

Business Strategies and Utilization of Tax Incentive Policies During the Covid-19 Pandemic and Implementation of Restrictions for Community Activities (PPKM)

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Abstract

After the normalization era of the pandemic (New Normal Era) in Indonesia with the new variant of the corona virus, the government issued a policy for the Enforcement of Community Activity Restrictions (PPKM) on the islands of Java and Bali, considering the number of corona virus sufferers is increasing. Enforcement of Community Activity Restrictions (PPKM) all activities are carried out online (online) to avoid community gatherings. Various policies were issued by the government to stabilize economic growth. To maintain State Finance revenue in terms of tax revenue, the government issued a new policy for SMEs and MSMEs considering that the contribution of SMEs and MSME business actors has quite potential. With this policy, what are the efforts and strategies carried out by the government and business people during the COVID-19 pandemic and the imposition of restrictions on community activities. This policy aims to maintain the business continuity of SMEs and MSMEs, encourage public participation and knowledge of taxation. Qualitative data analysis techniques are carried out by collecting and analyzing data, and finally concluding the data. Based on the results of in-depth interviews with three respondents, the business strategy carried out by SME and MSME actors is in the form of product innovation, so that business opportunities can increase sales at online stores during the Covid-19 pandemic and the Enforcement of Restrictions on Community Activities. Tax incentive policies and SMEs and MSMEs have taken advantage of these tax incentives and continue to improve compliance with tax obligations. SMEs players expect socialization and assistance to obtain more detailed information related to the latest tax regulations or policies.

Keywords

government policy; tax incentive policy; business strategy



I. Introduction

Beginning on July 3, 2021, the Public authority has authoritatively carried out the Strategy for the Implementation of Limitations on Local area Exercises on the islands of Java and Bali. Given that these two islands truly affect the transmission of the Coronavirus, this is identified with the still high number of instances of Coronavirus victims over the most recent couple of days becoming quickly brought about by the variation of the Covid. Consistently there are 13,000-25,000 individuals presented to the Coronavirus. The pandemic that has

plagued almost all over the world has caused almost all countries to be overwhelmed in anticipating the rapid spread of the Covid virus (Haridison, 2021). Sinulingga (2021) state that Coronavirus or COVID-19 has a very large impact on the atmosphere of tourism globally, especially in 2020. The prolonged Covid19 pandemic has contributed to economic and climatic uncertainty in business (Wijaya, 2021).

Coming up next is the information that the creator got for a time of 14 days from June 21, 2021 to July 4, 2021, where the Strategy for the Implementation of Limitations on Local area Exercises was executed beginning from July 3, 2021, and an expansion will be made if the Coronavirus has not diminished by 5%.

Table 1. The Advancement of Covid19 in Indonesia

Date	POSITIVE	HEALTH	DIE	SUSPECT	SPECIMEN	ACTIVE CASE
21-Jun-21	2.004.445	1.801.761	54.956	124.845	84.418	147.728
22-Jun-21	2.018.113	1.810.136	55.291	124.918	130.630	152.686
23-Jun-21	2.033.421	1.817.303	55.594	124.022	141.187	160.524
24-Jun-21	2.053.995	1.826.504	55.949	126.696	136.896	171.542
25-Jun-21	2.072.867	1.835.061	56.371	127.422	140.915	181.435
26-Jun-21	2.093.962	1.842.457	56.729	129.071	135.634	194.776
27-Jun-21	2.115.304	1.850.481	57.138	129.891	98.904	207.685
28-Jun-21	2.135.998	1.859.961	57.561	133.130	98.187	218.476
29-Jun-21	2.156.465	1.869.606	58.024	132.723	143.957	228.835
30-Jun-21	2.178.272	1.880.413	58.491	130.443	142.731	239.368
01-Jul-21	2.203.108	1.890.287	58.995	131.329	155.191	253.826
02-Jul-21	2.228.938	1.901.865	59.534	135.043	153.608	267.539
03-Jul-21	2.256.851	1.915.147	60.027	133.189	157.227	281.677
04-Jul-21	3.532.567	2.907.920	100.636	146.820	242.328	545.011

