

Tax Incentives Pathfinder under COVID-19

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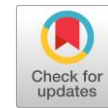
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ABSTRACT

This research aims to comprehensively analyze the implementation of tax incentive strategies in mitigating the economic impact of COVID-19, grounded in endogenous growth theory. Utilizing a literature review of 134 articles published between 2020 and 2023, this study evaluates tax incentives as public policy interventions, comparing practices globally to provide insights for Indonesia. The Population, Intervention, Comparison, Outcomes, and Context (PICOC) framework is employed to ensure the validity and reliability of the literature, while Publish or Perish citation metrics assess the quality of sources. Findings indicate that tax incentives strategically counter economic downturns by boosting purchasing power, sustaining businesses, and improving compliance. However, their effectiveness could be enhanced due to a lack of taxpayer awareness. To address this, the study recommends developing more comprehensive, interactive, and measurable socialization programs alongside strengthening the role of Account Representatives in assisting taxpayers. This research contributes to the existing literature by providing a detailed review of tax incentive policies implemented during the pandemic, focusing on Indonesia and comparisons with other Southeast Asian countries. The study aims to offer insights into best practices for designing and implementing tax incentives, particularly in crises, to better align these policies with sustainable economic growth.



KEYWORDS

Tax incentive
Public policy
PICOC
Economic stability



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Introduction

The structure and financing of tax changes, such as tax cuts or incentives, are crucial in driving economic growth (James, 2009; OECD, 2022). Tax incentives can significantly influence economic behavior (Triest, 1998). A study by Gale and Samwick (2014) found that while tax rate cuts may stimulate work, savings, and investment if immediate spending cuts do not finance them, they may lead to an increase in the federal budget deficit, which, in the long term, will reduce national savings and raise interest rates. The overall impact on growth is uncertain, but many estimates suggest it is either small or negative. On the other hand, base-broadening measures can eliminate the effect of tax rate cuts on budget deficits. Still, at the same time, they also reduce the impact on labor supply, savings, and investment, resulting in a direct reduction in growth. However, they may also redirect resources to their most valuable economic use, leading to increased efficiency and potentially increasing the size of the economy overall. The results suggest that not all tax changes have the same impact on growth. Reforms that improve incentives, reduce subsidies, avoid windfall gains, and avoid deficit financing are more likely to affect the economy's long-term size positively but may also create trade-offs between efficiency and equity (Gale & Samwick, 2014).

Tax incentives and relaxation policies are the government's policy and strategy to accelerate the economic issue during the pandemic (IMF, 2020; Widodo, 2021). The tax incentives policy has been implemented in various countries to address the economic impact of the pandemic, including in developed countries such as America (U.S. Department of Treasury, 2023) and the UK (UK Government, 2020). Previously, this policy was stated in the Regulation of the Minister of Finance of the Republic of Indonesia (PMK) Number 44/PMK.03/2020 (Menteri Keuangan, 2020) regarding tax incentives for taxpayers affected by the COVID-19 pandemic, which was later revoked and replaced by PMK 82/PMK.03/2021 (Mufidah, 2021). The tax incentives provided include Article 21 Income Tax, final Income Tax for MSMEs, exemption from import Article 22 Income Tax, reduction of Article 25 Income Tax installments payments, and advance refund of Value Added Tax (VAT). The Ministry of Finance issued new provisions for tax incentives in 2022 regulated by PMK 3/PMK.03/2022 (Nainggolan, 2020). The provision regulates tax incentives for taxpayers affected by COVID-19 for the 2022 tax year. However, the tax incentives provided differ from those provided in 2020 and 2021. Specifically, several incentives were applied in 2021 but not in 2022.

The tax incentive policy of the COVID-19 pandemic in 2020 had different impacts on business. The government has experienced various obstacles in realizing the use of tax incentives. Article 21 Income Tax incentives are given to restore or increase the purchasing power of workers in the formal sector so that there is no decrease in consumption. One hundred thirty-one thousand eight hundred eighty-nine business field requirements group entrepreneurs have taken advantage of this incentive with a total incentive utilization value of Rp3.5 trillion. The realization is relatively tiny compared to the allocation of Article 21 Income Tax stimulus, which amounted to Rp8.8 trillion; this is likely due to the large number of companies that have yet to utilize tax incentives (Hariyanto et al., 2021). The utilization of tax incentives for MSMEs could be more optimal. Tax incentives for MSMEs have only been utilized by 248,275 MSME taxpayers with an incentive value of Rp782.3 billion, which is still far below its ceiling of Rp1.1 trillion (Hariyanto et al., 2021). According to Hariyanto et al. (2020), the lack of optimal use of MSME tax incentives is suspected due to limited information received by MSME actors. Only a few MSME players know about the Final income tax incentive program. MSME actors feel no need to claim these incentives or want to take advantage of these incentives but need help reporting. Unlike the previous two tax incentives, the realization of the utilization of Article 22 Import Exempt income tax facilities, Article 25 income tax installment reduction incentives, and value-added tax restimulate show an upward trend from time to time; the number of taxpayers or the utilization value has increased. It can be concluded that the tax incentive policy in 2020 has yet to optimally touch small people such as MSMEs and formal sector workers.

Based on the 2021 PEN survey conducted by Hariyanto et al. (2021), incentive beneficiaries' utilization rates and satisfaction are pretty high. However, there are still quite a lot of respondents from the public who claim not to have taken advantage of the tax incentive program, and limited adequate information is still the most significant obstacle, both for business actors who have not taken advantage of incentives and who have taken advantage of them. For most respondents, more than 50% of the fiscal stimulus still needed is the incentive of Article 21 DTP Income Tax and the reduction of Article 25 Income Tax. Meanwhile, around 22-26% of respondents stated that they still need tax incentive support in the form of Final Income Tax for MSMEs DTP, exemption from Article 23 Income Tax, and exemption from Article 22 Import Income Tax. Meanwhile, many business actors, or around 88% of all respondents, want an extension of the tax incentive period until December 2021. From a survey conducted by the Directorate General of Taxes of the Government of Indonesia in 2020 and 2021, it can be concluded that tax incentives benefit all groups in

economic recovery. However, the lack of information or inclusion of tax incentives among MSMEs is still an obstacle.

In addition to surveys conducted by the government regarding tax incentives during the pandemic, many studies have also examined tax incentives. The results of research on tax incentives, some associated with the compliance of taxpayers, both corporate and personal, increased when policies regarding tax incentives were enacted by the government (Soen & Jenni, 2022; Sari & Aris Siswanto, 2022; Yarangga, 2022). In research conducted by Huda (2020), tax incentives affect research and development grants. Tax incentives are also proven to improve MSME performance and moderate the relationship between tax digitalization and MSME performance (Simanjuntak, 2022). This study will examine various quantitative and qualitative research results on tax incentives through bibliometric research. The bibliometric analysis has become an essential aspect of research for literature development to know the current state of research and future directions (Nobanee & Ullah, 2023).

This research provides a review of tax incentive policies that have been implemented and compares the Indonesian government's tax incentive policies with tax incentive policies in other Southeast Asian countries. The comparative context in Southeast Asian countries was chosen because of the various similarities in tax policies. The revenue contribution of Personal Income Tax (PIT) is generally low in Southeast Asia compared to other parts of the world, despite the fast growth of high-income individuals and the need for some redistribution of incomes against rising inequality (United Nations (ESCAP), 2016). As in many developing economies, the Corporate Income Tax (CIT) has been a significant source of government revenue in Southeast Asia (United Nations (ESCAP), 2016). The research on tax policy in Southeast Asia during the COVID-19 period was conditioned by Arham and Firmansyah (2021) did not explore all countries in Southeast Asia comprehensively; in reports on tax policies, especially tax incentives, the countries that were the focus of reporting were ASEAN countries, excluding the discussion of Timor Leste (OECD, 2020). This research will fill this gap by exploring tax incentive policies in Southeast Asian countries.

