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THE EFFECT OF MSME DTP FINAL PPH INCENTIVES ON THE SUSTAINABILITY OF MSMEs IN THE COVID-19 PANDEMIC PERIOD (CASE STUDY OF MSMEs THAT REGISTER WITH ONE OF THE KPP IN THE CITY OF BANDUNG)

ABSTRACT

The spread of the Covid-19 Pandemic that hit Indonesia at the end of 2019 caused a downturn in various sectors, especially the economic sector, including MSME players, who experienced a significant decrease in turnover. In order to maintain stability and restore the national economy, the government issued a tax incentive policy (PMK Number 82/PMK.03/2021) to continue to support MSME productivity during the Pandemic.

This study aims to determine how much influence the Government-borne Final Income Tax Incentives (DTP) given to MSME actors on the sustainability of MSMEs registered at one of the Primary KPPs in Bandung City during the Covid-19 Pandemic. The method used in this research is explanatory research with a quantitative approach. The data used uses primary data in the form of a questionnaire addressed to taxpayers of MSME actors registered at one of the KPP Pratama in Bandung, which 35 respondents fill in.

The study results show a significance value (Sig.) of $0.046 < 0.05$ in the T-Test test, so the researchers concluded that the DTP Final Income Tax Incentive positively affected the sustainability of MSMEs during the Covid-19 Pandemic. The simple linear regression equation formed is $Y = 16.480 + 0.387X$ with a coefficient of determination of 0.115 (11.5%). This condition means that the dependent variable DTP Final Income Tax Incentive has the ability of 11.5% in explaining the variance on the sustainability of MSMEs, and there is still 88.5% of the variance explained by other independent variable factors. Therefore, it is necessary to have other independent variables, such as Tax Rates, Tax Socialization, and Financial Conditions, to affect the sustainability of MSMEs during the co-19 Pandemic simultaneously.

Keywords: Tax Incentives, UMKM, Sustainability of UMKM

INTRODUCTION

Tax is one of the largest sources of state revenue in Indonesia. To increase state revenue by making taxes a source of funds from within the country. (Button, 2019; Zhuravleva et al., 2019) Increasing tax revenue will increase the productivity and development of a country. (T. J. Bartik, 2018; Borcan et al., 2018; Sidharta, 2017) However, tax collection success depends on public compliance in paying and complying with taxes, a form of

awareness in fulfilling tax obligations according to tax regulations without having to carry out inspections and sanctions.

In increasing tax revenues, the government, especially the Directorate General of Taxes (Directorate General of Taxes), has established several policies or regulations. Expect these policies or regulations to increase taxpayer compliance. One private sector with great potential for tax revenue is the Micro, Small, and Medium Enterprises (MSMEs) sector. (Ku et al., 2020) MSMEs are small-scale business activities that drive development and the Indonesian economy. Undeniably, MSMEs are an essential pillar in driving the national economy. As written by (Hadian et al., 2015; Sun et al., 2022) MSMEs have a somewhat important role, especially in the era of free trade, this is due to the increasing number of products that MSMEs can produce, and most of the workforce is absorbed in this sector. In addition, this is due to the increasing contribution of MSMEs to the Gross Domestic Product (GDP) and employment. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises, in 2021, MSMEs will contribute 61.97%, which previously experienced a decline in 2020, namely 37.3%. Also, MSMEs have a significant share in absorbing the workforce, equal to 97% in 2020.

However, the Corona Virus Disease 2019 (Covid-19) pandemic, which started at the end of 2019, impacted reducing the turnover of business people, especially MSMEs, which experienced a significant decline. According to the Ministry of Health of the Republic of Indonesia, a broad family of viruses called coronaviruses can infect humans and animals and lead to illness. Most of the time, it results in respiratory tract infections in people, ranging from the ordinary cold to severe conditions like Middle East Respiratory Syndrome (MERS) and severe acute respiratory syndrome (SARS). A new coronavirus has been identified in people since an unprecedented incident in Wuhan, China, in December 2019. It caused Coronavirus Disease-2019 (COVID-19), later known as Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-COV2).

The spread of the Corona Virus in Indonesia has prompted the government to issue new policies to tackle the spread of the virus. One of the policies is implementing Large-Scale Social Restrictions (PSBB) through Government Regulation Number 21 of 2020, namely carrying out activities at home only in order to reduce the risk of spreading Covid-19, which results in a cessation of people's economic activities and a decrease in people's purchasing power. As a result, many MSMEs are in critical condition and are losing money. Some inevitably have to go out of business because of low production costs for capital turnover. Likewise, some employees were affected and had to be laid off. (Che Omar et al., 2020; Kumar et al., 2020; Sun et al., 2022)

The government released several initiatives to continue encouraging MSME production during the pandemic to preserve stability and revive the national economy. One is the government's increasing financial incentives to prepare for the Covid-19 pandemic's economic effect. The National Economic Recovery Programme (PEN), which mandates by government regulation 1/2020 and includes tax benefits, interest subsidies, and guarantees for new MSME working capital, is subject to this policy outlined in Government Regulation 23 of 2020. The government replaced PMK Number 23/PMK.03/2020 with PMK Number 44/PMK.03/2020, which gave rise to a new type of tax incentive, namely Final Income Tax

based on PP 23 Borne by the Government (DTP); this policy is valid until the September 2020 tax period. Background, the background of the tax incentives for DTP Final PPh, is an effort to expand the scope of tax incentives due to the impact of Covid-19 on MSME actors. This tax facility is given to MSMEs with a final rate of 0.5 percent, according to Government Regulation Number 23 of 2018. However, from enacting this Final Income Tax Incentive, the government bears the tax. That way, MSME taxpayers do not need to pay taxes. As well as in utilizing this incentive, MSME actors do not need to submit a Statement Letter. Submitting a Realization Report by the 20th of the following month is sufficient. Use this incentive if the WP reports its realization efficiently.

