is found. Also, reference materials are beneficial to prove the data the researcher found.

Sampling Method

The sampling method is taken randomly based on purposive sampling.

RESULTS

In this study, in-depth interviews were conducted with the respondents to obtain the necessary data. The researcher's findings include the business profile of each MSME, tax payments before the incentive policy, the potential for tax compliance after the enactment of PMK Number 44/PMK.03/2020.

During the current Covid-19 pandemic, public health remains a top priority. Therefore, the government does not remain silent in this situation. To maintain stability and restore the national economy, the government issued several policies as regulated in Government Regulation (PP) Number 23 of 2020 concerning the Implementation of the National Economic Recovery Program (PEN) which is a mandate from regulation in Lieu of Law (Perppu) 1/2020, including tax incentives, interest subsidies, and guarantees for new working capital for SMEs. We chose 5 respondents as targets of this study.

Research respondents consist of MSMEs engaged in fashion, food, health and/or beauty. The profiles of each of these MSMEs are as follows:

Respondent 1

Name : Aprilia Potu

Type of Business: Fashion around Tomohon shops

She was given several questions about tax incentives. She was registered as a taxpayer in 2018 and since the tax incentives were implemented she was very happy as she could help her business during the pandemic. Her business experienced a fairly large decline, therefore, she appreciated the government. She was also grateful because in supporting her business, Mrs. Aprilia also has cars and motorbikes to run her business which were purchased on credit, and the income tax incentives and tax relaxation, which is a delay in payment from the vehicle leasing 9 months. It is very helpful so that her daily living costs can still be covered during the pandemic.

Respondent 2

Name : Mesly Mamesah

Type of Business: Food on the Tomohon highway

Her restaurant was established in 2015 and has been registered as a taxpayer. She was asked about how she can find out about tax incentives from the government. She knew from customers who used to eat there. Her business did experience a slight decline and even closed for several months because there were no buyers at all. Mrs. Mesly said: "I am grateful that the government really cares for its people so that we can survive in difficult times because I am still paying for my children who are still in school". The owner was very grateful since the government has greatly helped her business through tax incentives. She also believed that the tax relaxation policy has helped them so they have not paid the motorbike loan.

Respondent 3

Name : Novita Mogi

Type of Business: Health and beauty

She was an obedient taxpayer. She stated that her business has decreased since the pandemic. She was very grateful because the government was very wise in helping the community by providing tax incentives.

Respondent 4

Name : Berti Salmon

Type of Business: Printing and decoration

He has been registered as a taxpayer and admitted that the business he runs was highly affected by a drastic decline, even it was closed and its four employees were laid off. The situation was very difficult as it never happened before. However, he expressed his gratitude because the government, both central and local governments, paid attention to the community by providing the tax incentive so that they do not have to think about paying taxes. Therefore, various ways are carried out to maintain the business. The tax incentives help them maintain their small businesses; at least their business will not close.

Respondent 5

Name : Nicky Rantung

Type of Business: Flower selling

He was is a tax-abiding entrepreneur and grateful to have received information from the tax office about tax incentives that are helpful for maintaining his business during the pandemic.

DISCUSSION

The pandemic also brings a major impact on the global economy including the taxation sector. How long this pandemic lasts and how deep it will affect socio-economic activities will determine the future of the taxation sector in Indonesia. Learning from various previous crises, expansionary fiscal policies are often the choice taken by various countries to save the economy. The steps taken by the government in the short term will affect the medium and long-term fiscal posture. The relaxation that is currently being provided by the government will affect excessive collection in the future. The Covid-19 pandemic provides an important lesson for all tax authorities, which is the readiness of tax administration based on information technology (IT). In the future, it is predicted that the use of IT will be developed not only for services and reporting but also for e-auditing, e-access, and the use of artificial intelligence (Oetari, 2020).

According to Silalahi and Ginting (2020), the growth of the tax revenue component until the end of March 2020 came from taxes on household consumption, although tax revenues were also still influenced by pressures of the weakening trend in the manufacturing industry and international trade activity, as well as weakening economic

activity due to the spread of Covid- 19. In line with the regulations related to Work From Home (WFH) for both the government and private sectors, a slowdown in business activities began at the end of March 2020, which has the potential to reduce domestic deliveries and suppress Domestic Value Added Tax (DN PPN) revenues in April 2020. This is likely to continue and contract even more in May, considering that in April some regions had implemented Large-Scale Social Restrictions (PSBB) in several affected areas.

Tax revenue in the first quarter of 2020 was recorded to have contracted or minus up to 2.5%. Some of the minus tax instruments after being used for handling Covid-19 are Corporate Income Tax and Import Tax (PDRI) consisting of several types, namely Income Tax (PPH) Article 22 on imports, PPh Article 22 on Exports, Value Added Tax (PPN) on imports, and Luxury Sales Tax (PPnBM). The current situation in the impact of the Covid-19 pandemic is highly unfavorable for achieving tax revenue targets. The government needs to anticipate this by revising the tax revenue target, projections of economic growth, and other macro assumptions. Currently, the government has also issued a lot of incentives. They rearranged the allocation of state revenue in the 2020 State Budget because it is estimated that its target will be difficult to achieve. Tax revenue in 2020 is estimated to decrease by IDR 403.1 trillion. In the State Budget, tax revenues are pegged at IDR1.865.7 trillion to IDR 1.462.7 trillion. The tax revenues fell due to weak economic conditions, support from tax incentives, and lower-income tax rates.

Based on the results of the interviews, the respondents already knew about the tax incentive policy and highly appreciated the government's policy to take advantage of the tax incentives. Thus, the government's goal to protect, maintain, and improve the economic capacity of MSMEs as part of the national economic recovery program can be realized. The respondents also revealed several obstacles to getting tax incentives. They must ask questions and be more proactive to find out the requirements.

They also hoped that this policy can be carried out by the end of December 2021, considering that the current economic condition has not yet recovered. The MSME actors also expected the Account Representative (AR) who handles every taxpayer's problem at the Tax Service Office to improve friendlier service, educate taxpayers well and without convolusion, and carry out tax socialization so that they can support taxpayers to comply with their tax obligations.

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DECLARATION OF CONFLICTING INTERESTS

We declare no potential conflicts of interest concerning the study, authorship, and/or publication of this article.

CONCLUSION

The tax incentive policy provided by the government is available only throughout 2020 during the pandemic, and there is no new draft or regulation regarding the provision of tax facilities for next year. This is what makes the tax incentive variable does not affect taxpayer compliance. Tax incentives, the purchasing power of the people is also reduced as their income is also reduced. There are also many unemployed due to layoffs and the reduction of employees working from home.

The variable tax rates and tax sanctions can have a significant effect on compliance due to a decrease in tax rates from the government and the abolition of administrative sanctions during the pandemic, which can increase tax compliance every month.

During the pandemic, many tax employees work from home and many tax services are closed, so payments and reports are made online. All of this has many obstacles, such as the internet network is not good, and not many tax employees come to the office, thus many administrative services are delayed. This makes the tax service variable has no significant effect on taxpayer compliance. However, further research is expected to add other variables that can affect taxpayer compliance such as taxpayer motivation, taxpayer economic level, taxpayer attitude.

Additionally, MSME actors appreciate the tax incentive policies contained in PMK Number 44/PMK.03/2020. They claimed to have taken advantage of the incentives and continue to improve their tax compliance. They expected socialization and assistance to obtain more detailed information related to the latest tax regulations or policy.

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