The objectives of this study are to examine the current state of research and future directions concerning tax incentive policies during crises, such as pandemics, and to compare tax incentive policies across countries in Southeast Asia. The findings of this study aim to evaluate tax incentive policies implemented by the Indonesian government. This research will contribute to the literature by providing a comprehensive review of tax incentive policies implemented during the pandemic, focusing on Indonesia. It will also compare these policies with those in other Southeast Asian countries, addressing a gap in existing research that often excludes comprehensive analysis of all Southeast Asian nations. The study aims to evaluate the effectiveness of these policies and offer insights into best practices for enhancing the design and implementation of tax incentives, particularly in crisis contexts. This contribution is essential for policymakers to better align tax incentives with economic growth objectives while addressing the challenges of policy dissemination and equity.

Literature Review

Endogenous Growth Theory

Endogenous growth theory is an approach in economics that emphasizes the role of innovation, knowledge, and internal factors in driving long-term economic growth (Romer, 1990). Unlike neoclassical growth theory, which assumes constant returns to factors of production, endogenous growth theory argues that internal factors such as innovation, human capital formation, and public policies can generate

sustainable economic growth (Romer, 1997). This theory is better for examining the developed country's economic growth (Ang & Madsen, 2011).

Juhro and Trisnanto (2018) conducted a study to obtain the best growth model using endogenous growth theory. The main finding of this research is that the semi-endogenous nonlinear model is better in explaining Indonesia's economic growth. In addition, Indonesia's economic growth is also driven by research and development (R&D) activities and access to the Islamic financial market (Juhro & Trisnanto, 2021).

Endogenous Growth Theory

According to endogenous growth theory, public policy is one of the factors that can affect economic growth (Romer, 1997). Public policies can significantly impact various aspects of the economy, such as investment, education and skills development, research and development, infrastructure development, and regulatory frameworks. For example, policies that promote investments in education and skills development can enhance human capital, which can, in turn, stimulate economic growth (Gould & Gruben, 1996). Similarly, policies that support research and development activities can foster innovation and technological progress, leading to increased productivity and economic growth (Romer, 1990). Additionally, well-designed infrastructure policies can improve connectivity and facilitate trade and investment, promoting economic growth. Therefore, in the context of endogenous growth theory, public policies play a crucial role in shaping the long-term growth potential of an economy by influencing the internal factors that drive economic growth (Juhro & Trisnanto, 2021).

There is widespread agreement in academic literature that public policy is a deliberate action or inaction taken by a government or legislature about a specific issue. This definition highlights two key components. Firstly, public policies are typically initiated by public actors, such as governments, although societal actors may also be involved or participate in decision-making, reflecting the concept of governance. Secondly, governmental actions target specific issues, indicating that the scope of activities is limited to addressing a particular aspect or problem (Knill & Tosun, 2022).

Tax Incentives

Tax incentives were first introduced in 1913 in the United States through tax legislation known as the Tariff Income Act of 1913 also as the Keen-Tariff Income Act. The law regulates the federal tax system in the United States and includes several taxes for individuals and businesses. This marked the initial step in introducing the concept of tax incentives as an economic policy tool used by the government to stimulate economic activities or achieve specific goals in the field of economics (Government, 2023).

Over the past several years, tax incentive policies have been widely implemented by various countries, both developed and developing countries, for specific purposes. Research conducted by Occhino (2020) has proven that tax incentives can improve the global investment climate (Occhino, 2020). In Spain, tax incentives can also enhance the productivity of manufacturing companies (Busom et al., 2017). Tax incentives also strongly support the innovation climate in India, China, and Europe through tax incentives for R&D activities (Chaurey, 2017; Yang et al., 2018; Zhang et al., 2018).

The decision to implement tax incentives is complex and should be carefully done to ensure its effectiveness and sustainability. Factors to be considered in implementing tax incentive policies include 1) Clear objectives and targets, such as encouraging investment, promoting innovation, creating jobs, or reducing negative externalities; 2) Economic feasibility means that applying tax incentive policies needs to consider the comprehensive analysis of sacrifices and benefits; 3) Justice and legal certainty, meaning that implementing tax incentive policies must be done relatively and non-discriminatory, and provide legal

certainty to stakeholders; 4) Precise, accurate, transparent, and accountable measurement and reporting; 5) Integration and coordination among ministerial, institutions and stakeholders. Good integration between fiscal policy, monetary policy, and other social policies is critical in maintaining program effectiveness; 6) Long-term policy, meaning that tax incentive policies must consider long-term impact and sustainability; and 7) Evaluation and revision (IMF, 2015; Morisset, 2003; United Nations, 2023; World Bank, 2019).

Research Method

This research is qualitative research using the literature review method. Literature reviews play a crucial role in laying the groundwork for various types of research. They serve as a solid foundation for knowledge development, offer guidance for policy-making and practical applications, provide evidence of the effects being studied, and, when conducted effectively, can inspire new ideas and directions within a particular field (Snyder, 2019). Content analysis was performed to examine policies on implementing tax incentives for national economic recovery (Williams & Lewis, 2021). The research process uses the steps depicted in Figure 1 to obtain the review results.

Research Questions

This research uses the PICOC research question framework, which stands for Population, Intervention, Comparison, Outcomes, and Context. The PICOC framework was initially widely used in healthcare to evaluate medical interventions performed on patients (Martin, 2019; Roever, 2018; Schardt et al., 2007). However, in its development, other fields also use this framework to evaluate treatment results on a particular issue. Murad et al. (2016) developed this framework to collect more extensive evidence with the New Evidence Pyramid model (Murad et al., 2016). Table 1 provides operational explanations for each domain as guidance in compiling the required research evidence.

Table 1. The Research Questions

Domain	Explanation
Population	The implementation of tax incentives in Indonesia during COVID-19 pandemic
Intervention	Tax incentive policies
Comparison	Tax incentive policies in many other countries
Outcomes	Tax incentive role
Context	Use macro context to review an empirical study of the role of tax incentives in addressing the economic impact caused by the COVID-19 pandemic. In the macro context, reviews consider fiscal policies, broad implementation areas, and their effect on the country's economy.

Identification of Relevant Literature

This study uses the data mining process to find relevant literature using a tool, namely Publish & Perish software version 8. The criteria selected are as follows in Table 2.

Table 2. The Criteria for Select Bibliographic and Website

Criteria	Constraints
Year of Study	2020 – 2023
Indexing	Google Scholars
Keyword	Tax Incentives, Tax Policy