Source: Ministry of Health of the Republic of Indonesia

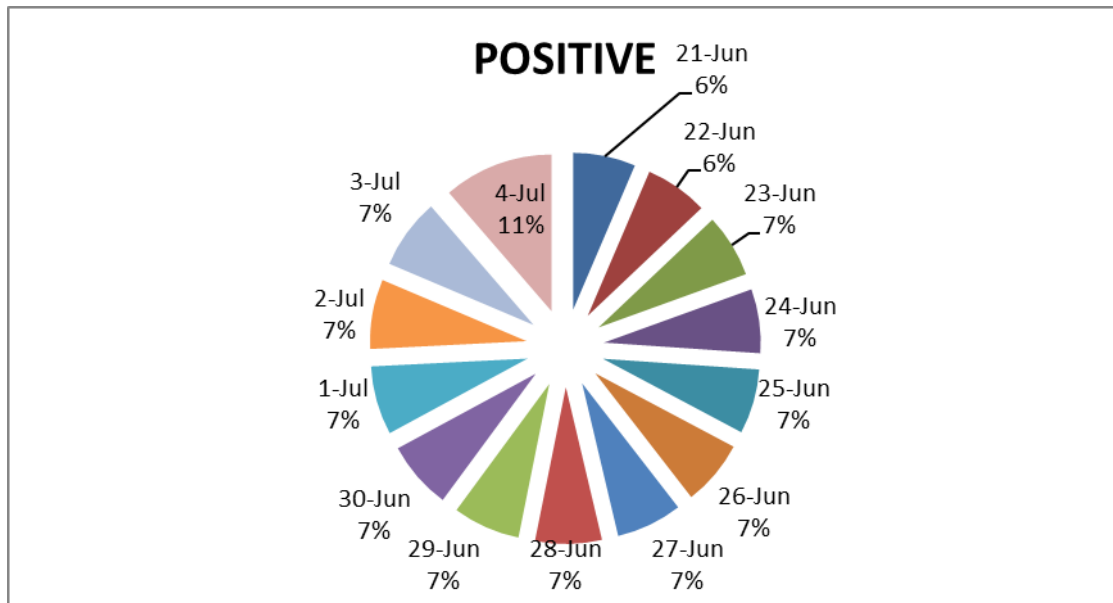


Figure 1. Covid Positive Person

From the image above, individuals who were positive for Coronavirus encountered an expansion of around 6-11%, on June 21 and 22 it was at 6%, on June 23 - July 3, pretty much certain individuals developed by 7%, an extremely critical increment on the fourth July by 11%.

