



Evaluation of Tax Incentive Policy for MSMEs in the Covid-19 Pandemic Period in Improving Taxpayer Compliance at the Jakarta Kelapa Gading Primary Tax Service Office

Novianita Rulandari

STIAMI Institute of Social Sciences and Management, Indonesia

Correspondent : novianitarulandari@gmail.com

Received : September 14, 2023

Accepted : October 23, 2023

Published : October 31, 2023

Citation: Rulandari, N. (2023). Evaluation of Tax Incentive Policy for MSMEs in the Covid-19 Pandemic Period in Improving Taxpayer Compliance at the Jakarta Kelapa Gading Primary Tax Service Office. *Ijomata International Journal of Tax and Accounting*, 4(4), 895-912.
<https://doi.org/10.52728/ijtc.v4i4.966>

ABSTRACT: Evaluation of Tax Incentive Policy for MSMEs in the Covid-19 Pandemic Period in Improving Taxpayer Compliance at the Jakarta Kelapa Gading Primary Tax Service Office based on evaluation criteria (William N. Dunn) from 6 criteria, namely effectiveness, efficiency, adequacy, equality, responsiveness, and accuracy has been running well and by the regulations. Taxation. Inhibiting entities in the implementation of MSME tax incentive policies are MSME actors, there are obstacles in the use of such incentives, namely in the preparation and submission of realization reports and obstacles also arise from the fissures who have difficulty guiding taxpayers and there are constraints in the administrative system. The driving entity in the implementation of MSME tax incentive policy is socialization through WhatsApp media and mail media by AR, confirmation and appeal of AR to taxpayers immediately submit realization reports, provide AR guidance to taxpayers in delivering realization reports if taxpayers experience obstacles, providing opportunities to TAXPAYERS PP 23/2018 during the December Tax Period to report on the realization of incentive use during 2020.

Keywords: Tax Incentives, Policy Evaluation, Covid-19 Pandemic, MSMEs



This is an open-access article under the CC-BY 4.0 license.

INTRODUCTION

During the Covid-19 pandemic in 2020 until now, national development in Indonesia has experienced drastic changes. With the current conditions, Indonesia will of course need quite a lot of funds to carry out its development activities. These funds come from domestic and foreign sources. One way to obtain funds from domestic sources is by collecting taxes. Taxes are the safest and most reliable source of funds because they are flexible and easier to influence through the policies of the country concerned ([Drucker et al., 2020](#); [Enrich, 2002](#); [Okafor et al., 2020](#)).

For several decades, Indonesia's economy has slowed down and even stopped for a while due to the Covid-19 pandemic. Referring to the article written by Fitriani (2020), the Central Statistics Agency (BPS) has announced that the Indonesian economy experienced an economic slowdown

in the first quarter of 2020 by 2.9% and is stated to have decreased when viewed from the fourth quarter of 2019 which was recorded at minus 2.41%. This was announced by Suhariyanto as Head of BPS. Several stocks and trades throughout the world experienced a decline, in Indonesia itself, many businesses experienced deficits due to the economic shutdown and also the implementation of limited activities in Indonesia, which caused the weakening of the Indonesian economy and state finances ([Hembre & Dantas, 2022](#); [Liu et al., 2020](#); [Sun et al., 2021](#)).

Currently, in line with the decline in positive COVID-19 cases and the implementation of vaccinations, according to the economic minister, Airlangga said that the current performance of the retail sector has shown an increase in retail sales in the Q1-2021 period. Several shopping sub-groups that experienced an increase in the first quarter of 2021 include supermarkets, restaurants, medical, household, and fashion. Apart from that, the release of Indonesian manufacturing Purchasing Managers' Index (PMI) data also showed encouraging things, where the Indonesian manufacturing sector experienced accelerated growth in April 2021 by recording a record high at 54.6, which means an increase from 53.2 in the previous month.

According to a press release from the Coordinating Ministry for the Economy (05/05/2021) MSMEs are the most important pillar in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs for 2021, the number of MSMEs has now reached 64.2 million with a contribution to Gross Domestic Product (GDP) of 61.07% or 8,573.89 trillion rupiah. The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97% of the total existing workforce and raise 60.4% of total investment. However, the high number of MSMEs in Indonesia cannot be separated from the existing challenges ([Kovac & Klun, 2021](#); [Ward et al., 2020](#); [Xiao & Xi, 2021](#)).

To answer this challenge, the government has implemented several MSME support programs, including incentives and financing assistance through the PEN program, People's Business Credit, National Movement Proud to be Made in Indonesia (Gernas BBI), Digitalization of MSME marketing, Strengthening Entrepreneurship Alumni of the Pre-Employment Card Program through KUR Financing, and also includes a long-term strategy to raise the class of MSMEs through the Job Creation Law.

By Law no. 28 of 2007 concerning General Provisions and Tax Procedures (KUP), tax is a mandatory contribution to the state owed by an individual or entity that is coercive based on law, with no direct compensation, and is used for state needs as much as possible. prosperity of the people. Based on the contents of this law, it is clear that taxes are a source of income for the state. One that contributes quite highly to state tax revenues is the Micro, Small, and Medium Enterprises (MSME) sector ([Kasami, 2021](#); [Starnini et al., 2021](#)).

One of the government's efforts in the field of taxation in national economic recovery is the existence of a tax incentive policy. This tax incentive policy aims to help move the wheels of the country's economy which is experiencing a rapid decline due to the Covid-19 pandemic. The tax incentive policy is contained in Minister of Finance Regulation (PMK) Number 86 of 2020. This regulation is a revision of the previous PMK, namely PMK Number 44 of 2020 concerning tax incentives for taxpayers affected by the coronavirus pandemic. The 5 (five) tax incentive policies are PPh Article 21 incentives, PPh Article 22 on imports, PPh Article 25 installments, MSME tax and VAT.

According to Putra (2016) Micro, Small and Medium Enterprises (MSMEs) are productive businesses owned by individuals or entities that have met the criteria as stipulated in Law Number

20 of 2008. MSMEs have an important role in the development, of the Indonesian economy, and energy absorption. Work.

