Analysis of Income Tax Incentives to Micro, Small and Medium Enterprises (MSME) Affected by the Corona Virus Disease Pandemic 2019 (COVID-19)

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ABSTRACT
The COVID-19 pandemic has made a huge impact on people's social life in all sectors. Social distancing policies have brought about a big change in people's lifestyles. Deteriorating economic conditions due to the pandemic have made it difficult for people, especially business actors, to make sales, fulfill obligations or pay debts, and have difficulty paying taxes. Taxes have a function as a tool to regulate society in the economic, social, and political fields to reach a certain goal. The government has implemented a package of economic policies such as fiscal, monetary, and financial services regulation as a measure to reduce the impact of the COVID-19 pandemic. The provision of income tax incentives is one of the fiscal policies provided by the government to Micro, Small, and Medium Enterprises (MSME) actors is expected to cope with the impact of COVID-19. The provision of tax incentives to business actors is expected to create a multiplier effect so that public welfare is guaranteed. Therefore, the writing of this thesis will focus on the regulations of income tax incentives for MSME actors and their urgency in the national economic recovery.

Keywords: *COVID-19, pandemic, tax income, incentives, MSME.*

1. INTRODUCTION

Corona Virus Disease 2019 (COVID-19) was declared a pandemic in most countries around the world on March 11, 2020 by the World Health Organization (WHO). This determination was made with the consideration that the level of spread of COVID-19 has reached an alarming point globally.[1] In Indonesia, the President through Presidential Decree (Keppres) No. 12 of 2020 stipulates that the spread of COVID-19 is a non-natural national disaster. Various policies related to handling COVID-19 have begun to be made by the government. The policy of social distancing is one of the steps taken by the government to anticipate the massive transmission of COVID-19. With this policy, the activities that can be carried out are also limited, causing changes in the social order that affect various sectors in Indonesia. The COVID-19 pandemic has had a huge impact on people's social lives in the social, economic, and political fields and underscores that the situation can get worse without a good coping strategy.

With the limited activities of the community outside the home, there will be disruption to the chain in the business world which causes the business to stop temporarily or permanently. This has had a major impact on the Indonesian economy. The COVID-19 pandemic has at least three major impacts for Indonesia, according to the Minister of Finance, Sri Mulyani Indrawati. First, a drastic decrease in household consumption or people's purchasing power. Second, the decline in investment due to the uncertainty of the situation. And third, reduced exports caused commodity, oil, coal and CPO prices to decline.[2] The drastic reduction in household consumption or public purchasing power has had a major impact on various domestic industrial sectors. The decline in sectors in the economy as a result of the COVID-19 pandemic is something that the government cannot avoid. The government has implemented a package of economic policies such as fiscal, monetary, and financial services regulation as a measure to reduce the impact of the COVID-19 pandemic. One of the fiscal policies taken by the government is providing fiscal stimulus and pouring it into several laws and regulations, one of which is Law Number 2 of 2020 concerning Stipulation of Government Regulations in Lieu of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability. For Handling the Corona Virus Disease 2019 (COVID-19) Pandemic and/or In the Context of Facing Threats That Endanger the National Economy and/or Financial System Stability, the Law was enacted on May 16, 2020.