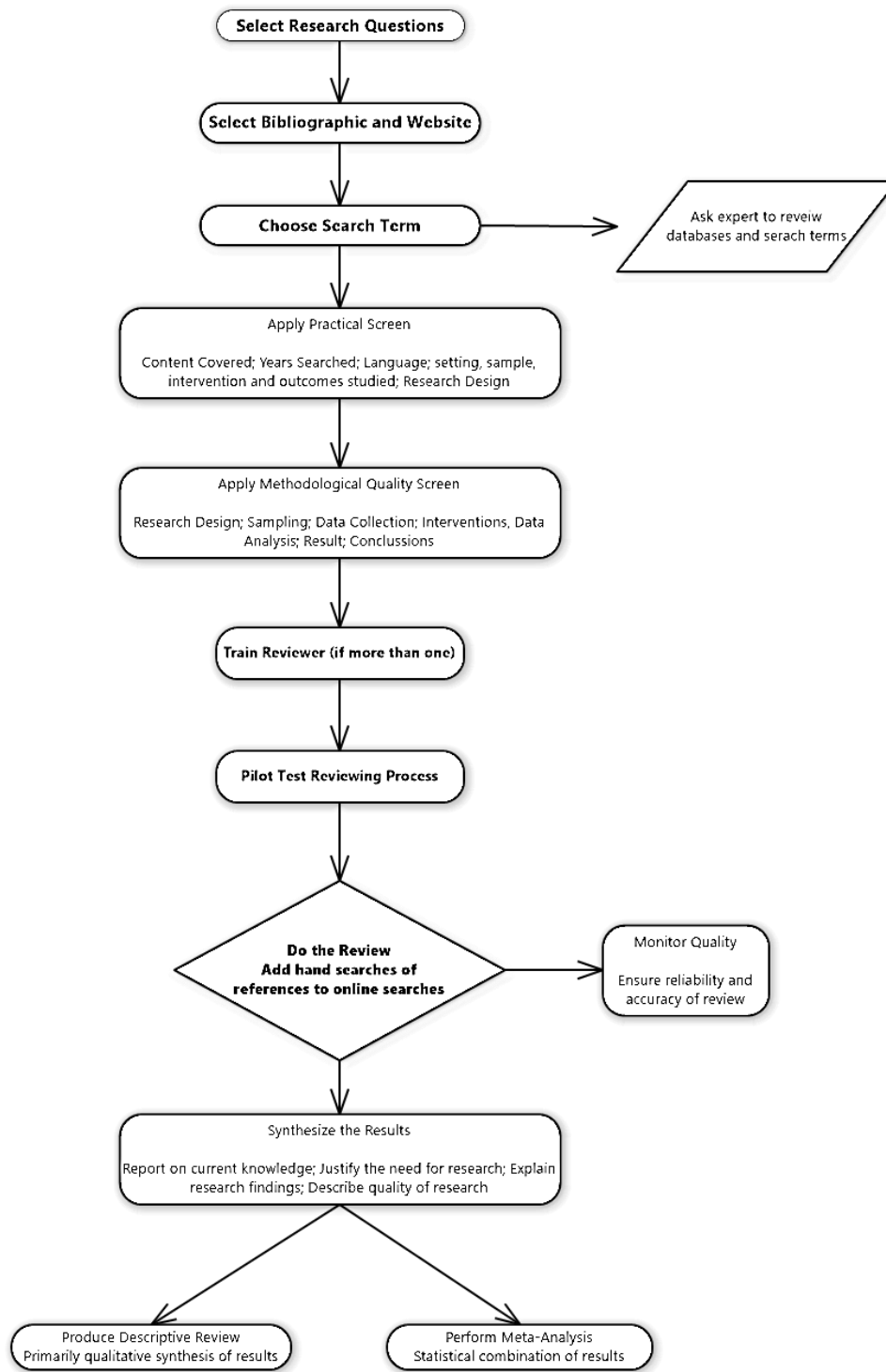


Figure 1. Research Process by Fink (2019)

Selection Studies

Selection study refers to selecting studies or research to be included in the literature study. This step includes choosing relevant publications such as journal articles, books, conference papers, research reports, and other literature sources. The process involves establishing inclusion and exclusion criteria used to evaluate each relevance and quality of study in achieving the objectives of the literature study shown in Table 3.

Table 3. The Inclusion and Exclusion Criteria

Process	Criteria
Including	Article, Tax Cut, Tax Relaxation, Tax Holiday
Excluding	Working Paper, Research Report, Book

Selecting Articles

Selecting articles pertains to articles within the literature study or systematic review. It focuses on selecting relevant scientific journal articles related to the research topic. The process typically involves conducting a literature search using appropriate keywords and search strategies, screening based on titles, abstracts, and summaries, and assessing the selected articles' quality.

Data Extraction and Study Quality Assessment

Data extraction involves systematically gathering relevant information from selected studies to address the research objectives or questions of the literature study. The goal is to extract critical data and details from each study that are essential for the analysis and synthesis of the literature. Researchers can compare and synthesize the findings by extracting data from various studies, identifying patterns or trends, and drawing meaningful conclusions. Data extraction helps organize and structure the information obtained from the studies, making it easier to analyze and interpret the results. Meanwhile, the study quality assessment evaluates the methodological rigor and overall quality of individual studies included in the literature. The purpose is to determine the studies' reliability, validity, and credibility and to assess the potential risk of bias or limitations that may affect the study's findings.

Results and Discussion

This study utilized the Publish or Perish software to retrieve the desired population of articles. The query used the keywords "tax incentive" with a publication period between 2020 and 2023. The query was done on 6 April 2023 at 14:27 or 02:27 p.m. Table 4 presents the citation metrics of the study retrieved.

Table 4. The Citations Metrics of Selected Study

Citation Metrics			
Query	Tax incentive	AW_index	23.02
	from 2020 to	AWCRpA	335.9
	2023	e_index	22.25
Source	Google Scholar	hm_index	14.58
Papers	134	QueryDate	4/6/2023 14:27
Citations	1164	Cites_Author_Year	188.04
Years	4	hI_annual	3.75
Cites_Year	303.5	h_coverage	70.5
Cites_Paper	8.86	g_coverage	84.3
Cites_Author	745	star_count	15
Papers_Author	80.98	year_first	2020
Authors_Paper	2.14	year_last	2023
h_index	19	ECC	1164
g_index	32	acc1	80
hc_index	25	acc2	61
hI_index	9.76	acc5	31
hI_norm	15	acc20	6
AWCR	521.49	hA	12

Based on the citation metrics in Table 4 it can be determined that a total of 134 articles were obtained, with a total of 1164 citations. The level of researcher influence, as indicated by the h-index, is 19. In this case, an H-index of 19 indicates that the researcher has at least 19 publications, each of which has been cited 19 times. This amount signifies that the researcher's work has gained significant recognition within the scientific community, as their publications have been cited substantially.

Figure 2 shows the article's attributes in detail, such as the sum of cites per author, the sum of articles per year, the sum of author count, and the sum of sites every year. The distributions of articles are 24 articles written by 50 authors in 2020, 50 by 106 in 2021, 54 by 119 in 2022, and 6 by 10 in 2023. From the issue until the retrieving process, the articles published in 2020 have been cited 588 times, those published in 2021 have been cited 501 times, and those published in 2023 have been cited 75 times. Nevertheless, the article published in 2023 has no citation. Per year, the authors writing tax incentive articles are also cited in another article they have written. 2021 is the year that most cite, namely 351 times, but 2023 still needs citations. The sum of author citations per year indicates the influence level of authors each year.

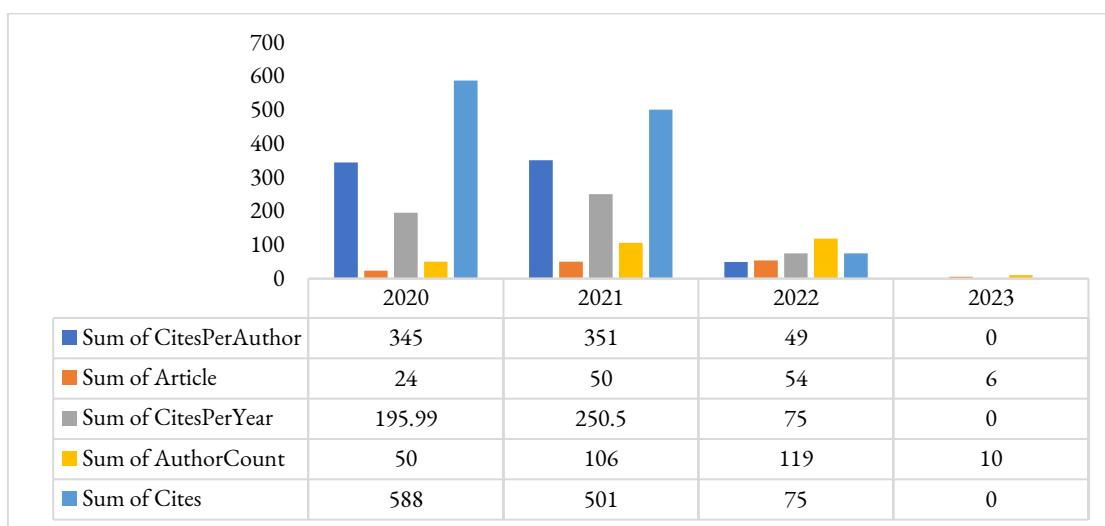


Figure 2. Article Attributes per Year

Sample

For the research sample, a selection process was carried out on the population by making an include-exclude procedure with the criteria set in the research method. Based on this process, 68 documents that met the criteria were obtained. Detailed information about the research method proportion is described in Table 5. Furthermore, Table 6 illustrates the tax incentives in a quantitative study.

