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Implications of The Harmonization of Tax Regulations Law and Tax Incentives Related to Covid-19

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ABSTRACT

This study examines how the Law on Harmonization of Tax Regulations (HPP) related to taxation in connection with Covid 19 concerning tax obligations for VAT and PPS. The qualitative research uses a literature study method that conducts a critical and in-depth analysis of journals and articles related to the 2022 HPP Law, VAT, and Tax Amnesty (2018-2023). Based on research, it was found that despite the existence of VAT in the HPP Law, the provision of VAT incentives increased relatively high, amounting to IDR 38.43 trillion or grew 45.86 percent (Masitoh, 2022). The HPP Law also regulates a new tax program, the Voluntary Disclosure Program (PPS). The factor affecting the implementation of the 2022 tax PPS is to increase 2022 tax revenues starting from the State Budget, which has yet to reach the target due to the Covid-19 pandemic in 2020-2021.

Keywords: Tax Regulation Law, Tax Incentives

1. INTRODUCTION

The Covid-19 outbreak in 2019 significantly impacted the global economy, especially in Indonesia. It causes the government to find it challenging to find money, and this causes a decrease in state revenues. The Central Bureau of Statistics predicts that the economy will shrink in 2020. It means that the total value of goods and services produced that year will be smaller than in 2019. The economy in Indonesia slowed slightly in the second quarter of 2020, reaching -5.32%. The government's response to the low purchasing power of the people is choosing to use expansionary fiscal policy options, one of which is by lowering tax rates. This policy aims to increase the amount of money in circulation so people can spend more and stimulate economic growth.

The policy of providing tax incentives is one of the options taken by the government in the field of taxation. In simple terms, tax incentives are defined as a facility the government allocates for specific individuals or organizations to provide convenience in the

field of taxation to catheters to come with their tax obligations (I. A. Dewi, 2019). The government has issued a new regulation regarding tax incentives for taxpayers affected by the Covid-19 virus outbreak, namely Minister of Finance Regulation Number 23 of 2020 (PMK 23 of 2020) concerning Tax Incentives for Taxpayers Affected by the Covid-19 Virus Outbreak in March 2020 issued. The PMK changed to PMK Number 44/PMK.03/2020, then to PMK Number 86/PMK.03/2020; in August 2020, the government again issued PMK regulation Number 110/PMK.03/2020. Moreover, in the end, on October 29, 2021, a change occurred until the Law on the Harmonization of Tax Regulations (UU HPP) Number 7 of 2021 was passed.

The Law on Harmonization of Tax Regulations (UU HPP) allows the government to change tax laws due to significant disruptions or shocks caused by Covid-19. The HPP Law is expected to make the taxation system more

efficient and fairer while simultaneously providing legal certainty for taxpayers. As well as the passing of the HPP Law is planned to increase voluntary compliance from taxpayers. The HPP Law discusses six rules with different periods for implementing this policy, namely General Provisions and Tax Procedures (KUP), Income Tax (PPH), Value Added Tax (PPN), Voluntary Disclosure Program (PPS), Carbon Tax, and Excise. The government provides tax incentives to encourage higher people's purchasing power, affecting the object of VAT imposition. In general, value-added tax can be related to people's purchasing power, considering that VAT is a tax imposed on the consumption of goods and services (Siburian et al., 2023). Value-added tax revenue is an indicator that can be used to describe people's purchasing power which affects state tax revenue.

In addition, the 2022 HPP Law also regulates the Voluntary Disclosure Program (PPS). PPS is a tax amnesty program designed to encourage voluntary compliance by taxpayers who may not fully disclose their assets until 2015. This program is also aimed at tax amnesty alums or those who participated in the amnesty in 2016. The government provides a return opportunity for taxpayers to voluntarily pay taxes by disclosing their wealth. This program will last six months, from January 1, 2022, to June 30, 2022. Taxpayers who disclose their assets abroad without repatriation will be subject to an eleven percent tax rate. If the taxpayer's assets are outside Indonesia and brought back into the country, the tax rate is 8%. If these taxpayers repatriated their assets from abroad and invested them in Indonesian state securities or renewable energy projects, the rates they would pay for those investments would be much lower. If a person owns assets

in 2016-2025 and has yet to be reported to the Annual Tax Return, then if he discloses his assets overseas without repatriating them, the final tax rate is 18%. However, if the assets are repatriated to the state or stated, the tax rate is only 14%. The rate for investing in state securities will drop to 12% when participants invest in downstream or renewable energy. Amid the state budget recovery period due to the impact of the covid-19 outbreak, the government is trying to help the community with policies that are fair for all segments of society. Here the private sector is crucial, and entrepreneurs play an essential role. The role of entrepreneurs is urgently needed to help economic recovery and job creation.