1.1. Related Work

During the COVID-19 pandemic, various measures were implemented. by the entrepreneur in order to survive and avoid temporary or permanent cessation of operations. The government also hopes that employers will not adopt a policy of massive layoffs as a solution to reduce operational costs. [3] Therefore, several policies were made by the government to accommodate and reduce the burden on entrepreneurs, one of which was by providing tax facilities. The definition of tax according to Law Number 16 of 2009 concerning the Fourth Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures (hereinafter referred to as the KUP Law) in Article 1 paragraph 1 is: "the contribution of the taxpayer to the state debts owed by individuals or entities that are coercive in nature based on the law, without getting direct compensation and are used for the needs of the state for the greatest prosperity of the people". It can be interpreted that the state has the right to collect taxes and the community is obliged to pay taxes. Tax is the transfer of wealth from the private area to the public area whose collection does not receive a direct reward, but will be used for the public interest that can be felt by all people.[4] The most dominant tax function is as a source of state revenue. State income comes from its people through tax collection and/or from natural resources in the country (natural resources). [5] Taxes are the main source of filling the state treasury.[6] The main objective of any tax system and its implementing agencies is to raise sufficient funds to carry out all the responsibilities that the government has to undertake.[7] These responsibilities include individual personal interests such as public health, education, welfare, and so on. The success of a country in collecting taxes from its people will certainly be beneficial for the economic stability of the country concerned.[8] Especially during the COVID-19 pandemic, the government is committed to doing the best possible handling in the health sector to prevent the spread of COVID-19 transmission and on the other hand, maintaining the economic stability of countries that are heavily affected, of course, requires a large allocation of funds from the state treasury. In Indonesia, taxes can be divided into 2 (two) based on the authority of the collector, namely Central Tax and Regional Tax. [9] The Central Tax is used to finance state expenditures, for example road construction, school construction, and health assistance. Central Tax is a tax that is controlled by the central government which is dominantly managed by the Directorate General of Taxes, Ministry of Finance. Meanwhile, Regional Tax is a tax that is controlled by local governments at the provincial and district/city levels. Central Taxes include Income Tax (PPh), Value Added Tax (PPN), Luxury Goods Sales Tax (PPnBM), Stamp Duty, and Land and Building Tax for Plantation, Forestry, and Mining. In addition to these 5 (five) types of taxes, other taxes are Regional Taxes collected by the Regional Government, for example Motor Vehicle Tax.[10] Based on its nature, taxes can be divided into 2 (two), namely Direct Taxes and Indirect Taxes. Direct Tax is a tax that cannot be charged to other parties and must be borne alone and can be imposed repeatedly, for example PPh. Meanwhile, Indirect Taxes, for example VAT, are taxes that can be delegated to other parties and are only imposed on certain things or certain events. Meanwhile, based on the target, taxes can be divided into 2 (two), namely Subjective Tax and Objective Tax. Subjective Tax is a tax that is imposed by prioritizing the condition of the Taxpayer (tax subject) concerned only to see the objective situation according to the style of duty, whether it can be taxed, for example PPh. Meanwhile, Objective Tax is a tax that is imposed by prioritizing the object, after which the subject concerned with the object, for example VAT, is sought. [11] Basic