In a quantitative study on tax incentives, researchers use various independent variables to measure the influence of these variables on their dependent variables. According to Figure 3, the most frequently used variable is socialization, which is used 12 times. The second most used variable is E-Filing or variables related to tax technology, which is used ten times. Service quality and tax sanctions are also commonly used variables, used nine times, followed by tax knowledge, used five times. Furthermore, tax awareness, rate, and incentive understanding variables appear four times. Tax understanding and supervision from account representatives appear 3 and 2 times. Other variables that only appear once include religiosity, HPP law, taxpayer consciousness, e-commerce, tax calculation method, omnibus law, taxpayer perception, practices, tax incentive perception, and education. Meanwhile, another intervening variable in this study, the Account Representative, and the moderation variable, self-assessment, were used.

Table 5. The Research Method of the Selected Articles

Research Method	Frequency	Proportion
Quantitative	35	53.03%
Qualitative	33	46.97%
	68	100.00%

Table 6. The Tax Incentive Role in the Selected Articles (for Quantitative Study)

Variable Role	Frequency	Proportion
Moderation	2	6.45%
Independent	31	87.10%
Dependent	2	6.45%
	35	100.00%

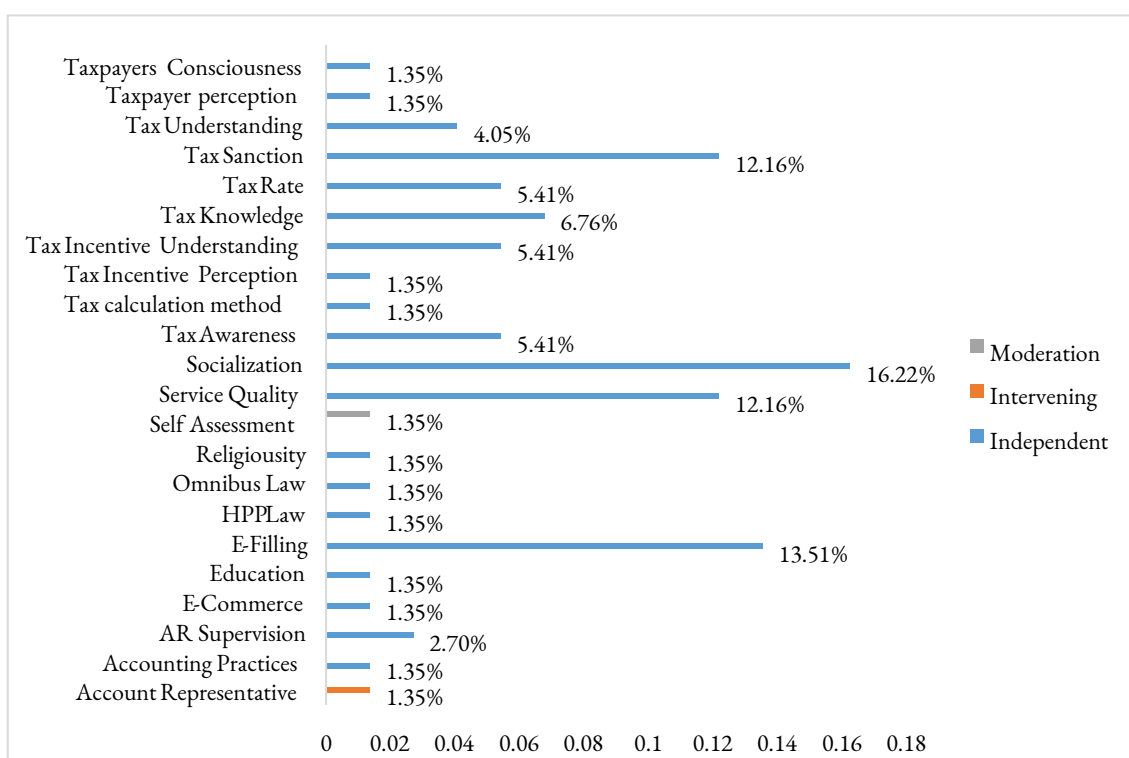


Figure 3. Other Independent, Intervening, and Moderation Variables Used in Tax Incentive Study during COVID-19

Furthermore, an analysis of the content of these documents is carried out to get an overview of the object under study and the research location. The research object is described in Figure 4, while the research location is described in Figure 5. The types of tax incentives used in this research are detailed in Table 7, including various taxation forms. Personal Income Tax (PIT) is based on the taxable income calculated from the income earned by an individual during a tax period, typically one year (Trotter, 1969). Corporate Income Tax (CIT) is a direct tax imposed on the profits of a company (Kruschwitz & Löffler, 2005). Property Tax is an annual tax on the value of real property, such as land and buildings. Consumption Tax or Value Added Tax (VAT) is a tax on final consumption, widely recognized as the main consumption tax worldwide (OECD, 2022a). Additionally, other taxes not included in the categories above encompass sales tax on luxury goods and customs duties.

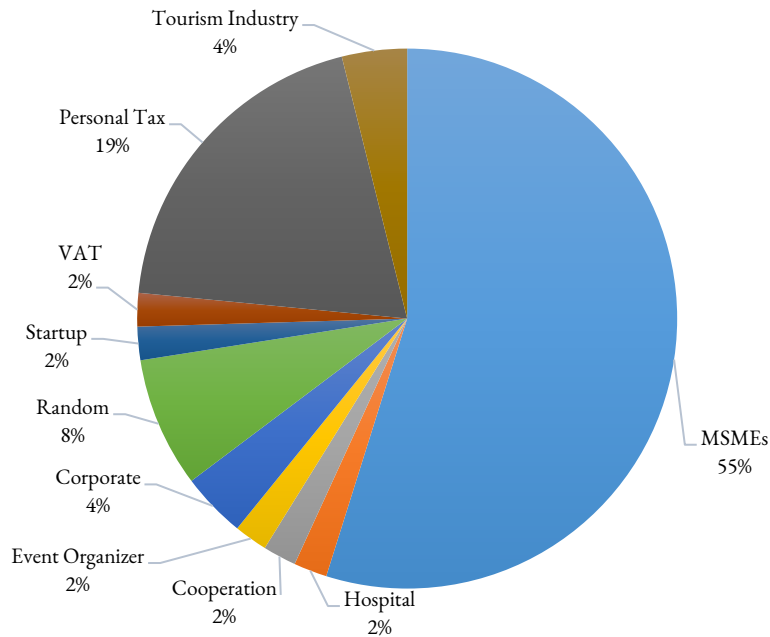


Figure 4. Distribution of Research Object

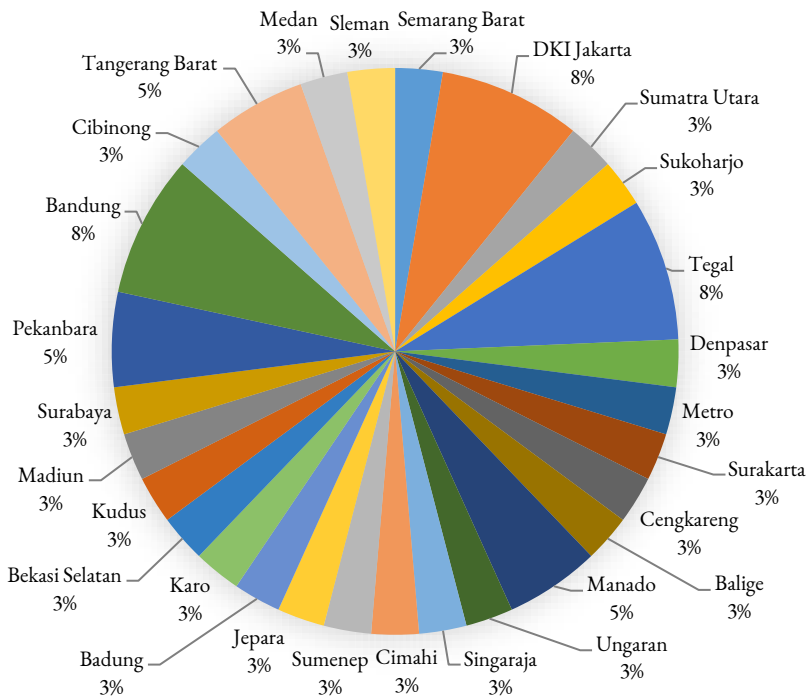


Figure 5. Distribution of Research Location

The COVID-19 period has been challenging for SMEs (Micro, Small, and Medium Enterprises). While in previous crisis periods, SMEs acted as the saviors of the national economy because of their ability to absorb employees, during the COVID-19 period, they have become the sector most affected. This phenomenon has attracted researchers' attention, leading to most of them examining SMEs' conditions when provided with tax incentives. Based on Figure 4, it can be known that 54.9% of articles discuss the impact of tax incentives on SMEs. In addition to SMEs, research has also focused on personal taxpayers, at 19.6% of the

studies. These studies are driven by the high number of layoffs during the COVID-19 pandemic or significant salary reductions due to declining company revenues. For the national economy, a decrease in people's income will lower purchasing power, affecting the supply and demand figures, thus posing a threat of stagnant economic growth.