A large amount of money Indonesian citizens keep abroad means that the Indonesian government cannot collect taxes from these citizens, and the investment climate in Indonesia will weaken because of this. While the influx of investors to make many investments in Indonesia is a big hope because this will increase economic growth in the country. It will help boost economic growth in the country. The government is trying to get more state revenue from the tax sector by encouraging people to bring their money back to Indonesia and levying a tax on money kept abroad. The government is trying to figure out how to collect as much tax as possible in another important role, namely running the regular operations of the country. Taxes in the regular end function are directed as a tool for regulating and implementing government policies, both social and economic policies. The government considers that the provision of Tax Amnesty is the best way to get more money from people in the tax sector and funds from people currently abroad to return to the country.

2. LITERATURE REVIEW

The Government's efforts to increase tax revenue have helped create policies that synergize with taxpayers, including the Law on the Harmonization of Tax Regulations (UU HPP). The HPP Law is a law that aims to make taxation fairer and easier to understand. Several changes were made to taxes to ease the tax

burden on society compared to the tax regulations that were in force before. These changes make it easier for individuals and MSMEs to pay taxes and help the economy grow faster. The HPP Law is a law passed by the Government and the People's Representative Council (DPR) on October 7,



2021. This Law regulates principles and objectives and is essential because it helps harmonize tax regulations. The HPP Law is implemented based on justice, simplicity, efficiency, legal certainty, and expediency. While the purpose of drafting this Law is to increase sustainable economic growth and support the acceleration of economic recovery, optimize state revenues to finance national development independently towards a just, prosperous, and prosperous Indonesian society, and create a more just taxation system and legal certainty, carrying out administrative reforms, expanding taxes, and increasing voluntary taxpayer compliance (Lathifa, 2021).

The existence of tax reform with the presence of the HPP Law replaces the previous tax law. Tax laws that existed before the HPP Law will remain in effect as long as they do not conflict with the provisions in the HPP Law or have not been replaced by the HPP Law. The presence of new tax regulations can make taxpayers unable to understand the implementation of the HPP Law taxation fully. Understanding tax regulations is very important for taxpayers in fulfilling their tax obligations (Daryatno, 2021). The risk of changing provisions in taxation makes different interpretations or understandings of rules by taxpayers. Different interpretations can affect the amount of state tax revenue paid by taxpayers. In Law Number 7 of 2021 Harmonization of Tax Regulations (Rahmadi Tania & Wahyudi Aria, 2022), the HPP Law has nine chapters, with six sets of regulations as follows:

1. General Provisions and Tax Procedures (KUP)
2. Income Tax (PPh)
3. Value Added Tax (VAT)
4. Voluntary Disclosure Program (PPS)
5. Carbon Tax
6. Excise

The cluster that has a very significant change in the Law on the Harmonization of Tax Regulations is the VAT cluster. Some changes will change the VAT calculation by increasing the VAT rate from 10% to 11% as of April 2022. The VAT increase policy aims to increase economic growth by optimizing state revenues and to finance national development

independently towards a just, prosperous, and prosperous Indonesian society (Mufidah, 2022). On the one hand, VAT changes will significantly impact recipients of VAT obligations because people's purchasing power or consumption will fluctuate. An increase in VAT will directly impact the increase in goods or services subject to VAT.

Tax incentives are special tax provisions that differ from other types of applicable tax provisions. This tax incentive is only available to parties who meet the specified criteria or conditions. Taxes are essential to the country's economy, not only as state revenue but also because of their role in stimulating growth and development in certain areas. According to (Ginting & Irawan, 2022), tax incentives generally have four forms, namely: (a) Exclusion from tax imposition; (b) Reduction of the tax base; (c) Reduction of tax rates; (d) Tax deferral. First, tax incentives in the form of exemptions from tax imposition are the most widely used forms of incentives. This incentive gives taxpayers the right to be exempt from taxes for a certain period, which the Government determines. Second, tax incentives regarding the reduction of the tax base incentives like this are usually given in the form of deductions that reduce the taxable income, which is the basis for tax imposition. The third is a reduction in tax rates, with the Government setting special rates that are different from the rates that apply in general. These tax-deductible incentives are often found in income taxes.