guidelines relating to Income Tax (PPh) are regulated in Law Number 7 of 1983, as amended by Law Number 7 of 1991, Law Number 10 of 1994, Law Number 7 of 2000, and finally Law Number 36 of 2008 (hereinafter referred to as the Income Tax Law). The Income Tax Law does not explain what is meant by the subject of income tax, but in general the definition of a tax subject is who is taxed. There are 4 (four) groups that are subject to the PPh tax, including individuals, undivided inheritance as a unit, entities, and permanent establishments. [12] Article 1 of the Income Tax Law states that Income Tax is applied to tax subjects on income received or earned in the tax year. While the definition of income in Article 4 paragraph 1 is : " any additional economic capacity received or obtained by a Taxpayer, both from Indonesia and outside Indonesia, which can be used for consumption or to increase the wealth of the Taxpayer concerned, with the name and in the any form". In calculating income tax there is a general mechanism used. First, calculate the Taxable Income. Based on Article 6 of the Income Tax Law, to calculate the amount of Taxable Income is the amount of gross income less costs for obtaining, collecting, and maintaining income . Furthermore, Article 6 of the Income Tax Law explains if the gross income or gross income after the deduction as referred to above is a loss, then the loss is compensated with income starting from the next tax year in a row up to 5 (five) years. Also, Domestic Individual Taxpayers are given a reduction in the form of Non-Taxable Income (PTKP). There are 2 (two) ways of calculating Taxable Income according to Law Number 16 of 2009 concerning the Fourth Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures, hereinafter abbreviated as KUP, namely for Taxpayers who in carrying out their business activities or their independent job is to keep books and those who do not keep books, but keep records. In principle, individual taxpayers who carry out business activities or independent work are obliged to keep books of account, this is regulated in Article 28 paragraph 1 of the KUP Law. However, as stated in Article 28 paragraph 2 of the KUP Law, this bookkeeping obligation is exempted for individual Taxpayers who carry out business activities or independent work in accordance with the provisions of tax laws and regulations, are allowed to calculate net income using the Net Income Calculation Norm (NPPN). . The exception is made based on the principle of simplicity, especially for small and medium scale entrepreneurs. This is because some of them generally do not know that there is an obligation to keep books, do not understand how to keep books, or do not have employees who are competent in making books. For this reason, they are only required to keep records which are simpler than bookkeeping. [13] The calculation of the tax of an individual who maintains the books is carried out using a calculation mechanism in accordance with the tariff provisions of Article 17 of the Income Tax Law. As for individuals who do not keep books of account, but file a notification to the Directorate General of Taxes hereinafter referred to as the DGT to use NPPN in accordance with the provisions of Article 14 paragraph 2 of the Income Tax Law, the tax calculation is carried out by first determining the amount of net income based on the provisions of the applicable norms stipulated in the Regulation of the Director General of Taxes Number PER-17/PJ/2015 concerning Norms for Calculation of Net Income, then the tax is calculated based on the rates of Article 17 of the Income Tax Law. Second, the calculation of income tax payable or income tax paid. The calculation method is by multiplying the Taxable Income with the applicable tax rate. Based on the Income Tax Law, there are 3 (three) tariff provisions for calculating Corporate Income Tax, namely according to Article 17 paragraph 2a, Article 17 paragraph 2b, and Article 31E.