Table 7. Mapping of Tax Policies Implemented during the COVID-19 Pandemic Based on Tax Types in Southeast Asian Countries

Country	Types of Taxes					
	Personal Income Tax (PIT)	Corporate Income Tax (CIT)	Property Tax	Value Added Tax (VAT)	Other Consumption Taxes	Others
Indonesia	✓	✓		✓	✓	✓
Philippines		✓		✓		
Cambodia	✓	✓	✓		✓	✓
Laos	✓	✓			✓	
Malaysia	✓	✓				✓
Myanmar	✓	✓				✓
Singapore		✓	✓			✓
Thailand		✓		✓	✓	✓
Vietnamese	✓	✓		✓		
Brunei Darussalam		✓				✓
Timor Leste		✓				

Source : Arham & Firmansyah (2021), modified

Intervention

During the COVID-19 period, the Ministry of Finance of the Republic of Indonesia has issued nine regulations to govern the implementation of tax incentives as a form of intervention to mitigate the economic impacts during the pandemic. The first regulation issued was PMK No. 23/PMK.03/2020 on March 21, 2020. The latest regulation is PMK No. 114/PMK.03/2022 on July 11, 2022. This policy reflects public policy theory, which is the role of the government in maintaining economic conditions through regulations and laws. Public policy is one of the key elements in endogenous growth theory. The details of these regulations are presented in Appendix 1.

Comparison

The comparison of tax incentive practices across several countries during the COVID-19 pandemic highlights the various strategies implemented to support economic recovery. In Indonesia, tax incentives included gross income deductions for donations, sales tax exemptions on luxury goods, and government coverage of income tax for employees and SMEs. Similar measures were observed in Malaysia and Singapore, where tax incentives aimed to revitalize specific industries, such as the automotive and SME sectors, and support individual taxpayers through deductions and exemptions. These countries focused on mitigating the economic impact of the pandemic by encouraging consumption, investing, and maintaining employment levels.

Comparatively, other Southeast Asian nations like the Philippines, Thailand, and Vietnam introduced targeted tax incentives, though their focus varied. For instance, the Philippines reduced income tax rates for corporations and MSMEs, while Thailand extended VAT exemptions and deduction incentives to stimulate specific sectors. Vietnam offered significant reductions in corporate income tax and VAT to support

businesses and individuals. These differences in approach underscore the varied fiscal strategies employed by countries in the region to address the economic challenges posed by the pandemic, reflecting their unique economic structures and policy priorities. The details of these comparisons are provided in Appendix 2.

Outcome

After implementing the tax incentive from March 2020 to May 2023, researchers published their findings on the benefits obtained from implementing the tax incentive policy, as depicted in Figure 6. Based on the extraction of information from 31 qualitative articles, data shows that the tax incentive policy has been beneficial in maintaining company sustainability and promoting investment climate, each at 31.25%. Additionally, it contributes to reducing economic shocks, reducing burdens, and helping to maintain the country's economic stability, each at 12.5%.

This outcome analysis strengthens the evidence that government intervention through incentive policies is beneficial for maintaining economic conditions in Indonesia. This situation confirms the validity of endogenous growth theory.

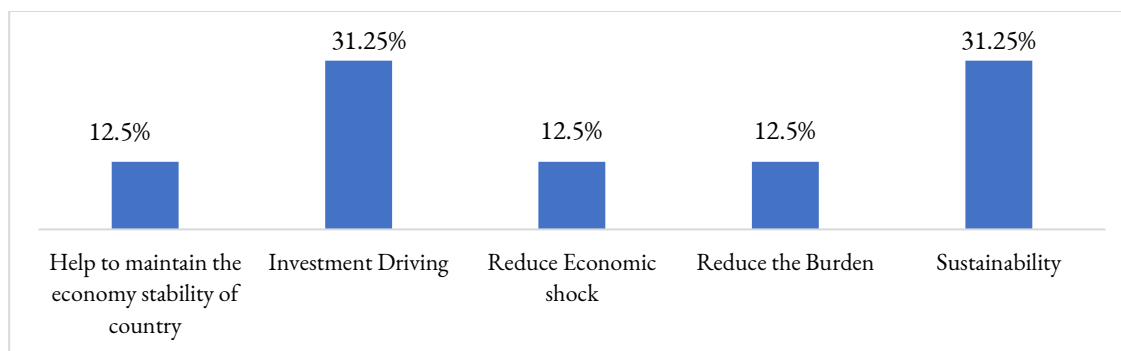


Figure 6. Distribution of Tax Incentive Benefits

Taxpayer compliance is crucial for tax revenue collectability. Based on a sample of articles using quantitative research methods, 55.56% of the research articles mention that tax incentives influence taxpayer compliance. Additionally, 11.11% of the articles found that tax incentives help to maintain purchasing power. Increasing purchasing power is essential for the economic growth of a country. Therefore, the increase in purchasing power resulting from tax incentives indicates that the tax incentive strategy is a strategic step in mitigating the economic impact of the pandemic. Another significant effect is organizational performance, which is mentioned in 8.89% of the articles.

Upon reviewing the data extraction results from the sampled articles, it is found that tax incentives provide benefits and influence factors related to economic stability. Unfortunately, however, the absorption of tax incentives is still not optimal. This problem is due to several barriers that hinder the effectiveness of tax incentive implementation. The biggest constraint is that taxpayers are unaware of the existence of tax incentives, or if they are aware, they need to learn how to access them (Hariyanto et al., 2021).

Another reason is that when there is a tax incentive promotion, the participants attending are not the owners or individuals responsible for the company's taxation, resulting in the information obtained needing to be followed up on tax incentives (Direktorat Jenderal Pajak, 2022). Another constraint is that taxpayers do not have a Tax Identification Number (NPWP). At 38.10%, the biggest barrier is because taxpayers did not know about tax incentives. Then, 33.33% of the problem is caused by taxpayers who did not know how to access it.

Of the 31 articles applying qualitative methods, 17 articles provide recommendations to increase the effectiveness of tax incentives. Socialization is the most recommended aspect. This socialization is carried out through various kinds of networks, such as social media, and direct socialization through meetings, posters, and letters sent directly to the taxpayer. Socialization in the form of interactive videos is also recommended. This approach is recommended because many people prefer something interactive. The socialization that is carried out should be measurable, meaning there is an assessment and evaluation of its effectiveness.

The Account Representative (AR) role is also a suggested strategic matter. AR, as a taxpayer assistant, can help increase the taxpayer's understanding of tax incentives, maintain enthusiasm, increase understanding of tax procedures, and build positive perceptions. This is because, with AR, the taxpayer will get more personal information.

The researchers also highlight the implementation of tax incentives in several types of industries specifically. In the tourism industry, incentives for VAT are significant in maintaining the viability of the tourism industry, likewise, for philanthropic organizations. The researchers suggest making special rules related to philanthropic organizations, bearing in mind that the scope of work of these organizations helps overcome socio-religious problems. While tax incentives for research and development activities, their effectiveness is also influenced by political intervention and development policies. So, the implementation of tax incentives in R&D activities requires a more comprehensive mechanism arrangement, especially in terms of political intervention and development policies. A detailed explanation is presented in Table 8.