Zee, Stotsky, and Ley (2002) define tax incentives from a legal perspective (statutory term) as a special tax provision granted to qualified investment projects that represents a statutory favorable deviation from a corresponding provision applicable to investment projects in general, meaning that incentives Tax is special treatment given to certain investment projects only.

According to the Directorate General of Taxes (2013) Providing tax incentives is one of the efforts made by the government to increase investors' interest in investing. By providing tax incentives, it is hoped that this will have a positive impact on increasing investment levels and causing various multiplier effects on the national economy. Thus, state revenues originating from the tax sector are increasing.

Minister of Finance Regulation (PMK) No.82/PMK.03/2021 concerning Amendments to Minister of Finance Regulation No.9/PMK.03/2021 concerning Tax Incentives for Taxpayers Affected by the 2019 Coronavirus Disease Pandemic. On July 1 2021 Minister of Finance of the Republic of Indonesia issued an extension of tax incentives, namely PMK No.82/PMK.03/2021 for the July to December 2021 tax period to support programs to strengthen public health and accelerate national economic recovery due to the impact of the 2019 Coronavirus Disease pandemic. Those who can take advantage of the Government Borne Final Income Tax facility (DTP) are MSMEs that already have a PP 23 Certificate.

Yustinus Prastowo, special staff to the minister of finance, revealed that the utilization of MSME tax incentives in 2020 only reached 65 percent of the target. For 2020, around 280 thousand MSME taxpayers will take advantage of around 65 percent of the target. "In 2021 there will be around 127 thousand in the current year or around 27 percent of the target," said Prastowo during the Good Morning Indonesia program on Metro TV, Wednesday (18/5/2021) ([Rahmi et al., 2022](#); [Rekayana, 2016](#); [Rulandari & Rahmayani, 2023](#)).

The government provides tax incentives, including for MSMEs affected by the Covid-19 pandemic. This incentive, which was originally only until December 2020, has been extended until 30 June 2021. With this policy, the role of the government needs to be intensified through socialization and assistance regarding the latest tax regulations so that MSME players are willing to take advantage of MSME tax incentives and the sustainability of MSMEs is maintained ([Estrada et al., 2020](#); [Khan et al., 2023](#)).

MSME players only need to submit a realization report so they can use this incentive. The tax will be borne by the government or the tax will be (0) zero as long as the turnover obtained does not exceed IDR 4.8 billion a year. MSME players report every month the turnover obtained, the tax should be 0.5% percent of the turnover paid, but the tax is borne by the government and it is enough to report it via www.pajak.go.id. MSME players who want to take advantage of this incentive do not need to submit a PP 23 certificate but simply submit a monthly realization report. As is known, the existence of MSME tax incentives means that MSME players receive final PPh incentives at a rate of 0.5 percent by Government Regulation Number 23 of 2018 which is borne by the government. In this way, MSME taxpayers do not need to make tax deposits. Parties who transact with MSMEs also do not need to withhold or collect tax when making payments to MSME players ([Barberia et al., 2022](#); [Ojide et al., 2022](#)).

The reality of this policy is that not all MSME business actors know and utilize it, so there needs to be socialization, understanding, and assistance for MSME business groups to be able to take advantage of this tax incentive opportunity. In developing countries, regulation is very difficult to disseminate to the lowest levels, whereas this tax incentive policy is intended for MSMEs whose economy is still at the bottom level, so there needs to be more in-depth socialization from the parties concerned and there needs to be an evaluation carried out by the government and tax authorities regarding the implementation of previously determined tax incentives, so that the evaluation can be used as a reference for improving the policies that have been made.

The Jakarta Kelapa Gading Pratama Tax Service Office is one of the tax service offices that implemented Government Regulation Number 23 of 2018 as a replacement for Government Regulation Number 46 of 2013 which was also previously implemented by this tax service office.

Based on the various phenomena above, the author is interested in conducting research with the title "Evaluation of Tax Incentive Policies for MSMEs during the Covid-19 Pandemic in Increasing Taxpayer Compliance at the Jakarta Kelapa Gading Primary Tax Service Office".

Based on previous research, the first one conducted by Lili Marlinah (2021) explained that the benefit of tax incentives is to help the economic recovery program or what is known as PEN (National Economic Recovery) carried out by the current government. The second research conducted by Rafika Sari (2018) states what tax incentive policies are for MSME businesses and the government's efforts to assist MSME actors in their use and prepare strategies to face various policy obstacles, through the dissemination of simple bookkeeping and tax applications that are easy to understand and affordable. The third research conducted by Wikrama Parahita (2021) explains how assistance for MSMEs can take advantage of the tax incentive program provided by the government to MSMEs during the COVID-19 pandemic. The fourth research conducted by Dewi Noor Fatikhah Rokhimakhumullah (2021) states that the effectiveness of using tax incentives During this pandemic, can show the level of MSME taxpayer compliance and influence the sustainability of MSME businesses which showed positive results in the first quarter. The fifth research conducted by Ropinov Saputro and Farah Meivira (2020) states that taxes are an important income stream for government development projects. The sixth research in an international journal conducted by Daniel Twesige and Faustin Gasheja (2019) explains the significant relationship between tax incentives and positive MSME growth in Rwanda and this journal concluded that tax incentives are the key to MSME growth ([ANN et al., 2021](#); [González Canché, 2022](#)).

The difference between the research examined by the author and the six previous studies is that the author will evaluate the policies that have been made by the government in the form of MSME tax incentives, whether these incentives affect the level of taxpayer obligations or not, whereas the six previous studies focus more on how to apply or implement the policy. MSME tax incentives created by the government for MSME players. The research location that will be used by researchers is also different from previous research, namely in several MSMEs and the Jakarta Kelapa Gading Pratama Tax Service Office which has not previously been researched by previous researchers ([Afonso, 2013](#); [Benavides & Peters, 2015](#); [Osborne et al., 2013](#)).

The six previous studies explain tax incentives for MSMEs and the author will focus more on how to evaluate tax incentive policies for MSMEs during the Covid-19 pandemic in increasing taxpayer compliance.