To encourage business activities of entrepreneurs with income of less than Rp.4,800,000,000 (four billion eight hundred million rupiah) in 1 (one) Fiscal Year in connection with increasing domestic tax revenues, the government issued Government Regulation Number 46 of 2013 concerning Income Tax on Income From Business Received Or Gained by Taxpayers Who Have Certain Gross Circulation. After the issuance of Government Regulation Number 46 of 2013, an increase in the mechanism for calculating income tax for individuals who do not keep books of account will be subject to final income tax at the rates and provisions stipulated in Government Regulation Number 46 of 2013. final is 1% (one percent). The tax base used to calculate the final income tax written in Article 4 paragraph 1 of Government Regulation Number 46 of 2013 is the amount of gross turnover each month. With the issuance of Government Regulation No. 46 of 2013, there are pros and cons, one of which is that entrepreneurs who do not keep books feel burdened and burdensome because the imposition of taxes at a rate of 1% of turnover is considered unfair, because turnover is not necessarily profit. If it turns out that they experience losses and have to pay taxes as well, this will burden the entrepreneurs.[14] On the other hand, the issuance of Government Regulation Number 46 of 2013 can improve tax compliance of entrepreneurs who do not keep books of account because it is considered to bring convenience and simplification of the calculation of taxes that must be paid.[15] On July 1 2018, Government Regulation Number 23 of 2018 was ratified concerning Income Tax on Income from Businesses Received or Gained by Taxpayers with Certain Gross Turnovers replacing Government Regulation Number 46 of 2013. With the advent of Government Regulation Number 23 of 2018 , then there are some basic provisions that have changed. The most underlined thing is the reduction in the final income tax rate to 0.5% (zero point five percent) as stated in Article 2 paragraph 2 of Government Regulation Number 23 of 2018. This rate reduction is a form of government effort to encourage the growth of micro-enterprise-based industries, Small and Medium Enterprises (MSMEs) or entrepreneurs with an income of less than Rp.4,800,000,000 (four billion eight hundred million rupiah) in 1 (one) Fiscal Year.[16] In addition, an important change with the ratification of Government Regulation Number 23 of 2018 is that it applies for a certain period of time the use of provisions for calculating final income tax, as follows according to Article 5 of Government Regulation Number 23 of 2018, the use of Final PPh rates for compulsory Corporate Tax in the form of a Limited Liability Company (PT) is limited to a maximum of 3 (three) tax years, for cooperatives, limited partnerships (CV), or firms, it is valid for a maximum of (four) tax years, and for individual taxpayers a maximum of 7 (seven) years.