The last four tax incentives are tax deferral incentives. This tax incentive allows taxpayers to delay paying taxes until a particular time. In early 2022 tax incentives related to the Covid-19 pandemic will continue until June 30, 2022. This extension of tax incentives was carried out to encourage national economic recovery through the PMK program No. 3/PMK.03/2022 concerning Tax Incentives for Taxpayers Affected by the Covid-19 Pandemic. Of all the previous tax incentives, only three types impacted by Covid-19 were extended through PMK No. 3/PMK.03/2022, valid until the end of June 2022. The three types of tax incentives as a result of Covid-19, which were extended until June 2022, are:

Import PPh 22 free incentives for 72 KLU

Incentives to reduce the amount of PPh 25 installments with 156 KLUs

Final PPh incentives for construction services tax borne by the Government (DTP)

On July 10, 2022, the Government, through the Minister of Finance PMK Regulation No. 114/PMK.03/2022 stipulates the Amendment to PMK No. 3/PMK.03/2022 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic. PMK Rule No. 114/PMK.03/2022, as an extension of the Covid-19 Impact Tax Incentive, is valid until December 31, 2022. The types of businesses that can obtain tax incentive extensions affected by Covid-19 are determined based on the taxation Business Field Classification (KLU). The following business sectors or KLU can still take advantage of tax incentives affected by Covid-19 in 2022:

1. Import PPh 22 free incentives

Business actors who can still take advantage of tax incentives affected by Covid-19 in 2022 are in the form of exemption from PPh article 22 on imports, namely for 72 KLUs. At the time of Article 22 Income Tax Exemption Certificate (SKB) issuance, KLU began to enjoy import PPh incentives. For PPH article 22, E-import is issued by the DGT after the submission is acceptable.

2. PPh 25 reduction incentive

Business sectors that can still apply for tax incentives due to the impact of Covid-19, including reducing the amount of Article 25 PPh installments, are 156 KLU types of business.

3. Final PPh incentive for DTP construction services

For businesses that can still apply for an extension of the tax incentives impacted by Covid-19 regarding the final income tax for DTP construction services, taxpayers who receive the Program for the Acceleration of Improvement of Irrigation Water Use (P3TGAI) can apply. Taxpayers who do this type of business can still apply for Final PPh incentives for construction services borne by the Government (DTP) for income received or accrued on the condition that they are included in the P3TGAI program recipient. In the DTP construction services final PPh incentive, the

calculated income tax is the final PPh Article 4 paragraph (2).

Latief et al. (2020) revealed that tax breaks have the potential to make countries more prosperous. This opinion assumes that tax incentives will make people feel helped by the programs implemented by the Government to prosper their people. Providing tax incentives is beneficial for recipients, namely taxpayers, but it is also to overcome tax compliance which is at risk of decreasing due to the impact of Covid-19.

The Covid-19 pandemic has caused an economic slowdown and reached a negative number. Data from the Central Bureau of Statistics show that the economic component will experience a contraction in 2020 which will impact a decrease in the country's gross domestic product. Indonesia's economic growth slowed in the second quarter of 2020, reaching -5.32%. It was mainly due to decreased household consumption, the dominant contributor to the gross domestic product. The Government's response to the low purchasing power of the people is realized through the selection of fiscal policy options, one of which is a reduction in tax rates. This policy choice also stimulated the economy and increased people's purchasing power. The Government has several options in terms of taxation, including providing tax incentive policies. Various types of tax incentives imposed by the Government will significantly impact tax revenues in 2020, particularly Value Added Tax (VAT) revenues. Providing tax incentives is a stimulus from the Government to increase people's purchasing power or consumption, which impacts VAT imposition objects (Indahsari & Fitriandi, 2021).