Micro, Small, and Medium Enterprises (MSMEs) are a private sector that is certain to have great potential for tax revenue because the existence of MSMEs which can be found almost along the road can make a significant contribution to economic growth. Therefore, the government continues to strive to explore taxes from the MSME sector by making it easier to carry out tax administration and also providing relief in the form of reducing tax rates as stated in Government Regulation Number 23 of 2018. PMK Number 9/PMK.03/2021 is a step by the Indonesian Government in extending the time for providing tax incentives to overcome the impact of the Covid-19 pandemic until 30 June 2021, which was originally through PMK 86/PMK.03/2020 to PMK 110/PMK.03/2020 regarding providing tax incentives until 31 December 2020.

Apart from the extension of time given, the government also expanded the Business Field Classification (KLU) code. Submission of applications for the use of incentives and realization reports is carried out online via the Directorate General of Taxes website. MSME taxpayers receive a 0.5% Final Income Tax incentive (PP 23 of 2018) which is borne by the government (DTP). Therefore, MSME taxpayers do not pay the tax owed, and parties carrying out transactions with MSMEs do not need to withhold or collect tax. To use this MSME tax incentive, MSME players do not need to submit a PP 23 certificate, as in the previous Minister of Finance regulation, but only need to submit a realization report no later than the 20th of the following month. Furthermore, the effectiveness of using this tax incentive will be seen from the level of compliance of MSME taxpayers and the sustainability of MSME businesses after using it, through a literature review of research that has been carried out previously ([Raut et al., 2017](#); [Sudrajat et al., 2022](#)).

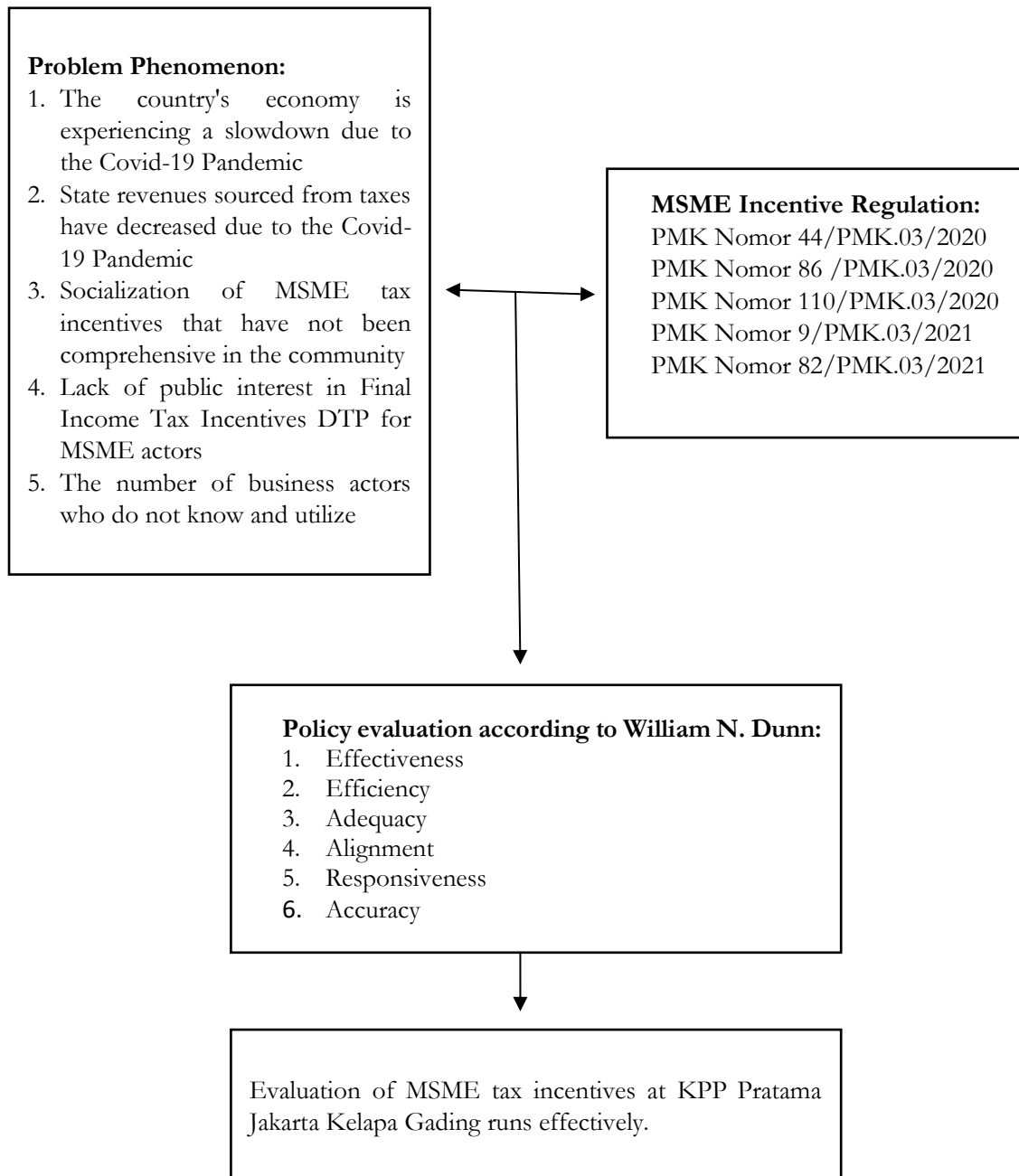
Evaluation is one level in the public policy process, evaluation is a way to assess whether a policy or program is running well or not. Evaluation has various definitions, William N. Dunn (2003) gives the meaning of the term evaluation that: "In general, the term evaluation can be equated with assessment, rating and assessment, words that express efforts to analyze policy results in terms of their unit value. In a more specific sense, evaluation is concerned with the production of information regarding the value or benefits of policy results. The definition above explains that policy evaluation is the result of a policy that in reality has value from the results of the policy objectives or targets. The final part of a policy process is policy evaluation (Dunn et al., 2013; Richardson, 2013; Sager, 2018). Evaluating a program or public policy requires the existence of criteria to measure the success of the program or public policy. Regarding policy performance in producing information, there are evaluation criteria according to William N Dunn as follows:

Table 1. Policy Evaluation Criteria

Criteria Type	Question
Effectiveness	Have the desired results been achieved?
Efficiency	How much effort is required to achieve the desired results? achieve the desired results?
Adequacy	How far the desired results are achieved solve the problem?
Alignment	Are costs and benefits distributed? evenly across groups certain?
Responsiveness	Do policy outcomes satisfy needs, preferences or values of groups
Accuracy	Are the desired results (goals) actually useful or valuable?