Government Regulation in Lieu of Law Number 1 of 2020 was formed on the basis of changes in the 2020 State Revenue and Expenditure Budget (APBN), both in terms of state revenues, state expenditures, and financing caused by the COVID-19 pandemic. The COVID-19 pandemic is threatening Indonesia's economic growth so much that it requires extraordinary policies in the field of state finances, including in the field of taxation, which must be taken immediately by the government to overcome the urgent situation in order to maintain public health conditions and save the national economy and restore the business world which has been severely affected by the COVID-19 pandemic. Article 5 of the Government Regulation in Lieu of Law Number 1 of 2020 contains an adjustment to the Corporate Income Tax (PPh) rate to 22% (twenty two percent) applicable in the 2020 Fiscal Year. The COVID-19 pandemic has accelerated the government in providing reduction facilities tariffs that were originally to be contained in the Job Creation Act. In addition, other points such as tax collection in Trading activities through the Electronic System (PMSE) are also regulated more quickly in Government Regulation in Lieu of Law Number 1 of 2020. Tax treatment in PMSE activities is also an important point in government policies in the fiscal sector during the pandemic. COVID-19. As it is known that social restrictions make almost all activities carried out online (online) to avoid gatherings of people, including trading activities. Several policies taken by the government in the fiscal sector for companies, including the provision of incentives for reducing corporate income tax rates and extending the time in utilizing tax rights and fulfilling tax obligations, are aimed at easing the burden on companies that are negatively affected by the COVID-19 pandemic in the form of the issuance of Government Regulations. In lieu of Law Number 1 of 2020 which was later successfully enacted by Law Number 2 of 2020. In addition, through Minister of Finance Regulation (PMK) Number 110/PMK.03/2020 concerning Amendments to PMK Number 86/PMK.03/2020 concerning Tax Intensiveness for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic, contains several fiscal policies in the form of adding a discount on PPh Article 25 installments from 30% (thirty percent) to 50% (fifty percent) for business entities that are in certain business fields, corporate businesses that have facilities for easy import for export purposes, as well as business entities in bonded Zone. Tax installment relief is applied to anticipate current economic conditions, particularly due to declining sales figures in the business world and resulting in lower production levels. The tax installment reduction policy is valid until the December 2020 tax period. [17] The Minister of Finance Sri Mulyani then extended the provision of tax incentives by promulgation of PMK Number 9/PMK.03/2021 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic which is valid for the tax period January 2021 to June 2021 on the basis that an extension of the time for the provision of incentives is required during the national economic recovery period by providing greater ease of use. The incentives provided include Article 21 PPh, MSME Final PPh, and Construction Services Final PPh for the Government-borne Irrigation Water Utilization Acceleration Program (DTP), as well as exemption from Article 22 PPh, 50% reduction in Article 25 PPh installments, and VAT refunds. accelerated. The presence of PMK Number 9/PMK.03/2021 simultaneously revoked the previous PMK, namely PMK Number 86/PMK.03/20 and PMK 110/PMK.03/2020 declared no longer valid.[18] Indonesia as a country that upholds legal standing, all matters concerning taxation must be stipulated in laws and regulations. Taxes and other levies of a coercive nature for the purposes of the state are regulated by a written law in Article 23A of the 1945 Constitution. The statement that taxes must be levied based on the laws and regulations that have been stipulated is mandatory and cannot be challenged. It has been recorded in history that taxes have been the subject of political controversy which led to a revolution. According to this, tax collection should not only be based on legislation alone, but also more fundamentally. The laws and regulations governing tax collection must represent the aspirations of the people at least through the Legislative Body of a country.[19] Based on the description of the background above, a problem was raised with the title "Analysis of Income Tax Incentives for Micro, Small and Medium Enterprises Affected by the Corona Virus Disease 2019 (COVID-19) Pandemic "

1.2. Our Contribution

The results of this legal research are expected to be useful as a contribution of ideas in the context of developing legal knowledge in the future, especially regarding the development of Tax Law related to MSME Income Tax and to provide additional detailed information for MSME actors who can assist in fulfilling their tax obligations during the COVID-19 pandemic so that an ideal tax system is formed in its implementation. Also, the results of this study are expected to provide useful contributions for lawmakers to make policies in tax regulations that are aligned, especially in policies related to Income Tax.