Value Added Tax is a tax imposed on the value of goods added to products when they are sold. It is called Value Added Tax, or Goods and Services Tax, because it is based on the product's value, not just the cost of materials. In English, VAT is called Value Added Tax (VAT) or Goods and Services Tax (GST). VAT is a tax paid by other people (traders) who are not tax bearers. It means that end consumers (people who pay taxes) do not need to deposit the taxes they pay directly. In Indonesia, a single rate for Value Added Tax (VAT) is 11



percent., based on the HPP Law. The primary legal basis for VAT implementation in Indonesia is Law No. 8 of 1983 and its amendments, namely Law No. 11 of 1994, Law No. 18 of 2000, and Law No. 42 of 2009. Taxes are imposed on all goods and services because they are tax objects. Except for the types of goods and types of services as stipulated in Article 4A of Law No. 8/1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods as amended several times, most recently by Law no. 18/2000 is not subject to VAT. The VAT incentive in the form of DTP is a VAT facility that the Government bears; in 2022, the VAT that the Government bears is for the delivery of landed houses and apartment units. To further encourage people's purchasing power in the housing industry sector to accelerate the growth and recovery of the national economy, it provides VAT facilities in the form of VAT borne by the Government (DTP) to deliver landed houses and apartment units.

PPS is a way for taxpayers to voluntarily report/disclose their unfulfilled tax obligations by paying income tax based on the disclosure of their assets (DJP, 2022). The implementation time for the Voluntary Disclosure Program is from January 1, 2022, to June 30, 2022. The condition is that taxpayers who can take advantage of PPS are under two policies: Policy I: Taxpayers Participating in Tax Amnesty and Policy II: Individual Taxpayers. The company must meet the requirements listed in the two policies above to be eligible for PPS. The difference between the two policies above is as follows:

3. RESEARCH METHOD

The research conducted is qualitative research with literature study methods. The literature study in this study by conducting a critical and in-depth analysis of journals and articles (2018-2023) on the law on harmonization of tax regulations for VAT and PPS clusters to support the researchers' ideas. This study's data collection method is documentation by searching from literature related to secondary data, namely indirectly but from other sources. The data in the study had

1. Policy I

There are two provisions in this policy, including the following:

- a. Taxpayers can disclose net assets not disclosed in a statement as long as the Director General of Taxes has not found data and information regarding the assets in question.
- b. Taxpayers acquired the assets from January 1, 1985, to December 31, 2015.

2. Policy II

Individual taxpayers who disclose net assets for the acquisition of assets from January 1, 2016, to December 31, 2020, may submit a letter of notification of asset disclosure by fulfilling the following requirements:

- a. has a Taxpayer Identification Number;
- b. pay final Income Tax on disclosure of net assets;
- c. submit an Annual Income Tax Return for the 2020 Fiscal Year; And
- d. withdraw an application:
 - 1) refund of tax overpayment;
 - 2) reduction or elimination of administrative sanctions;
 - 3) deduction or cancellation of incorrect tax assessment letters;
 - 4) deduction or cancellation of incorrect Tax Collection Letters;
 - 5) object;
 - 6) rectification;
 - 7) appeal;
 - 8) lawsuit; and
 - 9) judicial review,

If the Taxpayer is applying and has not issued a decision or decision.

some limitations as follows:

1. Journals and Articles related to the law on the harmonization of tax regulations from 2018-2023;
2. value-added tax in general and in the HPP Law; and
3. researcher's analysis regarding the implications of the existence of the HPP Law and individual tax revenue.

This study used analysis techniques to collect, reduce, and present data to find out

what happened in the experiment. Then, the following presentation is done by verifying the

4. RESULTS AND DISCUSSIONS

The Indonesian tax system has changed a lot recently because it is not by people's way of life and could be more effective in its application. In addition, the old taxation system did not work well at all levels, meaning domestic revenue (necessary for national development) should have been generated more. At the same time, tax laws must be reformed to improve the tax system (Rahmadi Tania & Wahyudi Aria, 2022). The Law on Harmonization of Tax Regulations (UU HPP) is a law that updates the tax law to better facilitate the reform needs of tax policies which was passed on October 29, 2021. The HPP Law is based on fairness, simplicity, efficiency, and legal certainty in favor of the community and serving the national interest. The HPP Law was created to help improve the economy and support the acceleration of economic recovery. It also aims to create a more just and legal tax system and to encourage more voluntary taxpayer compliance.

The HPP Law consists of nine chapters and has six regulatory scopes (Lathifa, 2021), covering general provisions and procedures for taxation (KUP), income tax (PPh), value-added tax (PPN), voluntary disclosure program (PPS), carbon tax, as well as excise and change.