Source: William N Dunn (2003:610)

The criteria above are benchmarks or indicators for evaluating public policies. Because this research uses qualitative methods, the discussion in this research is related to the questions formulated by William N. Dunn for each criterion. The following is a conceptual model:



METHOD

In this research, the author used a qualitative approach. A qualitative approach was used because this approach can describe "Evaluation of Tax Incentive Policies for MSME Players during the Covid-19 Pandemic in Increasing Taxpayer Compliance at KPP Pratama Jakarta Kelapa Gading." In this qualitative research, the main instrument is the researcher himself, so that he can explore

the problems that exist within the Jakarta Kelapa Gading Primary Tax Service Office and in society, namely the MSME Taxpayers (WP) themselves. In this case, researchers play an active role in creating research plans, research processes, and research implementation, so that they become determining factors in the overall research process ([Dixon & Elston, 2019](#); [Kumala et al., 2021](#); [Swianiewicz et al., 2019](#)).

Based on the characteristics of informants or sources stated by Neuman, the informants or sources in this research consisted of 4 (four) informants or sources.

Informants are needed to find out information related to the process of implementing the rate reduction policy for taxpayers with certain business operations. These informants are:

Informant I : Head of Service Section

Informant II : AR Sex Waskon

Informant III : Lecturer at the STIAMI Institute

Informant IV : MSME Taxpayers

Informant V : MSME Taxpayers

Informant VI : MSME Taxpayers

In this research, the author will obtain data and information from the Jakarta Kelapa Gading Pratama Tax Service Office.

RESULT AND DISCUSSION

In research conducted at the Jakarta Kelapa Gading Pratama Tax Service Office, the author obtained two types of data, namely primary data (interviews) and secondary data (documents) which can be used as a basis for analyzing the implementation of rate reduction policies for taxpayers with certain business operations in increasing revenue. final income tax at the Jakarta Kelapa Gading Pratama Tax Service office.

Primary Data

The author obtained data in the form of interviews from 6 informants. The following are the results of in-depth interviews and verbatim analysis of informants 1 to informant 6 regarding the implementation of the rate reduction policy for taxpayers with certain business operations.

According to informants 1 and 2, the institutions involved in policy-making have carried out their duties effectively because in the policy-making process, there are expert staff who work in their respective departments.

According to informants 1 and 2, regarding the extent to which the tax incentive policy can help the PEN program being implemented by the government, this MSME tax incentive policy can help the national economic recovery program and can be shown through the data above.

According to informants 1 and 2, related socialization, the tax authorities have socialized the MSME tax incentive policy.

According to informants 1 and 2 regarding the process of implementing the socialization of MSME tax incentives, the socialization is currently carried out online and assistance is provided to MSME actors.

According to informants 1 and 2 regarding the MSME tax incentive policy which will be able to overcome the problem of decreasing sources of state revenue during the Covid-19 pandemic, it can be concluded that this incentive can handle the problem of decreasing revenue during the current Covid-19 pandemic.

According to informants 1 and 2 regarding whether the MSME tax incentive policy can increase economic added value for MSME taxpayers, it can be concluded that the MSME tax incentive policy itself can increase economic added value for MSME actors during the Covid-19 pandemic.

According to informants 1 and 2, the desired result of implementing MSME tax incentives during the Covid-19 pandemic is that the government wants MSMEs to be able to survive and carry out their business activities during the Covid-19 pandemic because MSMEs themselves are the most important pillar of the country's economy.

According to informants 1 and 2, regarding outreach to MSME actors, it can be concluded that the government and tax authorities themselves have socialized the MSME incentive policy to MSME actors, both socializing the MSME tax incentives themselves and how to use these tax incentives.

According to informants 1 and 2, the government hopes that MSMEs in Indonesia can survive the COVID-19 pandemic and continue to innovate in carrying out their business activities.

According to informants 1 and 2 regarding criticism and suggestions, the government is very willing to accept criticism and suggestions from the public.

According to informants 1 and 2 regarding whether the Indonesian government's policy on MSME tax incentives is by the economic conditions of the community, it can be concluded that the MSME tax incentive policy is very appropriate to the current economic conditions of the Indonesian community.

According to informants 1 and 2 regarding the level of compliance of MSME taxpayers, taxpayers are not yet optimal in utilizing these incentives because they are hampered in preparing realization reports.

According to informants 1 and 2, whether or not the MSME tax incentive policy is appropriate during this pandemic, according to informants 1 and 2, this policy is appropriate during the Covid-19 pandemic.

According to informants 1 and 2, regarding obstacles in implementing tax incentive policies for MSMEs, there are obstacles in utilizing these incentives, namely in the preparation and submission of realization reports.

According to informants 1 and 2, the efforts made by the KPP to optimize MSME tax incentives include assisting, outreach via social media by the social media team, (ii) outreach via Whatsapp media and letters by AR, (iii) confirmation and appeals by AR to Taxpayers to immediately submit realization reports, (iv) guiding by AR to Taxpayers in submitting their realization reports if the

Taxpayer experiences problems, (5) giving Taxpayers PP 23/2018 the opportunity in the December Tax Period to report the realization of their incentive utilization during 2020.

According to informant 3, the MSME incentives are right on target and informant 3 is also aware of the existence of MSME tax incentives.

According to informant 3, the validity period of this MSME tax incentive has been socialized.

According to informant 3, the MSME tax incentive policy has been socialized to MSME players.

According to informants, 3 MSME incentive policies are of interest to MSME players.

According to informant 3, the validity period of this MSME incentive policy has not been consistently socialized.

According to informant 3, the tax authorities have informed them about the realization report.

According to informants, these 3 MSME incentive policies can develop businesses because the funds used to pay taxes can be allocated to these business activities.

According to informant 3, supporters of this policy are to provide convenience and ease the tax burden on MSME taxpayers.

According to informant 3, the obstacle to this policy is the lack of understanding of taxpayers.

According to informants, these 3 policies are quite helpful for MSMEs during the Covid-19 pandemic.