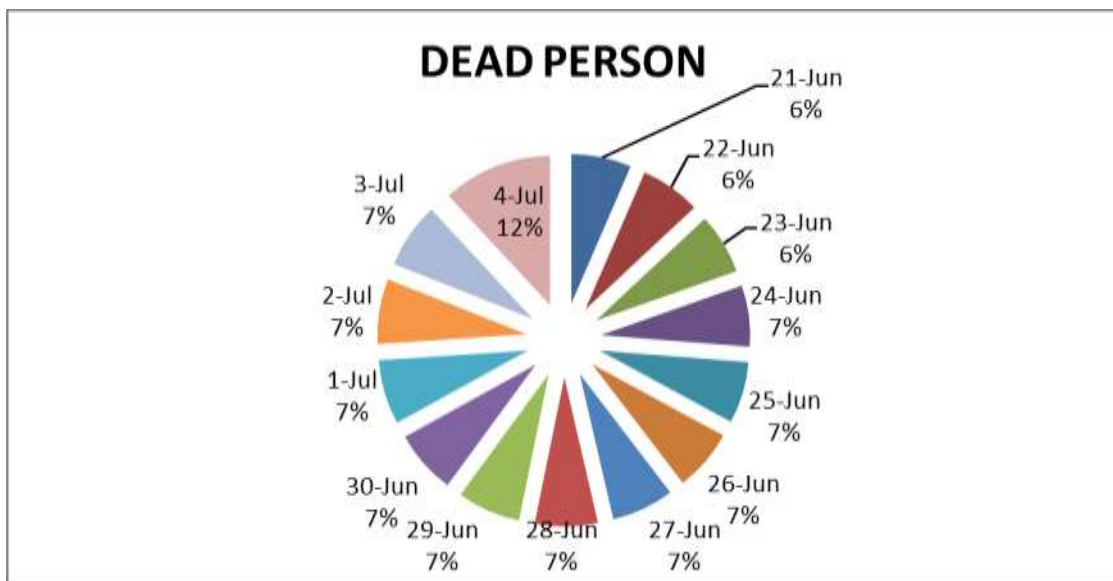


Figure 2. Dead Person

From the image over, the quantity of individuals who passed on contaminated with Coronavirus was around 6-11%, on June 21 and 22 it was 6%, on June 23 - July 3, the development pace of individuals who kicked the bucket tainted with Coronavirus was roughly 7%, this is like the Coronavirus positive individual , an exceptionally critical increment on July 4 by 12% where on that premise the public authority made a Strategy and broadened the Requirement of Limitations on Local area Exercises (PPKM) which limits exercises outside the home and exercises that can possibly spread the infection, so that for

this situation there is an increment in web utilization infiltration. which is utilized when telecommuting, school from home and different exercises did on the web.

Be that as it may, the Strategy for the Execution of Limitations on Local area Exercises (PPKM) in various districts, particularly Java and Bali, fundamentally affects the monetary area. With the goal that the local area's economy is getting more fragile because of these limitations. Then again, the quantity of individuals with the Coronavirus infection keeps on expanding each day in Indonesia. Until mid-June 2021, the public authority broadcast multiple million individuals who were affirmed positive for Coronavirus and the loss of life likewise kept on expanding. In the mean time, as far as monetary strength, there has been a debilitating of the capacity to determine this pandemic because of an absence of state income.

II. Review of Literatures

In this way, the public authority chose to do a Public Financial Recuperation by aiding SMEs and SMEs in item showcasing during the Coronavirus pandemic (TEKF, 2020). Furthermore, the public authority has started a few business areas and keeps on empowering SMEs to complete online exercises, yet at the same time observing and progressively expanding charge incomes. To keep up with business coherence while simultaneously saving the public economy, the public authority has executed different financial approach programs, including strategy impetuses and charge offices that can be used by citizens. (Keuangan, 2009).

For this reason, SMEs are advised to take advantage of the tax policy in PMK Number 44/PMK.03/2020 (Menteri Keuangan Republik, 2020) regarding Tax Incentives for Taxpayers Affected by the Covid-19 Pandemic provides several tax incentives, including Article 21 Income Tax Borne by the Government (DTP) for workers with a gross income of not more than Rp.2 million reducing the installment of income tax Article 25 by 30 percent and restitution of Value Added Tax (VAT) accelerated (Menteri Keuangan Republik, 2020). Meanwhile, PMK Number 28/PMK.03/2020 concerning the Provision of Facilities for Goods and Services Necessary in the Context of Handling the Covid-19 Pandemic, provides about eight incentives (Kementerian Keuangan RI, 2020).

In the laws and guidelines Greeting number 1 of 2020 (Menengah, 2008) which has been endorsed by the Place of Agents becomes law number 2 of 2020. There are three significant expense strategies to be used by general society, specifically change of personal duty rates for homegrown corporate citizens and perpetual foundations, charge treatment in Exchanging exercises through the Electronic Framework (PMSE) and the augmentation of time for the activity of rights and satisfaction of assessment commitments. The state of the Coronavirus pandemic contrarily affects business and the economy, even business and financial vulnerability has become an exceptionally alarming phantom for SMEs and practically all business areas have gotten the adverse consequence of business vulnerability, including a few organizations that have begun to quit working which at last smother monetary development.

