Tax Incentive Analysis in The National Economic Recovery Program (PEN)

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Abstract
The purpose of this study is to find out how to provide tax incentives listed in the National Economic Recovery Program or PEN and to analyze whether a PEN policy has been successful or failed in its implementation. The existence of an unstable economy and social inequality as a result of the Laissez Faire doctrine in the 18th century where the government's role here was limited in the economic field caused Market Failure in the world. Thus, the government's role here is needed in order to overcome the market failure as well as to achieve economic efficiency and equity. One of the objectives of government equity is to perform a stabilization function, one of which is a state tax, which is one of the fiscal policies. In recent years, the Covid19 pandemiic storm has hit all countriies in the world, including Indonesian, causing a recession in the country's economy. In order to prevent entering the abyss of a deeper economic recession, the government in Indonesia has issued a policy which is summarized in the National Economic Recovery Program (PEN). The research method used is a liiterature study method, in which all data and information collected comes from journals, books or other sources which are then analyzed in depth. In general, the provision of tax incentives in the PEN program has a positive impact, this is evidenced by the surveys and evaluation studies conducted. Therefore, the policy of the national economic recovery program (PEN) carried out by the government in terms of providing tax incentives is deemed successful in its implementation.

Keyword *: Tax Incentives, PEN Program, Economic.*

1. INTRODUCTION

here is economic instability and social inequality due to doctrinelet it be in the 18th century, when the role of government here was limited to the economic sphere, causing market failures in the world.Market crash ormarket failure is a condition where the market does not provide any response to a product, or when it occursoversupply orsuperintendent. Prices cannot play a role in limiting demand and cannot cause an increase in supply, so resources are not allocated optimally. Thus, the role of the state here is needed to overcome market failures, as well as to achieve economic efficiency and equity orequity.

One of the goals of economic equality orequity for the government is to perform a stabilization function. One of the stabilization functions is to use fiscal policy as a means of maintaining relatively high levels of employment and synchronous rates of economic growth, which can affect trade and the balance of payments (Susanti, nd-b). This stabilization function is included in the state's fiscal policy instruments which have the macroeconomic goal of improving people's welfare. According to

Goodwin et.all in (Lane dan Cikata, 1999) explained that fiscal policy is a policy of government spending and taxes, and their impact on the economy. According to Horton and Ganain, it was argued that fiscal policy is financial spending used by the government as well as on matters of taxation which of course greatly affect the economy.

Fiscal policy can increase economic growth by increasing national production which is driven by the government. Fiscal policy is a policy pursued by the government to influence the market for goods and services in order to improve economic conditions. This fiscal policy has two characteristics, namely expansionary and contractionary. Expansionary fiscal policy can be pursued by increasing spending, increasing transfer payments or subsidies, and reducing tax cuts. Meanwhile, contractionary fiscal policy can be carried out by cutting government spending, reducing transfer payments or subsidies, and increasing tax revenues This type of contractionary policy tends to create a budget surplus, which usually occurs in the pastbooming (overheated economy). Meanwhile, this type of expansionary fiscal policy tends to produce a budget deficit that increases LPE (reported changes in equity) and usually occurs during an economic downturn or economic recession.

Recession conditions are conditions of economic downturn where these conditions require an increase in aggregate to increase GDP(gross domestic product) or GDP(gross domestic product) so as to increase the country's economic growth. In a recession like this, the government usually increases government spending. Government spending is directed to certain sectors that need an economic boost. This is because the government's role greatly influences economic activity by controlling government spending (G), affecting personal consumption (C), business investment (I), and net exports (NX) (Lane dan Cikata, 1999).

In line with this, in recent years, the Covid19 pandemic has hit the whole world, including Indonesia. In mid-June 2021, it was discovered based on data recorded in the Covid-19 handling task force that the number of Indonesians affected by the corona virus had reached 1.8 million. Where 1.5 million were said to have recovered, but around 50 thousand of the people who were recorded died(Galih Ardin, 2021).

The negative impact of this epidemic has not only hit the health sector, but also the economy. There is a very high rate of decline in economic activity as supply and demand fall together. GDP (gross domestic product) in Indonesia decreased by -2.7 percentyear-on-year, this was recorded by the Central Bureau of Statistics in 2020. The weakening of the economy itself actually occurred in the second quarter of 2020 with a contraction rate of -5.32% (BPS, 2021). In fact, economic contraction was still felt in the third and fourth quarters with economic contraction values of -3.49% and 2.19% (Badan Pusat Statistik, 2021). Negative growth for three consecutive quarters has plunged the Indonesian economy into an economic recession.

In order to prevent a deeper economic recession, the Indonesian government has adopted policies that are summarized in the National Economic Recovery Program (PEN). The National Economic Recovery Program (PEN) is a program that is part of the public finance policy by the government which has a national economic recovery activity arrangement in order to accelerate epidemic control.coronavirus disease 2019 (covid-19) so it is hoped that the PEN program can save the national economy. The PEN program is contained in Government Decree No. 23 of 2020 concerning Implementation of the National Economic Recovery Program which contains full support for public financial policies to combat the corona virus outbreak.