1. UU no. 2 of 2020 concerning the Stipulation of Government Regulation instead of Law Number 1 of 2020 concerning State Financial Policies and Financial System Stability for Handling the Corona Virus Disease 2019 (Covid-19) Pandemic and in the Context of Facing Threats that Endanger the National Economy and Stability the Financial System Becomes Law.
2. PERPU No. 1 of 2020, Concerning State Financial Policy and Financial System Stability for Handling the 2019 Corona Virus Disease (COVID-19) Pandemic and in the Context of Dealing with Threats that Endanger the National Economy and Financial System Stability. UU no. 42 of 2009 concerning the Third Amendment to Law Number 8 of 1983 concerning Value

results and arriving at some conclusions.

Added Tax on Goods and Services and Sales Tax on Luxury Goods.

3. UU No. 16 of 2009 states the Stipulation of Government Regulation instead of Law No. 5 of 2008 concerning the Fourth Amendment to Law No. 6 of 1983 concerning General Provisions and Tax Procedures to Become Law.
4. UU no. 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax.
5. UU no. 39 of 2007 concerning Amendments to Law Number 11 of 1995 concerning Excise.
6. UU no. 11 of 1995 concerning excise.
7. UU no. 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods.
8. UU no. 7 of 1983 concerning Income Tax.
9. Law No. 6 of 1983 concerning General Provisions and Tax Procedures.

Referring to the Closing Provisions in Chapter IX of the HPP Law, namely in Article 16, all regulations in the KUP Law, the Income Tax Law, the VAT Law, the Excise Law, Law Number 2 of 2020, and the Job Creation Law are declared to remain valid as long as they do not conflict with the HPP Law or not. They were replaced by the HPP Law (Palupi, 2021). Meanwhile, Article 19 of the HPP Law states that this law is effective on the date of promulgation. However, Article 17 of the HPP Law specifically regulates the implementation time for several changes and or additions to tax regulations based on this HPP Law. Article 17 of the HPP Law states that Provisions of Article 3 governing income tax (PPh) come into force for the 2022 Tax Year. Provisions of Article 4 of the HPP Law governing value-added tax (PPN) and sales tax on luxury goods (PPnBM) begin to take effect on April 1, 2022. The provisions of Article 13 of the HPP Law governing the new carbon tax law will take effect from April 1, 2022. From then on, power plants must pay a tariff of IDR 30 for one kilogram of carbon dioxide equivalent. Then,



Article 18 of the HPP Law revokes the provisions of Article 5 Paragraph (1) letter of PERPU Number 1 of 2020, which was later stipulated to become Law Number 2 of 2020, without additional specific information on the time of its implementation. Article 5 Paragraph (1) of Law Number 2 of 2020 is the legal umbrella for changing the amount of income tax (PPH) for businesses in the form of entities for 2020, 2021, and 2022.

This research looks at how tax differentials have changed over time and with what effect. One type of tax that is experiencing a gradual increase is Value Added Tax (VAT), which was initiated by Article 7 of Law No. 42 of 2009 at 10%; now it has increased to 11% which is effective from April 1, 2022, and then 12% with implementation no later than January 1, 2025. The increase in this law is intended to help the state generate more state revenue to deal with the Covid-19 pandemic, which has caused many problems, such as a shortage of vaccines and social assistance, in addition to meeting the current needs of the community in the context of overcoming the impact of the Covid-19 pandemic in the form of vaccines, social assistance, and others (Suwandi, 2022). Moreover, it also regarded the return of the tax amnesty program or Tax Amnesty Volume II, which began on January 1, 2022. Tax Amnesty in the HPP Law is called the Taxpayer's Voluntary Disclosure Program. The Tax Amnesty scheme set by the government in tax volume II has different rates for different periods. The Tax Amnesty volume II rate is between 6-18 percent with a difference in the scope of time of asset ownership, namely asset ownership as of December 31, 2015, and 2016-2020 asset acquisition.

The regulation of the new taxation system through the HPP Law will make it easier to do business, increase employment opportunities, and help accelerate economic growth. In addition, the regulation provides legal certainty for taxpayers, making it easier for them to understand their tax obligations. If the government can implement the HPP Law effectively and on target, the community will enjoy many positive benefits. The ultimate goal is to sustainably make Indonesian people better and more prosperous in the long run.