Table 8. Distribution of Tax Incentive Recommendations

Tax Incentive Recommendations	Frequency	Proportion
Maintain the spirit of tax incentives	1	5.88%
VAT for Tourism Industry	1	5.88%
Use video to share tax incentive information	1	5.88%
Tax training	1	5.88%
Tax exemption and deduction for philanthropic activities	1	5.88%
Tax Incentives for platforms and lenders in fintech	1	5.88%
TI for R&D must be supported by political intervention and development policies	1	5.88%
Socialization through social media, posters, letters, and others	3	17.65%
Role of the Account Representative	1	5.88%
Measurables Socialization	1	5.88%
Improve policies related to the provision	1	5.88%
Develop a better understanding of procedures	1	5.88%
Create positive perception	1	5.88%
Continuous and sustainable assistance	1	5.88%
Assist the taxpayer	1	5.88%
TOTAL	17	100%

Conclusion

The Indonesian government has responded commendably to the economic impacts of COVID-19 through fiscal policies, offering relatively comprehensive tax incentive facilities compared to other Southeast Asian countries. Aligned with Endogenous Growth Theory, these measures support economic growth by enhancing internal factors such as human resources and innovation, particularly through tax incentives for personal income tax and R&D activities. Literature reviews indicate that tax incentives contribute positively

to economic growth, boost purchasing power, and ensure business sustainability and continuity. Additionally, from a state revenue perspective, tax incentives have the potential to improve taxpayer compliance, thereby positively affecting tax revenue.

However, the absorption of the tax incentive budget remains low, primarily due to a lack of awareness and skepticism among taxpayers regarding these programs. Many are either unaware of the incentives or unclear on how to access them. To address this, a more extensive, interactive, and measurable socialization strategy should be implemented, optimizing the role of Account Representatives in providing taxpayer assistance. Engaging local champions or influencers as communication agents could also enhance outreach, leveraging their proximity and relationships with taxpayers to facilitate better communication. Additionally, the Directorate General of Taxes should consider rebranding efforts to increase taxpayer engagement, making information more accessible through social media and their website.

For future tax policies, special attention should be given to SMEs and R&D activities, prioritizing these sectors in tax incentives while promoting literacy and inclusivity. SMEs are vital to the economy, especially in mitigating unemployment, while R&D activities are crucial for adapting to technological advancements and future changes. These recommendations underscore the importance of strategic communication and targeted policy design in maximizing the effectiveness of tax incentives. By enhancing taxpayer awareness and engagement, the Indonesian government can further leverage tax incentives to drive sustainable economic growth, particularly in critical sectors such as SMEs and innovation. This approach not only addresses immediate economic challenges but also lays the groundwork for long-term resilience and development.

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Appendix 1. Tax Incentive Policy Intervention

Legal Basis	Abstract
<p>PMK No. 23/PMK.03/2020 Established: 21 March 2020 Promulgated: 23 March 2020</p> <p>Term: 1 April 2020 - 27 April 2020</p> <p>Substitute rules: PMK No. 44/PMK.03/2020</p>	<p>Income received by employees with criteria a. receive or earn income from an employer who has a Business Field Classification code as listed in letter A of Appendix and/or has been determined as a KITE Company; b. have NPWP; and c. during the tax period the person concerned receives or earns gross income that is fixed and regular which is annualized not to exceed Rp. 200,000,000.00 must be deducted with PPh Article 21 every month by the employer by applying the rate of Article 17 paragraph (1) the letter of the law income tax. Income tax withheld PPh Article 21 is meant to be borne by the Government. PPh Article 21, borne by the Government, is given from the April 2020 Tax Period to the September 2020 Tax Period. Import PPh Article 22 is exempt from collection to taxpayers with a Business Field Classification code as listed in Appendix letter F and/or has been determined as a KITE Company.</p>
<p>PMK No. 44/PMK.03/2020 Established: 27 April 2020 Promulgated: 27 April 2020</p> <p>Term: 27 April 2020 - 16 Juli 2020</p> <p>Substitute rules: PMK No. 86/PMK.03/2020</p>	<p>This regulation replaced Minister of Finance Regulation Number 23/PMK.03/2020—provisions regarding: a. Income tax incentives Article 21. The Government bears Income Tax Article 21 for income received by employees with specific criteria as stipulated in this Ministerial Regulation. b. Final Income Tax incentive based on Government Regulation Number 23 of 2018. Income from business received or earned by taxpayers with an inevitable gross turnover according to the provisions referred to in Government Regulation 23 of 2018 is subject to a final Income Tax of 0.5% (zero point five percent) of the total gross circulation. The Government bears the final PPh and is not calculated as taxable income. c. Article 22 Import Income Tax Incentives Article 22 Import Income Tax is exempt from collection for taxpayers with specific criteria as regulated in this Ministerial Regulation. d. Income tax installment incentives ARTICLE 25, taxpayers who meet specific criteria as stipulated in this Ministerial Regulation are given a reduction in the amount of PPh Article 25 installments by 30% (thirty percent) of the PPh Article 25 installments. e. VAT incentives. Taxpayers who meet specific criteria as regulated in this Ministerial Regulation and submit a Notice of Period of Value Added Tax overpayment of refunds with a maximum amount of overpayment of Rp. 5,000,000,000.00 (five billion rupiahs) may be given a preliminary refund of overpayment of tax as low-risk PKP as referred to in Article 9 paragraph (4c) of the VAT Law.</p>
<p>PMK No. 86/PMK.03/2020 Established: 16 Juli 2020 Promulgated: 16 Juli 2020</p> <p>Term: 16 Juli 2020 - 14 Agustus 2020</p> <p>Substitute rules: PMK No. 110/PMK./03/2020</p>	<p>This Regulation of the Minister of Finance of the Republic of Indonesia stipulates: Provisions regarding Article 21 PPh incentives, namely that the income received or earned by employees must be deducted according to the provisions of Article 21 PPh by employers, which can be borne by the government with specific criteria. Further provisions regarding Final Income Tax incentives based on Government Regulation Number 23 of 2018, Article 22 Import Income Tax Incentives, Article 25 Income Tax installment incentives, and VAT incentives, as well as transitional provisions such as Employers or Taxpayers who have submitted notifications of the utilization of Article Income Tax incentives 21 DTPs, do not need to re-submit notifications and/or requests based on this Ministerial Regulation.</p>

Legal Basis	Abstract
<p>PMK No.110/PMK.03/2020 Established: 14 Agustus 2020 Promulgated: 14 Agustus 2020</p> <p>Term: 14 Agustus 2020 - 2 February 2021</p> <p>Substitute rules: PMK No. 9/PMK.03/2021</p>	<p>Amend Minister of Finance Regulation Number 86/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic. This Regulation of the Minister of Finance of the Republic of Indonesia stipulates: Several provisions in the Regulation of the Minister of Finance Number 86/PMK.03/2020 are amended as follows: Provisions regarding general understanding (vide Article 1), additional provisions regarding final income tax incentives for construction services (vide CHAPTER IIIA), provisions regarding income from a construction service business subject to final PPh and the method of repayment (vide Article 6A), provisions regarding reports on the realization of final PPh borne by the Government (Article 6B), provisions regarding taxpayers who are given a reduction in the amount of Article 25 PPh installments of 50% (fifty percent) of Article 25 PPh installments that should be payable (vide Article 10), provisions regarding Employers or Taxpayers who have sent notifications and/or tax incentive certificates (vide Article 14) and provisions regarding Employers or Taxpayers who has been approved to take advantage of tax incentives (vide Article 15). In addition, changes have been made to the Appendix letters C, N, and R which are an integral part of this Ministerial Regulation.</p>
<p>PMK No. 9/PMK.03/2021 Established: 1 February 2021 Promulgated: 2 February 2021</p> <p>Term: 2 February 2021 - 1 July 2021</p> <p>Substitute rules: PMK No. 82/PMK.03/2021</p>	<p>Income received or earned by Employees must be deducted from Income Tax under the provisions in Article 21 of the Income Tax Law by Employers. PPh Article 21, as referred to in paragraph (1), is borne by the Government for income received by employees with specific criteria, including having an NPWP, during the tax period concerned receiving or obtaining gross income that is fixed and regular, which is annualized, not to exceed Rp. 200,000,000, and receive or earn income from an Employer who has a Business Field Classification code as listed in the Attachment to the Business Field Classification Code (KLU) of Taxpayers Obtaining Income Tax Incentives Article 21 Borne by the Government (DTP), which is an integral part of this Ministerial Regulation, has been determined as a KITE Company or has obtained a Bonded Zone Operator permit, a Bonded Zone Entrepreneur permit, or a PDKB permit. Period of incentive grant: a. PPh Article 21 is borne by the Government; b. The Government bears the final PPh as referred to in Article 7 paragraph (3); d. reduction in the amount of PPh Article 25 installments as referred to in Article 12 paragraph (1); and e. preliminary refund of VAT overpayment as referred to in Article 15 paragraph (2), is given for the January 2021 Tax Period until the June 2021 Tax Period.</p>
<p>PMK No. 82/PMK.03/2021 Established: 1 July 2021 Promulgated: 1 July 2021</p> <p>Term: 1 July 2021 - 26 October 2021</p> <p>Substitute rules: PMK No. 149/PMK.03/2021</p>	<p>Ministry of Finance Regulation (PMK) concerning Amendments to Minister of Finance Regulation Number 9/PMK.03/2021 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic</p>