One of the policies stated in the PEN program is incentive assistance in terms of taxation. The government has issued six tax incentives to help taxpayers (WP) affected by Covid-19, including, Article 21 Income Tax (PPh) relief Paid by the State (DTP), Final PPh 23 DTP relief, Article 22 PPh relief on Imports, relief PPh Article 25, Privileges of Accelerated VAT Pre-Refund, and Privileges of Final Construction Services PPh as stipulated in Minister of Finance Regulation (PMK) No. 23/PMK.03/2020 as amended by PMK-9/PMK.03/2021 (Galih Ardin, 2021).

Ministry of Finance stipulates PMK No. through DGT. 23/PMK.3/2020 which is the provision of tax incentives for taxpayers affected by the corona virus explains that in this PMK, the relief provided is PPh 21 which is imposed by the government for 6 months for employees with a gross income of not more than 200 million, PPh exemption article 22 for 6 months, reduction of Article 25 Income Tax by 30% for 6 months and accelerated VAT refunds for 6 months for exporters and importers(Kementerian Keuangan Republik Indonesia, 2020). he hope is that the PPh 21 that has not been deducted can support household consumption levels, while the income tax exemption will strengthen the company's cash flow.

A similar study was carried out by Santi in his journal entitled "Analysis of the provision of income tax relief for micro, small and medium enterprises (MSMEs) which were affected by the 2019 corona virus pandemic. The results of this study explain that the provision of income tax relief into profits for MSMEs is a solution provided government to reduce the burden on business actors to keep working and create a multiplier effect for the recovery of the national economy in order to maintain people's welfare. Economic recovery is a government priority because weak economic conditions can affect other sectors. Good pandemic control is very important to support economic recovery (Rendah & Tarumanagara, 2021).

Based on the descriptions above, the purpose of this study is to find out how the tax incentive policies listed in the PEN Program are given and to analyze whether a PEN policy experiences success or failure in its implementation.

2. METHOD

To find out and describe the tax incentive policies provided by the government in the PEN program is the aim of this research. In this case, the authors conducted research by means of descriptive research using a qualitative approach. According to Nurdin and Hartati in (Izza dkk. 2020) Qualitative research is research that begins with data, uses existing theory as explanatory material, and ends with theory. The data collection method used in this study is adapted to the purpose of this study, namely literature review orstudy literature.

According to Sutrisno (Kurniawan, 2013) research is called library research orstudy literature because the data needed to complete the research comes from the library in the form of books, encyclopedias, dictionaries, journals, papers, documents and so on. The variables in this literature study are not standard. The data obtained is divided into sub-chapters in such a way as to suit the formulation of the research problem.

Library sources are used to obtain research data. Sources of library research in this study were taken from printed books, scientific journals, and online news articles which provided information about the issues to be discussed in this study, namely the provision of tax incentives to the PEN program.

3. RESULTS AND DISCUSSION

Political economy theory

Political economy in public administration is included in the conceptPublic Choice. Public Choice is a combination of politics with economic methods, which is usually selected as a characteristic ofPublic Choice. This is in accordance with the following theory by Müller (1979):

"Public Choice is defined as the economics of non-market decision-making, or simply the application of economics to political science. The subject matter of public choice is the same as that of political science: state theory, voting rules, voter behavior, party politics, bureaucracy etc. (Mueller, 1979)"

From the theory it is explained thatPublic Choice defined as non-market economic decision-making or the application of economics to political science. As for the subject ofpublic choice is the same as political science, namely state theory, voting rules, voting behavior, political parties, bureaucracy and so on. So it can be said that the conceptpublic choice This is a study that discusses the economy in the political sphere which is part of public administration.

In approachPublic Choice, starting with the individual as the unit of analysis. That when dealing with a person or individual, most people have traitsself interest (selfish). This is formulated in the concept of rationality Buchanan (1963) as follows:

"The average person maximizes utility for self-interest. It can be concluded that an individual must know his goals, and when presented with several options to achieve these goals, an individual will choose the one that can provide the highest benefits and the least possible costs (Buchanan, 1963).

Based on the theory above, it is explained that the average individual is a self-serving utility maximizer. This means that an individual has preferences (preferences, interests, likes), has goals, and can arrange an order or rank these preferences (Susanti, n.d.-a). So when an individual is directed to a condition of choosing, then the individual will choose the most profitable for them.

When individuals are faced with conditions where they want something to be done but because of other things that cannot oblige them to do it themselves, the role of other individuals here is very much needed. This condition is stated in the theoretical conceptPrincipal-Agent Theory inpublic choice . As forprincipal-agen theory in (Susanti, n.d.-a) is a relationship between two economic actors, namely the principal who is the assignor and the agent as the executor. Inside problemprincipal-agen theory will also arise if when an agent cannot carry out the tasks that have been given by the principal, then the agent here will behave towardshidden action or refers to a situation where the agent does something on behalf of the principal that the principal cannot observe.