Value Added Tax (VAT) is a tax whose collection is carried out by taxable entrepreneurs and can be imposed many times every time there is a Value Added Tax (VAT) and credited (Anggraeni et al., 2020). The VAT system is essential for state revenue. Therefore, VAT reporting does not use a manual system but an e-invoice program, making it easier for the government to collect taxes. According to a study, taxable entrepreneurs who run their businesses and use e-invoice find it easy to use. They are also interested in using the system using e-invoice. A study using tax revenue in data from 1970 to 2010 value added tax is a type of domestic tax with a large ratio to total tax revenue compared to other types of taxes. Research has shown that when state income increases, the value-added tax to total tax revenue ratio rises, ultimately leading to increased economic growth.

The Value Added Tax, which experienced a gradual increase in rates, which was initiated by Article 7 of Law No. 42 of 2009, was 10%; now it has increased to 11% which is effective from April 1, 2022, and then 12% with effect no later than January 1, 2025. According to the Minister of Finance, Sri Mulyani Indrawati, even though the VAT rate increased to 11%, the figure was still below the world's average because the average VAT worldwide is 15% if we look at OECD countries. Also, lower than the Philippines (12%), China (13%), Saudi Arabia (15%), Pakistan (17%), and India (18%) (Suwandi, 2022). Currently, every government in every country is focusing on economic recovery, but building a solid tax foundation is still being done by the government. Even though the economy is recovering, tax reform must still be implemented. The government needs to ensure that the budget is running well during the Covid-19 pandemic, so several changes were made because the state budget is the main foundation of state finance. The government has a policy of providing tax incentives so that people's purchasing power or consumption will increase, which in turn will impact the amount of VAT (value-added tax) collected.

People's purchasing power can be associated with VAT receipts, considering that VAT is a tax imposed on the consumption of goods and

services. The growth of tax revenue from VAT means that people can buy more goods or increase people's purchasing power. In addition, differences in public consumption patterns due to tax incentives can be linked to gross domestic product (GDP). When the purchasing power of goods increases or decreases, GDP (gross domestic product) will change because consumption is the most significant part of GDP. Tax incentives can be in the form of special rules that allow people to get special treatment related to taxes. It can include tax exemptions, lower tax credits, lower slower-than-usual rates, or even a suspension of tax liability. The form of the fiscal incentive itself can be tax exemption within a certain period, deducting a fee for certain types of expenditure or reducing reduction of riffs, reductions, and excise rates (Kartiko, 2020). In general, tax incentives can be interpreted as special provisions in laws and regulations in the field of taxation, which generally impact reducing the amount of tax that should be paid to the state. The state provides this provision to the country's economy (Kartiko, 2020).

The COVID-19 pandemic caused a downturn in the economic sector, but the government is doing its best to help the country's economy recover. The government provides tax exemptions, including value-added tax and income tax, to help the economy recover as quickly as possible. Value-added tax and income tax incentives are available for the tax period, namely from April 2020 to September 2020 (S. Dewi et al., 2020). Some things are exempt from VAT, such as things needed to help with the Covid-19 outbreak. It includes laboratory equipment, drugs, detection equipment, patient care equipment, vaccines, personal protective equipment such as PPE, and other support equipment.

Meanwhile, in the service sector, the government also provides VAT exemptions for services needed in handling economic recovery due to Covid-19, such as construction, consulting, engineering, management, rental, and other supporting services. The VAT exemption facility is intended for government agencies, referral hospitals, and other parties appointed to assist in handling the Covid-19 outbreak. The government also provides

exemption from Article 22 and Article 22 Import Income Tax on imports and purchases of goods mentioned above by government agencies/agencies, referral hospitals, and other parties appointed to assist in handling the Covid-19 outbreak.

In a press release released by the Directorate General of Taxes (DGT) in 2021, Ministry of Finance Number: SP-1/2021, the government announced an extension of the time for granting tax incentives (Novani K, 2022). The deadline for applying for this tax relief has been extended as stipulated in Minister of Finance Regulation (PMK) Number 143/PMK.03/2020 concerning the Provision of Tax Facilities for Goods and Services Required in Handling the Covid-19 Pandemic. The extended tax incentive is the 2021 VAT which is a way for the government to refrain from collecting taxes from the public because the government bears it in the form of Government Borne Income Tax or PPN DTP. This VAT incentive in 2021 for the impact of Covid-19 (Sembiring, 2021) is given to:

1. Government agencies/agencies, hospitals, and other parties for importing or acquiring taxable goods, acquiring taxable services, and utilizing taxable services from abroad.
2. Pharmaceutical industry for producing vaccines and drugs for acquiring raw materials for vaccines and drugs for handling Covid-19 (for tax facilities related to imports by the pharmaceutical industry for vaccine production as regulated in PMK-188/PMK.04/2020.
3. Taxpayers (WP) who obtain vaccines or drugs to treat Covid-19 from the pharmaceutical industry, as referred to in the previous point.