Legal Basis	Abstract
<p>PMK No. 149/PMK.03/2021 Established: 25 October 2021 Promulgated: 25 October 2021</p> <p>Term: 26 October 2021 - 25 January 2022</p> <p>Substitute rules: PMK No. 3/PMK.03/2022</p>	<p>Ministry of Finance Regulation (PMK) concerning the Second Amendment to Minister of Finance Regulation Number 9/PMK.03/2021 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic</p>
<p>PMK No. 3/PMK.03/2022 Established: 21 January 2022 Promulgated: 25 January 2022</p> <p>Term: 25 January 2022 - 11 July 2022</p> <p>Substitute rules: PMK No. 114/PMK.03/2022</p>	<p>The Regulation of the Minister of Finance of the Republic of Indonesia stipulates that: Article 22 Income Tax on Imports is exempted from the collection for Taxpayers with a field of business classification code that is eligible for the exemption of Article 22 Income Tax on Imports. Taxpayers with a field of business classification code that is eligible for a reduction in the installment amount of Article 25 Income Tax shall be granted a 50% (fifty percent) reduction of the installment amount of Article 25 Income Tax that should be payable. The period for granting the exemption from the Article 22 Income Tax on Imports collection is valid until June 30, 2022. The period for granting the reduction in the installment amount of Article 25 Income Tax and final income tax borne by the government is provided for the Tax Period from January 2022 to June 2022.</p>
<p>PMK No. 114/PMK.03/2022 Established: 11 July 2022 Promulgated: 11 July 2022</p> <p>Term: 11 July 2022 - Now</p> <p>Substitute rules: -</p>	<p>In the Regulation of the Minister of Finance of the Republic of Indonesia, it is stipulated that: The period for granting the exemption from the collection of Article 22 Income Tax on Imports is valid until June 30, 2022, extended until December 31, 2022. The period for granting the incentives, namely the reduction of the installment amount of Article 25 Income Tax and government-borne final income tax, is provided for the tax period from January 2022 to June 2022, extended until the tax period of December 2022. Taxpayers can utilize the incentive of reducing the installment amount of Article 25 Income Tax as referred to in Article 4 paragraph (1) starting from the tax period of July 2022 by submitting a notification of utilization of the incentive to reduce the installment amount of Article 25 Income Tax within 30 (thirty) days from the effective date of this Ministerial Regulation.</p>

Appendix 2. The Comparison of Tax Incentive Practices Among Other Countries

Description and Source	Tax Incentives	Comparisons Indonesia	Other Country
<p>The governments of Malaysia and Indonesia both provide tax incentives due to the COVID-19 pandemic and pay the same attention to the sustainability of the empowerment of Small and Medium Enterprises (SMEs) in their respective. The governments of Malaysia and Indonesia also pay attention to income tax incentives to individuals. In summary, Indonesia and Malaysia focus on the provision and/or exemption given by the government in the form of tariffs (Azzahra & Ramadhan, 2022).</p>	<p>PENJANA (Pelan Jana Semula Ekonomi Negara)</p>	<ul style="list-style-type: none"> ✓ In PP 29 of 2020 along with PMK239/PMK.03/2020, gross income deduction in the form of donations is submitted by taxpayers to certain donation organizers in the form of money, goods, services, and/or utilization of assets without compensation ✓ The Decree of the Minister of Industry Number 169 of 2021 states that there is a tax exemption, namely a Sales Tax on Luxury Goods of 100% on certain categories of new cars whose aim is to encourage recovery in the industrial sector due to the COVID-19 pandemic. ✓ Indonesia through PMK Number 9/PMK.03/2021 Article 5 states that the government will bear the final Income Tax of 0.5% of the total gross circulation of operating income. ✓ The Indonesian government bears Article 21 income tax belonging to employees with certain criteria through PMK Number 9/PMK.03/2021 Article 2. 	<p>Malaysia</p> <ul style="list-style-type: none"> ✓ In PENJANA, it extends the period and expands the coverage of costs that qualify for tax deductions to prevent COVID-19, namely: COVID-19 screening test costs, Fees for PPE and temperature scanners ✓ In PENJANA, sales tax exemption on the purchase of local assembly cars is 100% and imported passenger cars is 50%. This policy aims to revitalize the Malaysian automotive industry due to the COVID-19 pandemic. ✓ Through PENJANA, the Malaysian government encourages the establishment of new businesses. New MSMEs established between July 1, 2020, and December 31, 2021, are eligible for income tax rebates of up to RM 20,000 per annum for three assessment years ✓ Malaysia incentivizes flexible working arrangements for workers by imposing personal income tax breaks of up to RM 2,500 for the purchase of mobile phones, notebooks, and tablets. It then came into effect on July 1, 2020, an income tax exemption of up to RM5,000 for employees who receive mobile phones, notebooks, and tablets from their employers.
<p>The governments of Singapore and Indonesia both provide tax incentives due to the COVID-19 pandemic and have the same attention to the sustainability of</p>	<p>https://home.kpmg</p>	<ul style="list-style-type: none"> ✓ In PP 29 of 2020 along with PMK239/PMK.03/2020, gross income deduction in the form of donations submitted by taxpayers to certain donation organizers in the form of money, goods, services, 	<p>Singapore</p> <ul style="list-style-type: none"> ✓ Limited tax exemptions on accommodation, food, transportation, and daily necessities are provided by employers. ✓ Singapore with its fourth stimulus package, the fortitude budget, said one of the goals of

Description and Source	Tax Incentives	Comparisons Indonesia	Other Country
<p>the empowerment of Small and Medium Enterprises (SMEs) in their respective. The governments of Singapore and Indonesia also pay attention to income tax incentives for individuals. Indonesia focuses on the provision and/or exemption given by the government in the form of tariffs. Singapore is focusing more on deferring tax reporting. (Azzahra & Ramadhan, 2022)</p>		<p>and/or utilization of assets without compensation</p> <ul style="list-style-type: none"> ✓ Indonesia through PMK Number 9/PMK.03/2021 Article 5 states that the government will bear the final Income Tax of 0.5% of the total gross circulation of operating income. ✓ The Indonesian government bears Article 21 income tax belonging to employees with certain criteria through PMK Number 9/PMK.03/2021 Article 2. ✓ Indonesia applies a tax exemption, namely a Sales Tax on Luxury Goods of 100% on certain categories of new cars from March 2021 to September 2022 	<p>the stimulus was to create jobs and encourage corporate transformation. This stimulus is supported by cash grants from the government to property owners, then landlords are required to pass on these benefits to their Small and Medium Enterprise tenants</p> <ul style="list-style-type: none"> ✓ Singapore provides a deferral of employee income tax payments. ✓ The Singapore government chose not to provide tax incentives for new car purchases because the Singapore government strictly regulates the total number of cars in circulation.
<p>Indonesia and the Philippines both apply income tax incentives for companies to MSMEs. (The Investor Relations Office Philippines, 2022)</p>	<p>Republic Act No. 11534: Corporate Recovery and Tax Incentives for Enterprise (CREATE) Act</p>	<ul style="list-style-type: none"> ✓ Companies in Indonesia get an Article 21 income tax policy borne by the government, and in the MSME sector, the government provides incentives in the form of final income tax borne by the government and value-added tax on retail kiosk rent. 	<p>Philippines</p> <ul style="list-style-type: none"> ✓ The income tax rate for MSMEs in the Philippines dropped from 30% to 20%, and for corporate companies dropped from 30% to 25%
<p>The governments of Indonesia and Thailand both provide VAT incentives but on different tax objects. (Orbitax, 2022)</p>	<p>Royal Decrees for Extension of COVID-19 Incentive and Relief Measures</p>	<ul style="list-style-type: none"> ✓ none ✓ The Indonesian government provides incentives to accelerate the disbursement of VAT restitution, especially for manufacturing companies, to support economic growth. 	<p>Thailand</p> <ul style="list-style-type: none"> ✓ Royal Decree 751 provides for the extension of deduction incentives for donations introduced in response to COVID-19. Previously, a deduction was allowed for donations made through the Revenue Department e-donation system by companies (up to 2% of net profit) and individuals (up to 10% of total income) from 5 March 2020 to 5 March 2021, which was subsequently extended to 5 March 2022. Under Royal