The above situation is in line with the tax incentive policies provided in the national economic recovery program (PEN). Where the government here acts as a principal who assigns duties to its people to be obliged to pay taxes, while the people here act as agents who are executors in paying taxes (taxpayers). When the Covid-19 pandemic recession occurred, not a few agents here were unable to pay taxes as a result of the impact of the pandemic. This makes the community as an agent behave in a positive wayhidden action. Seeing this, the way to align the interests of the principal and the agent is by providing tax incentives listed in the National Economic Recovery Program (PEN) carried out by the principal to the agent so that the relationship between these principals and agents can be realized properly.

Provides tax benefits under the PEN program

To find out how tax incentives are given to the PEN program, a PEN survey was conducted which was divided into two stages, namely surveys I and II. Based on data from APBN KiTa (Performance & Facts) for May 2021 and March 2022, the Phase I PEN survey was conducted from 21 July to 07 August 2020 with a total of 12,822 respondents. To capture the health and business continuity of business entities in the early days of the pandemic is the target in this first phase of the PEN program, as well as understanding how they perceive the tax incentives recently introduced by the government during this phase (Impulse et al., 2021).

In this phase I survey, in 2020, 86% of taxpayers will experience a declinerevenue compared to the previous year. Evidenced by data from a survey conducted by the world bank (Rizky Pratama, 2021) which states that 82% of businesses have experienced a decline in sales during the pandemic.

In addition, to complete the first phase of the PEN study, from 8 to 28 December 2020, the Ministry of Finance will conduct a phase II PEN study whose main objective is to find out perceptions of the broad use of budget incentives (not only tax incentives, but including customs and excise). and See also PNBP incentives) experienced by taxpayers during 2020. tax incentives are very useful because they help loosen the financial possibilities of taxpayers (Impulse et al., 2021).

Then, in terms of business resilience, all taxpayers experienced a declinerevenue during this corona virus outbreak. However, taxpayers who receive tax incentives provided by the government are in declinerevenueit is slower than the taxpayer who does not receive. Furthermore, in terms of the number of employees, taxpayers who receive tax incentive benefits generally find less reduction in the number of employees compared to taxpayers who do not receive incentives. This is proven from the results of the analysis conducted by DGT.

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In addition, judging from the export-import activities of DGT's analysis, taxpayers who receive tax incentives, namely import income tax article 22, usually still experience quite large amounts of imports and exports compared to taxpayers who do not receive this incentive. With the exception of taxpayers who have an income of 5-10 billion rupiah.

Even from a domestic purchase-sales perspective, taxpayers who receive tax incentive assistance as stated in PPH Article 25 are found to have a higher sales level than taxpayers who do not receive it. The DGT's analysis also mentions again that the level of purchases can be said to be still high compared to taxpayers who do not receive incentives.

Figure 1. PEN Support the UMKM Sector

Source : Ministry of Finance, 2022

Based on various evaluation studies conducted up to March 2022, the PEN program has proven effective in terms of supporting financial turnover in the business world. One of them is in the Micro, Small and Medium Enterprises sector, which has an especially important role in supporting the local economy, by empowering the creative economy that develops in society, which of course requires special attention, especially in the recovery of the national economy for working capital credit loans for the Micro, Small and Medium Enterprises sector.

With the PEN program, it allows the majority of respondents to survive this corona outbreak (without a decreaserevenue as well as benefits), this was quoted from a survey conducted by LPEM and LD UI. Then, based on the results of a study conducted by UNICEF, Prospera, Smeru and UNDP explained that in terms of maintenance 85% of respondents who used assistance received at least one assistance program with the highest scale value, village BLT (17.6%) (Kementerian Keuangan, 2022). However, the literacy of this PEN program is still low, therefore socialization regarding this program must be further improved.

The existence of this great assistance from the government has penetrated most of the people of Indonesia. From the Perlinsos point of view, the PEN program can support the level of purchasing power of the population, especially the less fortunate so that this can contribute to reducing poverty. as evidenced by the recorded data, which was around 10.19% in September 2020 to 9.71% in March 2021. The 2021 State Budget has put up a pretty tough fight in responding to Covid-19 and has also restored the economy by continuing to take stepscounter-cyclical -in order to ward off a deeper downturn (Kementerian Keuangan, 2022).

4. CONCLUSION

Based on the description in the discussion, it can be concluded that in general, the provision of tax incentives has a positive impact on the PEN program. Surveys and studies show that the existence of these tax incentives is very well used by taxpayers who can increase the efficiency of local sales, exports, turnover or revenue, local purchases and imports and can support public consumption compared to taxpayers who do not enjoy tax incentives. Thus, the policy of the country's economic recovery program (PEN) pursued by the government in terms of providing tax incentives is considered successful in its implementation.

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