Then in Minister of Finance Regulation (PMK) No. 103/PMK.010/2021, the Ministry of Finance extended the time for granting DTP VAT incentives for landed houses and residential apartment units. This regulation was enacted on July 30, 2021, and replaces PMK No. 21/PMK.010/2021. The government has also officially issued special provisions relating to granting DTP VAT incentives for space and building leases to retail traders. The policy is stated in PMK No. 102/PMK.010/2021, which took effect on July 30, 2021. Moreover, there



are changes to the PPnBM provisions for luxury goods other than motorized vehicles contained in Minister of Finance Regulation (PMK) No. 96/PMK.03/2021. This regulation takes effect from July 26, 2021. The entry into force of PMK 96/2021 will simultaneously revoke PMK 35/2017 and PMK 86/2019. This tax incentive will help stimulate the economy by increasing tax revenue from value-added tax (VAT) and sales tax on luxury goods (PPnBM) which amount to IDR 38.43 trillion or a growth of 45.86 percent. Compared to last year in the same period, VAT and PPnBM experienced a contraction of 14.88 percent or IDR 26.35 trillion (Masitoh, 2022).

In the housing sector, in 2022, the government will provide DTP VAT incentives again. The incentives given for nine months are aimed at handing over landed houses and flat housing units (Aji & Haptari, 2022). People who get this facility must meet the requirements that have been made, namely signing a deed of sale and purchase agreement, or a binding sale and purchase agreement, before a notary. Then there will be a transfer of fundamental rights to use or own ready-to-live landed houses or apartment units. It shows that ownership has been transferred from January 1, 2019, to September 30, 2022. In addition, the first house that has never been transferred by a Taxable Entrepreneur (PKP) who organizes the construction of landed houses or flats is the one that can get the DTP VAT facility. To take advantage of DTP VAT, PKP must submit an application that administers government affairs in housing and settlement areas and the Public Housing Savings Management Agency by March 31, 2022. DTP VAT can be received by acquiring one landed house or apartment unit for each private person. If an individual has received the 2021 DTP VAT incentive, then the individual can use the 2022 DTP VAT.

The government plans to increase revenue through taxes shortly by implementing a new program, such as Tax Amnesty Volume II called the Voluntary Disclosure Program, with this program implemented in 2022 (Hasanah et al., 2021). According to the Minister of Finance of the Republic of Indonesia (2021), the Voluntary Disclosure Program is a policy that provides an option for taxpayers to disclose

their tax assets and obligations that have not been disclosed voluntarily. This voluntary disclosure program is a policy that does not only tax amnesty but also a rare opportunity that taxpayers can use best.

The Voluntary Disclosure Program (PPS) is one of the programs included in the discussion in the law on the Harmonization of Tax Regulations (UU HPP). The Voluntary Disclosure Program is a way to disclose or report assets that are not or have not been fully reported as unpaid tax obligations through income tax payments for taxpayers who have participated in the tax amnesty program but have not been fully disclosed or reported or who have not participated at the same time and disclosure of assets in the 2020 Tax Year Annual Return that has not been reported for income tax payments (Hasanah et al., 2021). The plan to implement the Voluntary Disclosure Program (PPS) will start on January 1, 2022, and end on June 30, 2022, or for six months. The Voluntary Disclosure Program is a new policy issued by the government for taxation. This Voluntary Disclosure Program policy provides tax amnesty and opportunities for Taxpayers to voluntarily report assets that are not reported by paying income tax according to the rates determined in the rules of this program.

Tax Amnesty program, the tax subjects are individual and business entity taxpayers who must submit an annual SPT report, except for taxpayers, during an investigation or court proceeding while also carrying out a tax penalty (Hasanah et al., 2021). Individual taxpayers whose total income in a year is below non-taxable income (PTKP), such as fishermen, farmers, undivided inheritance tax subjects, laborers, or Indonesian workers, are permitted not to use their rights to participate in the Tax Amnesty program stated in Article 1 paragraph (2) PER-11/PJ/2016. Moreover, it is not permissible to use their rights in the Tax Amnesty program if an Indonesian citizen taxpayer who lives outside Indonesia for more than 183 days within 12 months, with no income from Indonesia, is considered a foreign tax subject by Article 1 paragraph (3) PER-11/PJ/2016. The object of the tax amnesty in the 2016 tax amnesty program is tax obligations

that have not been or have not been fully settled by taxpayers, which are shown in assets that have never been reported in the latest income tax returns. This tax amnesty allows taxpayers to disclose their assets in a statement letter.