1.3. Paper Structure

The type of research used is normative legal research which examines written law from several aspects, including aspects of theory, philosophy, comparison, structure and composition, scope and material, consistency, general explanation, and article by article. The research sources used primary legal materials, namely related laws and regulations, secondary legal materials, namely, books and journals, as well as non-legal materials including economic literature, interview results, and KBBI. The approach used in this research is the statute approach, because the laws and regulations related to the legal issues raised will be examined.

2. BACKGROUND

2.1. MSME Income Tax Setting

Before discussing the regulation regarding the provision of income tax incentives for MSME actors, we need to know the classification of MSMEs. The definition of MSMEs can be divided into 3 (three) classifications, namely micro-enterprises, small-scale businesses, and medium-sized businesses. Classification of SMEs before its stipulated in Law No. 20 Year 2008 on Micro, Small and Medium Enterprises, but after the implementing regulations of Law No. 11 of 2020 Copyright Work of the PP No. 7 of 2021 on Convenience, Protection and Empowerment of Cooperatives and Micro , Small, and Medium. With the change in the criteria for determining the classification of MSMEs, it can be said that those who can use income tax calculations with final rates according to PP Number 23 of 2018 are only micro businesses and some small businesses, while medium businesses because the minimum annual sales criteria are more than Rp. 15,000,000,000 (fifteen). billion rupiah) must use the general mechanism. Business actors who meet certain criteria, namely gross turnover of up to Rp.4,800,000,000 (four billion eight hundred million rupiahs), may choose to use the final tariff or submit a statement using the general mechanism. This makes business actors have options in calculating their income tax by considering the advantages and disadvantages of each of these regulations. The choice of using income tax calculations, both with the final rate and the general mechanism, has advantages and disadvantages. By using the final tax rate, the taxpayer is offered the convenience of tax administration, which can easily calculate the income tax that must be paid by multiplying the gross income per month and the rate of 0.5%. But on the other hand, it should be noted that monthly gross income or turnover is different from profit, so there are also taxpayers who will be disadvantaged when they choose to use the final rate instead of using the general mechanism. Apart from the ease of administration, the use of a common mechanism for calculating income tax is more fair and profitable, because it takes into account profit and loss. In contrast to PP No. 46 of 2013 with a final tariff of 1% and no time limit for its use, in PP No. 23 of 2018, in addition to reducing tariffs, a time limit for the use of the final tariff is applied. PT's form of business is only allowed to use the final rate calculation for 3 (three) years, for PTs that have started using since the beginning of the enactment of PP Number 28 of 2018 namely the 2018 tax period means they are no longer allowed to use it in 2021. Judging from the principle of legal certainty, the application of the period of use of the income tax calculation method with the final rate is in accordance with PP Number 23 of 2018 and its implementing regulation, namely PMK Number 99 of 2018. The policy for calculating income tax with the final rate is indeed set before the pandemic and has a different purpose from tax incentives, The government still has to implement this policy in order to create the same level playing field as other sectors. According to Finance Minister Sri Mulyani, the level playing field is a concept of fairness, which does not mean that every player has the same opportunity to succeed, but that they play by the same set of rules.[21] In tax collection, the principle of equality or equity is the principle of justice which requires the amount of tax that must be paid by the taxpayer to be adjusted to the ability to pay of the taxpayer. The International Bureau of Fiscal (IBFD) divides equity into 2 (two), namely horizontal quity and vertical equity. In horizontal, quity requires people in equal conditions to receive equal tax treatment, while in vertical equity requires people in unequal economic conditions to receive unequal treatment as well. This is reflected in the progressive rate setting in the calculation of income tax with general provisions. When viewed like this, the concept of equity is only associated with the economic burden of the taxpayer. In fact, as a taxpayer is not only subject to the economic burden of taxes, but also the burden of tax administration. The tax administration burden for taxpayers includes reporting obligations, withholding and depositing taxes owed.[22] As we know that currently Indonesia is still hit by the COVID-19 pandemic, replacing the income tax calculation system with all the existing limitations is certainly not easy for taxpayers. This of course violates one of the points in the principle of ease of tax administration, namely the convenience principle . Taxpayers have to use different calculation methods that make them uncomfortable in the midst of unpleasant conditions. In fact, PP Number 23 of 2018 was made to reach more taxpayers, as a form of the tax extensification process. Where MSME actors are increasingly being facilitated with the condition that tax administration is increasingly tightened. Judging from the aspect of legal certainty, setting the time limit has indeed been set since PP Number 23 of 2018. In addition, with the enactment of the time limit for the use of PP Number 23 of 2018 it can indeed be said as a form of encouragement for taxpayers to carry out the bookkeeping system and no longer keep records. . But because the time limit runs out in the middle of the pandemic, this is a different matter. If you connect the principle of convenience with the principle of simplicity, i.e. tax collection is carried out easily and without being complicated, it will make taxpayers happier in fulfilling their tax obligations. In addition, income tax collection needs to pay attention to the principle of efficiency. Thus, in calculating tax obligations, it is not only necessary to take into account the tax burden and effective tax rates, but also to consider distortion costs. Distortion costs are costs that arise as a result of tax collection which must require taxpayers to change their management strategies, including tax management, as well as changes in behavior or habits. Tax is a source of state revenue that has a budgetary function and a regular function . In terms of the budgetary function, taxes are used to finance state expenditures and government investment. In the conditions of the COVID-19 pandemic, where there must be an allocation of state expenditures that is focused on tackling the impact of the pandemic and decreasing state revenues. Meanwhile, the regular function of taxes as a tool to regulate state policies in the social and economic sectors. Deteriorating economic conditions due to the pandemic have made it difficult for people, especially business actors, to make sales, fulfill obligations or pay debts, and have difficulty paying taxes. To help the affected business actors not fall further, the government provides various stimuli, including tax incentives. In this position the tax performs its regular function . The sector that received the stimulus first was the tourism sector and due to the increasingly widespread development of COVID-19, finally all sectors had an impact. After that, President Joko Widodo determined that non-natural disasters due to COVID-19 were national disasters through Presidential Decree No. 12 of 2020. As a form of handling this condition and to anticipate its impact, Perppu Number 1 of 2020 was issued which was later promulgated into Law Number 2 of 2020. Perppu it contains government policies including fiscal policy. Fiscal policy is contained ter entry :