According to informants 4.5 and 6, MSME tax incentives have been socialized by the tax authorities and are right on target.

According to informants 4, 5, and 6, socialization regarding how to use this incentive has been communicated appropriately, but the informants have not been able to fully understand the policy.

According to informants 4, 5, and 6, the MSME incentive policy has taken advantage of this tax incentive policy.

According to informants 4, 5, and 6, the MSME incentive policy can influence the business activities of MSME players, and taxpayers are quite interested in taking advantage of this MSME incentive policy.

According to informants 4, 5, and 6, the validity period of this MSME tax incentive has been socialized.

According to informants 4, 5, and 6, the validity period of this MSME incentive policy has not been consistently socialized.

According to informants 4, 5, and 6, these MSME actors have been given education about realization reports, both in making and reporting them.

According to informants, 4.5 and 6 realization reports have been reported every month.

According to informants 4, 5, and 6, this MSME incentive policy can develop businesses because the funds used to pay taxes can be allocated to these business activities.

Evaluation of Tax Incentive Policy for MSMEs in the Covid-19 Pandemic Period in Improving Taxpayer Compliance at the Jakarta Kelapa Gading Primary Tax Service Office

Rulandari

According to informants 4, 5, and 6, the obstacles faced in utilizing MSME incentive policies are in the preparation and reporting of realization reports.

According to informants 4, 5, and 6, further counseling and more frequent training and tax classes are needed.

According to informants 4, 5, and 6, supporters of this policy are to provide convenience and lighten the tax burden on MSME taxpayers.

According to informants 4 and 6, the obstacles to this policy are a lack of understanding of taxpayers and a lack of understanding about the internet, for informant 5 there have been no perceived obstacles.

According to informants 4, 5, and 6, this incentive is beneficial for MSMEs who are experiencing difficulties during the Covid-19 pandemic.

Apart from the data in the form of interviews obtained, researchers also succeeded in obtaining secondary data in the form of documents from the Data and Information Processing (PDI) section at the Jakarta Kelapa Gading Pratama Tax Service Office regarding the number of Registered Taxpayers, Effective Taxpayers, along with the compliance ratio of Non-MSME Taxpayers and MSMEs from 2018 to 2020. The number of registered taxpayers from 2018 to 2020 experienced a significant increase. The following is data on the number of registered taxpayers and the percentage of compliance for 2018 - 2020 at the Jakarta Kelapa Gading Pratama Tax Service Office.

**Table II. Number Of Taxpayers Registered At The Service Office
Jakarta Kelapa Gading Pratama Tax 2018-2020**

Year	Taxpayer Registered		Taxpayer Effective		SPT compliance		Compliance Ratio	
	Non MSMEs	MSMEs	Non MSMEs	MSMEs	Non MSMEs	MSMEs	Non MSMEs	MSMEs
2018	75.646	16.518	27.306	8.487	30.274	7.048	110,87%	83,04%
2019	73.582	14.294	29.532	8.938	29.636	7.415	100,35%	82,96%
2020	86.606	15.507	35.109	8.916	36.935	7.570	105,20%	84,90%

Based on the data above, it can be seen that the growth and level of compliance of MSME taxpayers registered at KPP Pratama Jakarta Kelapa Gading from 2018 - 2020 has increased significantly. In 2018 there were 16,518 registered MSMEs. In 2019 there was a decrease of 22.24% to 14,294, in 2020 there was an increase of 12.13% to 15,507. However, there are still taxpayers who are not compliant, judging by the percentage of compliance that has not reached 100 percent.

Based on one of the Account Representatives (AR) of the supervision section, to maximize the level of compliance of MSME Taxpayers, KPP still needs to provide further counseling to MSME taxpayers in Kelapa Gading to provide socialization regarding this tax incentive policy.

The realization of MSME tax incentive receipts at the Jakarta Kelapa Gading Pratama Tax Service Office can be seen in the following table.

Table III. Number of UMKM WP, Active WP and WP That Reported SPT at the Pratama Jakarta Kelapa Gading Tax Services Office 2018-2020

YEAR	NUMBER OF WP		
	MSMEs	WP REPORT ACTIVE	REPORT SPT
2018	16.518	7.048	7.048
2019	14.294	7.415	7.415
2020	15.507	7.570	7.570

The table above shows the number of MSME taxpayers, taxpayers who actively report, and those who report SPT, for the number of MSMEs in 2018 was 16,518 for taxpayers who reported SPT in 2018 was 7,048, indicating that as many as 9,470 MSME taxpayers did not report SPT, then in 2019 there was a decrease in the number of MSME taxpayers by 22.24% to 14,294 and those who reported SPT were 7,415 indicating that 6,879 MSME taxpayers did not report SPT, then in 2020 there was an increase in the number of MSME taxpayers by 12.13% to 15,507 and those who reported SPT as many as 7,570 indicate that 7,937 MSME taxpayers did not report SPT.

Table IV Comparison of The Number of Incentive Applications and Incentive Realization at the Pratama Jakarta Kelapa Gading Tax Services Office In 2020

TYPE WP	SUBMIT INCENTIVE	AMOUNT OF YG		PERCENTAGE SUCCESS
		ONLY SUBMIT HAPPENED	WHICH SUCCEED	
ON	1.047	106	941	89,88%
A LOT	2.442	122	2.320	95,00%
TOTAL	3.449	228	3.261	90%

The table above shows a comparison of the number of taxpayers who applied for incentives and those who successfully utilized the incentives. Based on a review of the types of taxpayers, the majority of incentive applications were made by corporate taxpayers totaling 2,442, followed by individual taxpayers totaling 1,047. The number of people applying for SKET for Individuals was 106 taxpayers and the number of people applying for SKET for Corporate Taxpayers was 122 with the success rate for utilizing incentives for Individuals only being 89.88%. Next, followed by corporate taxpayers reaching 95%.