III. Research Methods

This examination utilizes a subjective expressive methodology by considering the emphasis of composing on reviews and poll sources (Creswell, 2003). In directing this exploration, the right witnesses are required. Assurance of witnesses in research is more underscored on a few equipped gatherings who comprehend the issues brought up in this examination. The information assortment method utilized is triangulation, specifically

inductive information examination. Also, the consequences of this subjective investigation stress meaning as opposed to speculations (Raco, 2018).

Witnesses in this investigation are SME entertainers who join forces with Shopee and Tokopedia in the Jakarta region which have distinctive business fields, specifically SMEs occupied with style, food, wellbeing and additionally excellence. The quantity of tests utilized upwards of 3 respondents SME entertainers, with basic arbitrary inspecting procedure. In this examination, the specialist just led top to bottom meetings with the respondents to acquire the essential information. Testing the legitimacy of the information in subjective examination is done by noticing, expanding diligence during research, triangulation, conversations with partners, negative case investigation and part checking. This investigation utilized source triangulation, in particular by checking the information that had been gotten through a few meeting sources, just as respondents from administration clients of colleagues of SME proprietors to acquire more precise SME data.

The information investigation strategy utilized in this examination is a subjective examination method. The means in subjective information investigation go through four cycles, to be specific gathering information, arranging superfluous information, introducing and dissecting information, and finishing up information (NUGRAHANI, 2014).

IV. Discussion

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

4.1 Profile of a Small and Medium-Sized Enterprise

a. Respondent 1, Fashion-Related SMEs

This Muslim fashion business was initiated by the wife, then developed with her husband. The wife is a graduate of one of the Islamic boarding schools on the island of Java. Initially only a reseller of robes. However, in 2014 business actors ventured to produce robes and hijabs, although the initial production process was carried out by intermediary but currently all production processes have been carried out by private convection. This business marketing is done online by using marketing services from outside the company. Even though there are only 5 administrative staff on standby, the average turnover has reached 250-300 million per month (Kumala & Junaidi, 2020).

b. Respondent 2, SMEs in the Food Industry

SMEs that produce authentic Padang cuisine in travel packs. Starting from his passion for Padang specialties such as rendang and beef jerky made by his beloved Bundo, at the end of 2017 this SME player ventured to open his own business and in 2018 started selling online on Instagram and the marketplace. In addition to doing online sales, he also opened a rice box catering order. SME players admit that in marketing, there is no special marketing team that handles marketing. This business is managed by a family assisted by 2 employees. The average turnover is around 40-50 million per month (Kumala & Junaidi, 2020).

c. Respondent 3, SMEs in the Health and/or Beauty Industry

Small and medium-sized enterprises (SMEs) that sell health and beauty products. This business started because he had acne on his face and finally since 2014, he started to pursue his MLM business until now he has become the largest distributor in the city of Jakarta. This business is only managed by the husband and 2 admins. The average monthly turnover is around 90-100 million per month (Kumala & Junaidi, 2020).

4.2 Business Strategy and Tax Utilization

This regulation is known as PP. 23/2018 and is based on the tax policy established by the government in Government Regulation Number 23 of 2018 concerning Income Tax (PPh) on income from businesses received or obtained by taxpayers who have a certain gross turnover.

This Government Regulation remains the basis for the SME tax rate of 0.5 percent of gross turnover per month. The purpose of this rate reduction is to explore the potential of SME taxpayers due to the increasing number of SMEs in Indonesia as well as support from the government so that SMEs can grow.

Public health is still a top priority during the current Covid-19 pandemic. As a result, the government does not remain silent in the face of this situation. The government issued several policies to continue to support SMEs during the pandemic in order to maintain stability and restore the national economy. The policy is governed by Government Regulation (PP) Number 23 of 2020, which governs the implementation of the National Economic Recovery Program (PEN), which is mandated by Perppu 1/2020 and includes tax breaks, interest subsidies, and guarantees for new working capital for SMEs (Kementerian Keuangan RI, 2022).