Adjustment of income tax rates for domestic corporate taxpayers and permanent establishments;

Tax treatment in PMSE activities;

Extension of time for the exercise of rights and fulfillment of tax obligations;

Granting authority to the Minister of Finance to provide customs facilities in the form of exemption or relief from import duties in the context of handling emergency conditions as well as restoring and strengthening the national economy.

The policy for adjusting the income tax rate for corporate taxpayers is carried out faster than previously planned due to the COVID-19 pandemic. From the previous general corporate rate of 25% (based on the Income Tax Law) to 22% from the April 2020 tax period to the December 2021 tax period. And there will be another reduction to 20% for the 2022 tax period. This is welcomed by the perpetrators efforts to encourage market competition with other ASEAN countries from the aspect of taxation. Furthermore, tax incentives for those affected by the COVID-19 pandemic are regulated in the PMK. So far, five related PMKs have been issued, starting from PMK 23/2020 until the last amendment PMK 09/2021 which will still be extended with a new PMK until the tax period in December 2021. Tax incentives are given based on KLUs that are considered directly affected by the pandemic. In its development, the number of tax incentives provided by KLU has increased when the PMK changes with the aim that more business actors can take advantage of this facility. KLU or Standard Classification of Indonesian Business Fields (KBLI) listed in the Articles of Association (AD) or SIUP (Trade Business License) are classified into several business fields and can be selected based on the type of economic activity carried out. In practice, there are still many business actors who do not choose KLU in accordance with the economic activities carried out or include many KLUs (made too broad), this can make the provision of incentives not properly given. In addition, in practice there are still many MSME business actors who do not use this incentive because there is a factor of distrust of tax collectors. The procedure for obtaining MSME income tax incentives is quite simple and efficient, using IT facilities through the taxpayer's account at DJPOnline. DJPOnline is a site owned by DGT that contains various tax applications. However, there are still taxpayers who feel this system is not easy. The habit of taxpayers completing all tax matters carried out face to face with tax collectors is the main underlying factor. The change in the tax service system to Click, Call, Counter (3C) which has been initiated by the DGT for some time in the context of digitizing through the website and telephone so that taxpayers do not need to come to the tax office as long as they can be served through both, must be compelled to be fully realized during COVID-19 pandemic. If the taxpayer does not keep up with the development of information technology, the administrative process will feel more complicated, even though the change towards digitalization makes the tax administration process more efficient. In providing tax incentives, the DGT must of course perform a control function so that the check and balance mechanism remains in effect. Based on PMK Number 23 of 2021, business actors are required to submit the realization of the final income tax online every month with a submission period of no later than the 20th of the following month and if they do not submit the realization report according to the deadline given, the business actor is obliged to pay the final income tax within that period. tax payable is 0.5% of turnover. The state's financial condition in the midst of the COVID-19 pandemic is certainly a concern for many parties because the pandemic has an impact on slowing national economic growth, decreasing state revenues, increasing state spending and financing. In the national economic recovery step, the government issued two (2) related policies, namely fiscal policy and monetary policy. The government issued Perppu Number 1 of 2020 which was later promulgated into Law Number 2 of 2020 as a response to the impact of the COVID-19 pandemic. The government summarizes various policies in tackling the impact of the COVID-19 pandemic in the National Economic Recovery (PEN) program. The government allocates Rp695,200,000,000,000 (six hundred ninety-two trillion two hundred billion rupiah) divided into several fields, including specifically for MSMEs in the amount of Rp123,460,000,000,000 (one hundred twenty-three trillion four hundred and sixty billion rupiah).[23] This policy is contained in PP Number 23 of 2020 concerning Implementation of the National Economic Recovery Program in Order to Support State Financial Policies for Handling the 2019 Corona Virus Disease (Covid-19) Pandemic and/or Facing Threats That Endanger the National Economy and/or System Stability Finance and Saving the National Economy which was later amended by PP Number 43 of 2020 with the aim of protecting, maintaining, and increasing economic capacity. Fiscal policy is given as a trigger in the recovery of the national economy due to the reduced purchasing and selling power of market players and simultaneously affects supply and demand . In the PEN program, a comprehensive stimulus is given, both in terms of supply and demand . On the supply side , stimulus is given to maintain people's purchasing power in the form of new programs and those that have been running before. On the demand side , it is carried out to support the business world, including the provision of tax incentives. The provision of income tax incentives for business actors is the right step to restore the national economy because one of the government's hopes is to provide a stimulus to business actors to continue to operate even though people's purchasing power has decreased drastically so that it is expected to create a multiplier effect or multiplier effect on national economic growth. production that continues to run and labor that remains absorbed, so as to maintain the welfare of the community. Especially for MSMEs, which are often referred to as one of the sectors that can survive the economic crisis. According to Dr. Berta Bekti Retnawati SE, Msi., MSMEs succeeded in being a savior during the 1998 and 2008 crises. The provision of income tax incentives for business actors will not have a negative effect on the recovery of the national economy, although it can be said that state revenues have decreased. As we know, most of the state's income comes from tax collection. Taxes are different from donations and can be categorized as burdens, because the taxpayer does not pay them voluntarily but is forced. Tax collection has an element of coercion because it is regulated by law and has legal sanctions. Taxpayers sacrifice part of their income that should be received more if there is no tax is a form of cost of taxation that can be felt because it directly reduces economic capacity. With the government providing income tax incentives, it can be interpreted that the government takes over the burden of business actors. Meanwhile, related to reduced state revenues due to the provision of tax incentives, it can still be covered by debt. Economic recovery is a priority for the government at this time because if the economy continues to fall, the effect will affect other sectors, including social, health, security, and political. Recently there has been a polemic about the KUP Bill which was born as a form of the government's efforts to increase state revenues, which have declined due to the COVID-19 pandemic. In the KUP Bill, the government plans to revoke tax incentives for MSMEs or businesses with a turnover below Rp. 50,000,000,000 (fifty billion rupiah). Suryo Utomo as Director General of Taxes at the Ministry of Finance explained several reasons underlying the proposal, namely:

The incentive was initially given when the single corporate income tax rate was still 28%, while in 2022, the corporate income tax rate has decreased to 20% in accordance with Perppu Number 1 of 2020. So this incentive is no longer relevant.