The government needs to know how much property the community owns, so it does not have a target for how much tax revenue will be collected from the Voluntary Disclosure Program, according to the Director General of Taxes through Suryo Utomo. The factor that affects the implementation of the 2022 tax Voluntary Disclosure Program (PPS) is starting from the State Budget, which has not reached the target due to the Covid-19 pandemic in 2020-2021 (Suhendar E & Setyorini C.T, 2023). The non-fulfilment of the target of this APBN, which makes the focus of the tax revenue target related to the PPS, is tax revenue for the state as a whole against the State Budget. The 2022 tax revenue target is IDR 1,510 trillion in the 2022 State Budget Law (Sukmawijaya, 2022). According to the Directorate General of Taxes records, tax revenue until semester I of 2022 is IDR 868.3 trillion. This value has increased by 55.7% compared to the same period last year and has reached 58.5% of the tax revenue target in Presidential Decree 98 of 2022 (DDTCNews, 2022). The details of the tax revenue come from four types of taxes, namely:

1. Tax revenues amounted to IDR 562.6 trillion, with a percentage increase of 72.9% obtained from Income Tax (PPh).
2. Tax revenue amounted to IDR 300.9 trillion, with an increase of 38.2% or 47.1% from the target obtained from Value Added Tax (PPN) and Sales Tax on Luxury Goods (PPnBM).

5. CONCLUSIONS

Based on the research and discussion that the the enactment of the Law on Harmonization of Tax Regulations Number 7 of 2021 is a form of tax reform that realizes a more equitable and legally certainty tax system and an effort to strengthen the economy and accelerate national development. The HPP Law discusses six regulatory scopes that have different policy implementation times, namely General

3. Tax revenue of IDR 1.4 trillion, or 6.8 percent of the target, is obtained from the Land and Building Tax (PBB).

4. Tax revenue amounted to IDR 3.4 trillion or 29.5 percent of the target from other taxes.

The achievement of 58.5% of the tax revenue target until semester I of 2022 indicates that the target has exceeded 8% of the revenue target, and the Voluntary Disclosure Program has been successful from the total tax revenue indicator.

Taxpayers participating in the Voluntary Disclosure Program reached 247,918 corporate and individual taxpayers, with state revenues of IDR 61.01 trillion of IDR 32.91 trillion from Policy I and IDR 28.1 trillion from Policy II. Then for the domestic declaration, the net asset value of Rp. 498.88 trillion with assets from the repatriation of Rp. 13.70 trillion; meanwhile, foreign declarations amounted to IDR 59.91 trillion, and investment commitments amounted to IDR 22.34 trillion (DDTCNews, 2022). PPS results are still below that compared to the 2016 tax amnesty program. The results of the Voluntary Disclosure Program still need improvement even though the DGT is still conducting socialization. It is because most taxpayers need to understand this program thoroughly. This situation is different from the introduction of the Tax Amnesty Program from 1964 to 2016, which has been running optimally. As for taxpayers participating in the Tax Amnesty, much more, namely 972,530. Based on the results achieved for the declaration of meeting the target because it has reached Rp. 4,813.4 trillion, although they have yet to reach the target for repatriation and ransom money because each is Rp. 147 trillion and Rp. 135 trillion (Safri, 2020)

Provisions and Tax Procedures (KUP), Income Tax (PPh), Value Added Tax (VAT), Voluntary Disclosure Program (PPS), Carbon Tax, and Excise. Value Added Tax which has experienced a gradual increase in rates, was originally according to article 7 of Law No. 42 of 2009 at 10%, has now increased to 11% with the HPP Law, and there are tax incentives related to VAT, but only for taxpayers who



meet the classification. The Voluntary Disclosure Program is one of the steps in increasing state revenue because the state budget revenue target was not achieved in

2020-2021, and the government considers that many taxpayers still need to disclose their assets in Tax Amnesty volume I fully.

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