Through PMK Number 44/PMK.03/2020 the public authority supplanted PMK Number 23/PMK.03/2020 by raising another sort of assessment motivating force, to be specific Final Income Tax dependent on PP 23 Borne by the Government (DTP). The foundation of this assessment motivation for Government-borne Final PPh (DTP) is a work to grow the extent of expense impetuses because of the effect of Covid-19 which additionally arrives at MSME entertainers. With the expense motivators, SMEs and SMEs are absolved from paying PPh Final PP 23 duty during the April 2020 to September 2020 assessment period. To exploit these expense motivations, SME citizens should present an application for an authentication first on the www.pajak.go.id. From that point forward, the SME citizen presents a DTP Final PPh acknowledgment report which incorporates personal assessment payable on pay got or procured and is joined with a SSP or charging code printout. The report should be presented each month and no later than the twentieth of the next month after the assessment time frame closes through the www.pajak.go.id page utilizing the Covid-19 Incentive eReporting administration menu. Furthermore, the report should be submitted on time with the goal that the impetuses can be used.

In view of the consequences of meetings directed with three SME respondents, they expressed that they definitely thought about the expense motivator strategy. The three respondents exceptionally liked the public authority's strategy to exploit the expense impetuses. Two of the three respondents have had an obligatory individual Taxpayer Identification Number (NPWP) for quite a while on the grounds that already they were workers of an office. In the interim, one respondent has just been enlisted as a citizen since 2018. The three respondents have played out their duty commitments dependent on Government Regulation No. 23 of 2018 (Keuangan, 2009) and during the pandemic citizens enjoy taken benefit of duty motivations dependent on PMK No. 44/PMK.03/2020 (Menteri Keuangan Republik, 2020). Respondents evaluated that this strategy was very much carried out for the maintainability of organizations that were run during the pandemic.

All respondents expressed those overall revenues are ordinarily in the scope of 10% to 20%, however during these pandemic online deals have expanded. This happens on account of the advancement of items offered from the public authority so that individuals do exercises at home to lessen the danger of spreading the Covid-19 infection, there is an expansion in individuals' buying power (Kumala & Junaidi, 2020).

Respondent 1 has made item developments by making an agreeable Stylish Dress (home work garments) and an auto change to make it simpler for clients who accomplish

office work or schoolwork with the goal that the state of mind is kept up with. In the interim, respondent 2 gives items as family packs so clients don't need to try cooking and basically warm them up through the microwave or on a skillet and oven. Rather than respondent 3, item advancement is done as instruction about the significance of wellbeing and body care during the pandemic with the goal that the insusceptible framework is constantly kept up with and still looks lovely even at home (Kumala & Junaidi, 2020).

In any case, SME and MSME players trust that this strategy can be completed until the finish of December 2021, taking into account that the current monetary condition has not yet recuperated. UKM entertainers likewise anticipate the Account Representative (AR) who handles each citizen's concern at the Tax Service Office to further develop administration that is more amiable, teach citizens well and without convolusion, and complete duty socialization so they can uphold citizens to conform to their commitments tax assessment (Kumala & Junaidi, 2020).

V. Conclusion

From the aftereffects of the examination and conversation that has been done, the finishes of this investigation are:

1. The business procedure completed by SME players is as item advancement, so the business openings did can expand deals at online stores during the Covid-19 pandemic and the Enforcement of Restrictions on Community Activities.
2. SMEs players like the expense motivation strategy contained in PMK Number 44/PMK.03/2020 and SME players guarantee to enjoy taken benefit of these assessment motivators and keep on further developing duty consistence.
3. SMEs anticipate that socialization and assistance should acquire more nitty gritty data identified with the most recent duty guidelines or arrangements.

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