Evaluation of Tax Incentive Policies for MSME Players during the Covid-19 Pandemic in Increasing Taxpayer Compliance at the Kelapa Gading KPP

One evaluation model that can explain how a policy is evaluated is Wilian N. Dunn's Evaluation Theory where 6 (six) types serve as a benchmark for whether a policy will succeed or fail, namely:

- 1) Effectiveness
- 2) Efficiency

- 3) Adequacy
- 4) Equalization
- 5) Responsiveness
- 6) Accuracy

a. Effectiveness (Effectiveness)

Based on the results of interviews regarding effectiveness during the COVID-19 pandemic in terms of policy formulation, the formulation is centralized in the office of the Directorate General of Taxes (DJP). Formulation is carried out at the central level by expert staff. This policy has not been effective but is quite helpful in the Economic Recovery Program (PEN) which is being implemented by the government. This is proven by the issuance of fiscal support to support MSMEs in the form of interest subsidies, tax incentives, and guarantees for new working capital loans for MSMEs. The reason this policy has not been effective is because of the 15,507 MSME taxpayers who applied for incentives, 3,449 or around 22% were MSME taxpayers, while 3,261, or around 21% managed to take advantage of them.

b. Efficiency

Efficiency concerns the amount of effort required to increase effectiveness, generally measured in monetary units. Policies that achieve the highest effectiveness with the smallest costs are called efficient if the targets to be achieved by a public policy are very simple while the costs incurred through the policy process are too large compared to the results achieved. In terms of efficiency, there are 3 sub-indicators, namely:

- a) Savings on costs incurred (Economic) Based on the results of interviews, informants conveyed that the implementation of socialization was carried out in various ways to save budget costs, one of which was via email, the Internet, or social media. The conclusion is that in implementing socialization there are cost savings because the socialization process is carried out online.
- b) Utilization of resources to achieve results Based on the results of interviews, researchers concluded that one of the things that supports the implementation of socialization well is Human Resources (HR), including tax authorities, especially ARs and also extension workers who support and provide information by holding socialization and assistance to the taxpayers who need assistance. In conclusion, according to researchers, tax authorities have informed or socialized taxpayers to convey information by applicable SOPs and adapt to current technological developments. The tax authorities support the implementation of the MSME tax incentive policy through their respective duties and functions.
- c) Maximizing utilization, Based on the results of interviews with Informants 1 and 2, the aim of this MSME incentive policy is so that the wheels of the economy in Indonesia continue to run well through MSMEs, which are very numerous in Indonesia. Efforts made by the tax authorities to ensure that people take advantage of this tax incentive policy are by holding socialization, then holding tax classes, and also assisting taxpayers regarding this incentive policy itself or regarding the realization report which must be reported every month to be able to take advantage of this tax incentive policy. The conclusion, according to the researchers, is

that the facilities provided by the tax authorities can maximize the use of this tax incentive policy.

c. Adequacy

Adequacy relates to the extent to which policies or activities meet needs or values in resolving problems that occur. The problems that occur are problems of a policy so that it can be concluded that the problem is included in one type of problem. Adequacy can be said to mean that the goals that have been achieved are felt to be sufficient in various ways. Inadequacy, there are 3 sub-indicators, namely:

a) Fulfilling target needs

Based on the results of interviews that have been conducted, according to informants 1 and 2 regarding whether the MSME tax incentive policy can increase economic added value for MSME taxpayers, it can be concluded that the MSME tax incentive policy itself can increase economic added value for MSME actors during the pandemic. Covid-19. The conclusion is that the MSME tax incentive policy can meet the needs of MSME actors if it is utilized by taxpayers because the funds used for tax payments can be used for the business activities of MSME actors.

b) The method used is appropriate

Based on the results of interviews, tax authorities have utilized digital media as a means of providing information related to MSME tax incentive policies. In carrying out outreach, various media are used so that the information can be conveyed to MSME players. In conclusion, according to researchers, the method used is by various types of information media to socialize this policy to taxpayers who will take advantage of this incentive.

c) Satisfy the targets to be achieved

Based on the results of interviews with informants, it is said that not all taxpayers have the same understanding of this incentive, but if you look at the data the public's interest is large enough to take advantage of this incentive policy.

d. Equity

Equity concerns the distribution of consequences and efforts between different groups in society. A particular program may be effective, efficient, and covered if the costs of benefits are evenly distributed. In terms of equality, there are 2 sub-indicators, namely fairness and equal benefits received. Based on the results of interviews, researchers concluded that this MSME tax incentive policy can be utilized by MSME players who have a certain gross turnover & and are subject to Final Income Tax based on PP Number 23 of 2018 and there is an additional incentive of 2.4 trillion from the government for this MSME incentive policy.

So it can be concluded that this MSME tax incentive policy is fair and MSME actors receive the same benefits from the implementation of this policy.

e. Responsiveness

Responsiveness concerns the extent to which an activity or policy can satisfy the needs or preferences of certain community groups. In terms of Responsiveness there are several Sub Indicators, namely:

a) According to the needs, preferences, and values of a particular group

Based on the results of the interview, the informant said that the implementation of the MSME tax incentive policy was to the conditions of society during the current Covid-19 pandemic and the MSME tax incentive policy was in line with community expectations and could help the community to carry out their business activities. The conclusion, according to the researchers, is that the tax authorities have implemented policies that are appropriate to the current conditions of society so that the community feels helped.

b) There was positive feedback

Based on the results of interviews, researchers concluded that this MSME tax incentive policy received a positive response from the public and the tax authorities were also ready to help the community if they experienced problems in utilizing this MSME tax incentive policy. Based on the results of interviews that have been conducted, according to informants 1 and 2 regarding the level of compliance of MSME taxpayers, taxpayers are not optimal in utilizing these incentives because they are hampered in making realization reports.

f. Appropriateness

Appropriateness concerns the value of the program objectives and the assumptions underlying those objectives. Based on the results of interviews related to the accuracy of the researchers, they concluded that the substance of the objective of the MSME tax incentive policy is within the framework of National Economic Recovery (PEN) activities which are being carried out by the government.

The government hopes that with this tax incentive policy, the wheels of the economy will continue to run well and MSMEs in Indonesia can survive during the current Covid-19 pandemic.

Obstacles in Implementing the MSME Tax Incentive Policy

An obstacle is something that limits or prevents something from achieving the goals and objectives of a policy. Based on the results of interviews conducted with KPP Pratama Jakarta Kelapa Gading regarding obstacles to implementing tax incentive policies for MSME players, there are obstacles in using these incentives, namely in preparing and submitting realization reports. Several obstacles arise in the implementation of the final PPh PP 23 DTP incentives at KPP Pratama Kelapa Gading. Some Taxpayers of PP 23/2018 are less proactive in knowing the latest tax policies so these Taxpayers are not aware of the existence of tax incentives.