Description and Source	Tax Incentives	Comparisons Indonesia	Other Country
Indonesia and Vietnam both apply CIT and PIT incentives for companies to MSMEs. (Baker McKenzie, 2021)	Resolution No. 406/NQ-UBTVQH15 and Decree No. 92/2021/ND-CP (take effect from 19 October 2021)	<ul style="list-style-type: none"> ✓ Indonesia through PMK Number 9/PMK.03/2021 Article 5 states that the government will bear the final Income Tax of 0.5% of the total gross circulation of operating incomes. ✓ The Indonesian government bears Article 21 income tax belonging to employees with specific criteria through PMK Number 9/PMK.03/2021 Article 2. ✓ The Indonesian government provides incentives to accelerate the disbursement of VAT restitution, especially for manufacturing companies, 	<p>Decree 751, the deduction is further allowed for donations made from 6 March 2022 to 31 December 2023.</p> <ul style="list-style-type: none"> ✓ Royal Decree 752 extends the additional 50% deduction for COVID-19 tests purchased by companies for testing their employees. The additional deduction was previously provided up to 31 March 2022 and is now further provided from 1 April 2022 to 31 December 2022. ✓ Royal Decree 755 extends the VAT exemption on imports and donations of medical goods used to treat, diagnose, and prevent COVID-19 when donated to government hospitals, government agencies, and qualified public charities and medical facilities. The exemption was previously provided up to 31 March 2022 and is now further provided from 1 April 2022 to 31 December 2022. <p>Vietnamese</p> <ul style="list-style-type: none"> ✓ 30% corporate income tax (CIT) reduction for the tax year 2021 ✓ Tax exemption for business households and business individuals ✓ 30% VAT reduction from 1 November 2021 to 31 December 2021 ✓ Exemption of late payment interest

Description and Source	Tax Incentives	Comparisons	
		Indonesia	Other Country
			to support economic growth.
The Cambodian government focuses on tax incentives for various businesses and services that support tourism, while the Indonesian government focuses more on many sectors, especially MSMEs. (KPMG, 2022)	Tax relief measures provided to specific sectors in Cambodia	✓ The Indonesian government offers incentives to accelerate the disbursement of VAT restitution, especially to manufacturing companies, so that it can support economic growth.	Cambodia ✓ The government extended the tax relief measures provided to important sectors in Cambodia, as previously set out in the 10th round of tax relief (dated October 2021). The Ministry of Economy and Finance issued the Inter-ministry Prakas No. 130 MEF (9 February 2022) to further emphasize the additional incentive for the tourism industry.
The governments of Indonesia and Myanmar both provide tax incentives for CIT and PIT. (ASEAN Briefing, 2020)	Myanmar's government issued Notification 65/2020, which provides several tax relief measures for businesses impacted by the pandemic.	✓ The Indonesian government bears Article 21 income tax belonging to employees with certain criteria through PMK Number 9/PMK.03/2021 Article 2. ✓ Companies in Indonesia get an Article 21 income tax policy borne by the government, and in the MSME sector, the government provides incentives in the form of final income tax borne by the government and value-added tax on retail kiosk rent.	Myanmar ✓ Non-refundable tax credit on 10% of total additional wages and salaries paid in the 2019-2020 Income Year. ✓ Deduction from income, classified as expenditure, is equivalent to 125% of total additional wages and salaries paid in the 2019-2020 Income Year as compared to the 2018-2019 Income Year. ✓ A non-refundable tax credit equal to 10% of the total value of additional capital equipment inputs made in the 2019-2020 Income Year. This credit is not available to businesses already subject to tax exemptions of relief under the Myanmar Investment Law or Special Economic Zone Law. ✓ One-time depreciation on the value of capital equipment equivalent to 125% of the usual reduction value for the 2019-2020 Income Year.
The governments of Indonesia and Laos both provide tax incentives for CIT, PIT, and VAT. (VDB-LOI, 2020)	Policies and Measures to Reduce the Impact of the COVID-19 Pandemic on the Lao	✓ The Indonesian government bears Article 21 income tax belonging to employees with certain criteria through PMK Number 9/PMK.03/2021 Article 2.	Laos ✓ Any salaries in the amount of LAK5 million (approx. US\$555) or less per month are exempt from personal income tax (PIT) for a period of three months – from April to June 2020.

Description and Source	Tax Incentives	Comparisons Indonesia	Other Country
	Economy No. 31/PM (2 April 2020), the Ministry of Finance issued Notices No. 1027 (10 April 2020), No. 1061 (22 April 2020), and No. 1128 (24 April 2020) to guide the implementation of the tax relief policies granted under the decision.	✓ Companies in Indonesia get an Article 21 income tax policy borne by the government, and in the MSME sector, the government provides incentives in the form of final income tax borne by the government and value-added tax on retail kiosk rent. ✓ The Indonesian government provides incentives to accelerate the disbursement of VAT restitution, especially for manufacturing companies, to support economic growth.	✓ All microenterprises falling under the scope of Article 29(2) of the Income Tax Law 2019 are exempt from having to pay income tax for the three months of April to June 2020. Microenterprises that have paid income tax in advance (for April to June 2020) have the right to carry forward the prepaid income tax amount to be deducted against any profits payable after June 2020. ✓ Notice No. 1061 grants an exemption from penalties for a delay in tax payment of 0.1% and LAK500,000 per time by the Income Tax Law 2019, the Excise Tax Law, and the VAT Law for April to June 2020. However, it does not precisely state which taxes are eligible – it is understood that in addition to PIT, value-added tax (VAT) and excise tax are included in the other taxes to be declared every month.
The governments of Indonesia and Brunei Darussalam both provide tax incentives for tourism. (OECD, 2020)	Tax relief measures are especially given to the tourism sector in Brunei Darussalam.	✓ Minister of Finance Regulation (PMK) Number 44/PMK.03/2020 as an expansion of PMK 23. This PMK regulates the provision of incentives through subsidies for PPh Article 21, exemption from PPh Article 22 on Imports, and reduction of PPh Article 25 by 30 percent. Policy for expanding sector coverage This is applied to cover the tourism industry, including hotels, restaurants, travel agencies, and other tourism businesses, as well as the creative economy.	Brunei Darussalam ✓ A 50% discount on corporate income tax payable for FY 2020 (Year of Assessment 2021) will be offered to firms operating in tourism, hospitality (including registered hotels and lodging houses), restaurants and cafes, and sea and air passenger transport service sectors. ✓ Temporary exemption of customs and excise duties on personal hygiene products to help retailers and consumers manage prices amidst increasing demand.

Description and Source	Tax Incentives	Comparisons Indonesia	Other Country
<p>Timor Leste does not implement a tax relief policy but does offer a deferral of tax payments for two months for SMEs.</p> <p>(Cardoso, 2020)</p>	<p>The tax policy in Timor Leste is only to postpone tax payments</p>	<p>✓ Companies in Indonesia get an Article 21 income tax policy borne by the government, and in the MSME sector, the government provides incentives in the form of final income tax borne by the government and value-added tax on retail kiosk rent.</p>	<p>Timor Leste</p> <p>✓ A deferral of tax payments for two months for SME</p>