There has been an implementation of the final income tax rate for MSMEs with a turnover of IDR 4,800,000,000 (four billion eight hundred million rupiah), which is 0.5%.

It is necessary to simplify the structure of corporate income tax rates and to realize the principle of justice.

The Ministry of Finance recorded a deficit in corporate income tax revenue for the 2020 tax period compared to the previous year. With a note because the government has provided a fairly large incentive in the hope that business actors can survive and recover. The government believes that the economy will recover, after going through the contraction and the pandemic. The projected improvement in economic conditions will determine revenue in the coming tax year, in line with the increase in community economic activity. The control of the pandemic, including the realization of an effective vaccination program, is very influential in supporting the national economic recovery. However, is the discussion of the bill in the midst of a pandemic the right step? The imposition of taxes on a number of new sectors is not the only way to increase state coffers when the economy weakens due to the COVID-19 pandemic. Adding a tax object that was not previously taxed can violate the principle of justice and if you adhere to the principle of legal certainty regarding the implementation of all tax provisions, including the provision on the deadline for using the final tariff in PP Number 23 of 2018 as did the government, then the argument is that there is already a tariff implementation. the final tax for MSMEs should be seen not as an incentive given by the government due to the pandemic, but this provision was officially enforced before the pandemic. The new fiscal policy contained in the KUP Bill can be the antithesis or conflict with the provision of incentives for business actors because this fiscal policy can increase the burden on business actors or can cause trade off. The government needs to pay more attention to the trade off between increasing taxes and decreasing state revenues and needs to be careful before deciding on tax increases or other new fiscal policies. This is because, in addition to having the effect of decreasing state revenues, it can further reduce economic growth which will slow down the recovery of the national economy. The government can increase revenue by focusing on tax development. Tax development can be done by means of intensification or extensification. Based on DGT Circular Number SE-06/PJ.9/200, extensification is the addition of the number of registered taxpayers and the expansion of tax objects in the DGT administration, while intensification is the optimization of extracting tax revenues for tax objects and subjects that have been recorded in the DGT administration. The expansion of the database needs to be accompanied by an adequate IT system, so that the database processed by the DGT has good quality in determining future taxpayer compliance. The provision of incentives for MSMEs is still needed and must be extended as long as the impact of the COVID-19 pandemic still affects people's economic activities and must be extended until economic conditions have improved and are stable.

3. CONCLUSION

Income tax incentives for MSMEs can be obtained easily through the DJPOnline website. Taxpayers must be able to follow the development of information technology because during the pandemic the tax service system was forced to change to *Click, Call, Counter* (3C). For MSME actors who use income tax calculations in accordance with PP Number 23 of 2018 they will receive tax incentives borne by the government on condition that they must submit the realization of the final income tax *online* no later than the 20th of the following month. For business actors who use the general rate according to the Income Tax Law, they get a 50% reduction in income tax installments from the installments that should be owed and there is a gradual adjustment of the domestic corporate income tax rate to 22% for 2020 and 2021, then to 20% for 2015. 2022. Tax incentives are given based on the Classification of Business Fields (KLU) affected by the COVID-19 pandemic.

The provision of income tax incentives for MSMEs is a solution provided by the government to reduce the burden on business actors so that they can continue to operate and create a multiplier effect on the national economic recovery so as to maintain the welfare of the community. Economic recovery is the government's priority, because weak economic conditions can affect other sectors. Good pandemic control is very influential in supporting economic recovery. The projected improvement in economic conditions will determine tax revenue in the coming year. The provision of incentives for MSMEs is still needed until economic conditions have improved.

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