Meanwhile, several Taxpayers in PP 23/2018 who are aware of the existence of these incentives do not yet understand that there are further obligations that must be carried out in the form of

submitting realization reports. Some taxpayers think that tax incentives will be obtained automatically when taxpayers submit SKET.

Regarding the realization of reporting obligations, the lack of reporting facilities and complicated reporting procedures trigger taxpayers not to take advantage of incentives. Apart from obstacles from the Taxpayer side, obstacles also arise from the AR side. AR has difficulty guiding taxpayers because it is not easy for taxpayers to understand the provisions through online explanations. Meanwhile, the incentive administration system (DJP Online) for reporting realization is sometimes slow. The DJP Online system also provides taxpayers with the opportunity to change the transaction value in the realization report so that it can become a mode of tax avoidance.

Efforts to Optimize MSME Tax Incentive Policies

Optimization efforts that have been carried out by KPP Pratama Kelapa Gading include:

- a. Socialization via social media by the social media team
- b. Socialization via WhatsApp media and letter media by AR,
- c. AR's confirmation and appeal to taxpayers to immediately submit realization reports,
- d. Providing AR guidance to taxpayers in submitting realization reports if taxpayers experience problems,
- e. Providing the opportunity for Taxpayers of PP 23/2018 during the December Tax Period to report the realization of the use of incentives during 2020.

Despite the efforts that have been made by KPP Pratama Kelapa Gading, several obstacles have not been resolved. An alternative solution to anticipate taxpayers who have not used WhatsApp and to increase the opportunity for MSME taxpayers to know about incentives is to socialize them via SMS blast. Apart from that, another alternative is to simplify the realization reporting procedure by only going through the website using the Taxpayer's Online DJP account without the CSV file upload procedure, such as the implementation of annual SPT submissions. Reporting in this way can minimize the complexity of filling out CSV files, making it easier for taxpayers.

CONCLUSION

Based on the results of the research and discussion discussed in the previous chapter, it can be concluded that:

1. Evaluation of the MSME tax incentive policy using William N. Dunn's approach which has 6 evaluation criteria, namely effectiveness, efficiency, adequacy, equity, responsiveness, and accuracy is still not considered effective due to the low number of MSME taxpayers who take advantage of these incentives.
2. The inhibiting entities in implementing the MSME tax incentive policy are MSME actors. There are obstacles in using these incentives, namely in the preparation and submission of realization reports and obstacles also arise from AR. AR has difficulty guiding taxpayers because it is not easy for taxpayers to understand the provisions through online explanations. Meanwhile, the incentive administration system (DJP Online) for reporting realization is sometimes slow. The DJP Online system also provides taxpayers with the opportunity to

change the transaction value in the realization report so that it can become a mode of tax avoidance.

3. The driving entity in implementing the MSME tax incentive policy is socialization via WhatsApp and letter media by AR, AR's confirmation and appeal to taxpayers to immediately submit realization reports, providing AR guidance to taxpayers in submitting realization reports if taxpayers experience problems, providing opportunities for Taxpayers PP 23/2018 during the December Tax Period to report the realization of the use of incentives during 2020.

Based on the conclusions above, the author provides advice to tax authorities as follows:

- a. It would be better for tax authorities to carry out consistent, comprehensive, and more in-depth outreach to MSME players so that MSMEs can better understand this incentive and are interested in taking advantage of it.
- b. In-depth and comprehensive assistance to taxpayers also needs to be provided so that tax authorities know better what difficulties taxpayers face.
- c. Improvements in the system also need to be made so that taxpayers can easily report realization reports and do not experience problems such as server downtime.

REFERENCE

- Afonso, W. B. (2013). Coping With the Great Recession: Theory and Practice for County Governments. *International Journal of Public Administration*, 36(11), 768–779. <https://doi.org/10.1080/01900692.2013.794834>
- ANN, S., DAENGDEJ, J., & VONGURAI, R. (2021). Factors Affecting Acceptance and Use of E-Tax Services among Medium Taxpayers in Phnom Penh, Cambodia. *The Journal of Asian Finance, Economics and Business*, 8(7), 79–90. <https://doi.org/10.13106/JAFEB.2021.VOL8.NO7.0079>
- Barberia, L. G., de P. Moreira, N., Kemp, B., de Sousa Mascena Veras, M. A., Zamudio, M., Rosa, I. S. C., de J. Carvalho, R., & Sousa, T. C. M. (2022). Evaluation of the effectiveness of surveillance policies to control the COVID-19 pandemic in São Paulo, Brazil. *Global Health Research and Policy*, 7(1). <https://doi.org/10.1186/s41256-022-00260-4>
- Benavides, A. D., & Peters, E. (2015). Social Norms Theory, Enforcement, and Management Concepts: An Analysis of Local Smoking Ban Ordinances. *International Journal of Public Administration*, 38(5), 335–345. <https://doi.org/10.1080/01900692.2014.938817>
- Dixon, R., & Elston, T. (2019). Should councils collaborate? Evaluating shared administration and tax services in English local government. *Public Money and Management*, 39(1), 26–36. <https://doi.org/10.1080/09540962.2019.1537704>
- Drucker, J., Funderburg, R., Merriman, D., & Weber, R. (2020). Do local governments use business tax incentives to compensate for high business property taxes? *Regional Science and Urban Economics*, 81. <https://doi.org/10.1016/j.regsciurbeco.2019.103498>
- Dunn, J. R., van der Meulen, E., O'Campo, P., & Muntaner, C. (2013). Improving health equity through theory-informed evaluations: A look at housing first strategies, cross-sectoral health

- programs, and prostitution policy. *Evaluation and Program Planning*, 36(1), 184–190. <https://doi.org/10.1016/j.evalprogplan.2012.03.006>
- Enrich, P. D. (2002). Business tax incentives: A status report. *Urban Lawyer*, 34(2), 415–428. <https://www.scopus.com/inward/record.uri?eid=2-s2.0-0036309661&partnerID=40&md5=ad43a92e1553bfbc00f9410373f524f4>
- Estrada, M. A. R., Koutrunas, E., & Lee, M. (2020). Staggression: the economic and financial impact of Covid-19 pandemic. In *National Tax Journal*.
- González Canché, M. S. (2022). Post-purchase Federal Financial Aid: How (in)Effective is the IRS's Student Loan Interest Deduction (SLID) in Reaching Lower-Income Taxpayers and Students? *Research in Higher Education*, 63(6), 933–986. <https://doi.org/10.1007/s11162-021-09672-6>
- Hembre, E., & Dantas, R. (2022). Tax incentives and housing decisions: Effects of the Tax Cut and Jobs Act. *Regional Science and Urban Economics*, 95. <https://doi.org/10.1016/j.regsciurbeco.2022.103800>
- Kasami, S. (2021). Evaluation of Health Protocol Policy in the Prevention and Control of Covid-19 (A Study in Sumbang Village, Bojonegoro District. *Bojonegoro Regency*). *Scientific Journal of State Administration*, 30–34.
- Khan, S., Khan, M. K., & Khan, R. (2023). Harnessing intelligent technologies to curb COVID-19 pandemic: taxonomy and open challenges. *Computing*, 105(4), 811–830. <https://doi.org/10.1007/s00607-021-00983-1>
- Kovac, P., & Klun, M. (2021). An Analysis of the Slovenian Tax Administration Response During COVID-19: Between Normative Measures and Economic Reality". *Economic and Business Review for Central and South - Eastern Europe*, 23(4), 234–250.
- Kumala, R., Subagyo, A., Harjo, D., Arimbhi, P., & Hidayati. (2021). *Mainita "Effectiveness Of Application Of Online Objection Submission Service (E-Objection) At The Primary Tax Office Of South Bekasi* (Vol. 8, Issue 2, pp. 97–104).
- Liu, Y., Tai, H., & Yang, C. (2020). Fiscal incentives and local tax competition: Evidence from China. *World Economy*, 43(12), 3340–3356. <https://doi.org/10.1111/twec.12959>
- Ojide, M. G., Agu, C. O., Ohalet, P., & Chinanuife, E. (2022). Nigerian economic policy response to COVID-19: An evaluation of policy actors' views. *Poverty and Public Policy*, 14(1), 69–85. <https://doi.org/10.1002/pop4.332>
- Okafor, L. E., Bhattacharya, M., & Apergis, N. (2020). Bank credit, public financial incentives, tax financial incentives and export performance during the global financial crisis. *World Economy*, 43(1), 114–145. <https://doi.org/10.1111/twec.12848>
- Osborne, S. P., Radnor, Z., & Nasi, G. (2013). A New Theory for Public Service Management? Toward a (Public) Service-Dominant Approach. *American Review of Public Administration*, 43(2), 135–158. <https://doi.org/10.1177/0275074012466935>

- Rahmi, N., Selvi, S., & Purwaningtyas, A. S. (2022). Pentahelix Collaboration in Improving Taxpayer Compliance. *Ilomata International Journal of Tax and Accounting*, 3(4), 351–358. <https://doi.org/10.52728/ijtc.v3i4.562>
- Raut, R. D., Gardas, B. B., Jha, M. K., & Priyadarshinee, P. (2017). Examining the critical success factors of cloud computing adoption in the MSMEs by using ISM model. *Journal of High Technology Management Research*, 28(2), 125–141. <https://doi.org/10.1016/j.hitech.2017.10.004>
- Rekayana. (2016). Perception of Benefit, Ease, Satisfaction of Personal Taxpayers in the Implementation of the E-Filing System against Compliance with Annual Tax Reporting. *Jurnal Ilmiah Mahasiswa FEB*, 4(2).
- Richardson, L. (2013). Putting the Research Boot on the Policymakers' Foot: Can Participatory Approaches Change the Relationship between Policymakers and Evaluation? *Social Policy and Administration*, 47(4), 483–500. <https://doi.org/10.1111/spol.12031>
- Rulandari, N., & Rahmayani, S. (2023). The Effect of Changes in Layers of Taxable Income Article 17 of the Law on Cost of Goods Sold, Reporting of Individual Tax Returns and Taxpayer Awareness of Income Tax Receipt at the Pratama Sawah Besar One Tax Service Office. *Ilomata International Journal of Tax and Accounting*, 4(3), 407–437. <https://doi.org/10.52728/IJTC.V4I3.861>
- Sager, F. (2018). Policy evaluation and democracy: Do they fit? *Evaluation and Program Planning*, 69, 125–129. <https://doi.org/10.1016/j.evalprogplan.2017.08.004>
- Starnini, M., Aleta, A., Tizzoni, M., & Moreno, Y. (2021). Impact of data accuracy on the evaluation of COVID-19 mitigation policies. *Data and Policy*, 3(112). <https://doi.org/10.1017/dap.2021.25>
- Sudrajat, A., Megawati, L., & Munasto, D. (2022). The Influence of Business Capital and Marketing Strategy on The Development of Msmes. *Quality - Access to Success*, 23(190), 355–361. <https://doi.org/10.47750/QAS/23.190.37>
- Sun, W., Yin, K., & Liu, Z. (2021). Tax incentives, r&d manipulation, and corporate innovation performance: Evidence from listed companies in China. *Sustainability (Switzerland)*, 13(21). <https://doi.org/10.3390/su132111819>
- Swianiewicz, P., Kurniewicz, A., & Kalcheva, D. (2019). The Political Budget Cycle in Earmarked Taxes for Local Public Services: A Comparison of Poland and Bulgaria. *Journal of Comparative Policy Analysis: Research and Practice*, 21(5), 463–480. <https://doi.org/10.1080/13876988.2019.1594775>
- Ward, B., Sipior, J. C., & Lombardi, D. R. (2020). COVID-19: State Sales and Use Tax Implications. *Information Systems Management*, 37(4), 343–347. <https://doi.org/10.1080/10580530.2020.1820639>
- Xiao, H., & Xi, J. (2021). The Covid-19 and earnings management: China's evidence. *Journal of Accounting and Taxation*, 12(2), 59–77. <https://doi.org/10.5897/JAT2020.0436>