As time goes by in recovering the MSME economy that has been affected by the Covid-19 pandemic, the government will always contribute to stabilizing the MSME economy. (A. Bartik et al., 2020; Deyganto, 2022) In taxation, the government continues to issue tax policies for MSMEs. For example, one of the Regulations of the Minister of Finance Number 9/PMK.03/2021 regulates the expansion of the MSME DTP Final Income Tax incentives, valid until June 2021 until it changes towards PMK Number 82/PMK.03/2021, extends its incentives until December 2021. Changes in granting This sustainable policy aims to support the recovery of the Indonesian economy.

The results of previous research regarding the impact of using tax incentives on the sustainability of MSME businesses amid the Covid-19 pandemic conducted by (Amah et al., 2021) concluded that using tax incentives had a significant effect on the sustainability of MSME businesses amid the co-19 pandemic. However, the issuance of tax incentives for MSMEs with particular gross circulation for MSMEs affected by the co-19 pandemic is considered not to utilize optimally, so they cannot feel the impact of tax incentives on the sustainability of MSMEs during the co-19 pandemic.

This study aims to determine how much influence the government-borne Final PPh (DTP) incentives given to MSME actors have had on the sustainability of MSMEs registered at one of the KPP Pratama in the city of Bandung during the Covid-19 pandemic. PPh DTP Final UMKM can help and relieve MSMEs in maintaining business continuity during the Covid-19 pandemic.

METHOD

This kind of study uses quantitative, explanatory research methodology. Hypothesis testing is used in explanatory research to explain the causal link between study variables. This study uses a quantitative approach to identify the effect of the MSME DTP Final Income Tax Incentive on the sustainability of MSMEs during the co-19 pandemic. That way, this research can describe phenomena or events efficiently and factually.

This research distributed questionnaires filled out by 35 respondents with 20 questions/statements. The distribution of this questionnaire aims at taxpayers who are MSME actors registered at one of the KPP Pratama in the city of Bandung. The measurement of variables in this study uses the Likert scale model with 4 Likert value answers, namely Strongly Disagree (STS) = 1, Disagree (TS) = 2, Agree (S) = 3, and Strongly Agree (SS) = 4. The higher the Likert value obtained, the influence of the MSME DTP Final PPh incentives during the Covid-19 pandemic was more positive and effective. The questionnaire results will make conclusions regarding respondents' views of being pleasant.

The analysis technique used in this study is simple regression analysis which aims to determine the existence of a relationship and influence between the value of the dependent variable (Y) on the independent variable (X) and requires the application of linear regression. The analysis uses simple linear regression in this study, which has one dependent variable and one independent variable.

The researcher also used the Coefficient of Determination Test to measure the model's ability to explain how the effect of the independent variables jointly (simultaneously) affects the dependent variable, which indicates by the value of adjusted R – Squared (Ghozali, 2016). In addition, this research test uses the T Statistical Test (T-Test), which helps know how far the influence of each dependent variable is on the independent variable. In addition, this t-test can show the validity of the regression equation. Decision-making formulates by comparing the value of tcount with the ttable and the significance value. A variable considers having a significant effect if the significance value is less than 0.05%.

RESULTS AND DISCUSSION

This study used a simple linear regression analysis to determine whether there was a relationship and influence between the value of the DTP final PPh incentive variable (X) on the MSME sustainability variable (Y).

Table 1. Results of Simple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16,480	5,654		2,915	,006
	X	,387	,187	,339	2,069	,046

From the test results in table 1¹³ above, the regression equation is as follows:

$$Y = 16,480 + 0,387X$$

²Based on the results of the linear regression equation above, it can be concluded that a constant value of 16.480 indicates a consistent value of the MSME Sustainability variable. The coefficient value of 0.387 is the value of the regression coefficient of the DTP Final PPh Incentive variable, which has a positive value. For every additional 1% value of the DTP Final Income Tax Incentive (X), MSME Sustainability (Y) value also increases. Therefore, it states that variable X with variable Y has a positive effect.

¹⁰**Table 2. R-Square results**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change
1	,339 ^a	,115	,088	2,62189	,115

Based on the results of table 2 above, the R-value as the correlation coefficient is 0.339, while it knows that the R-square as the coefficient of determination is 0.115. These results show how much influence the independent variable, namely the DTP Final Income Tax Incentive as a whole, has on the ups and downs of the dependent variable (SME Sustainability). Furthermore, these results explain that the dependent variable Final Income Tax Incentive DTP has an ability of 11.5% in explaining the variance on the sustainability of MSMEs, and there is still 88.5% of the variance explained by other independent variables factors.

¹⁷**Table 3. T test results**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16,480	5,654		2,915	,006
	X	,387	,187	,339	2,069	,046

⁸Based on the results of the T-Test calculation above, the final DTP PPh Incentive variable (X) gets a tcount of 2.069 and a significance value of 0.046, which is less than 0.05. So, the Final DTP Income Tax Incentive significantly affects the sustainability of MSMEs (Y).

On average, the provision of tax incentives at one of the KPP Pratama in the city of Bandung has a good impact and influence. Many taxpayers agree with issuing the PPH Final DTP incentive policy, which can provide relief for MSME taxpayers. Support research conducted by Kumaratih & Ispriyarso (2020) and Yulistiani et al., (2022) that the existence of policies issued by the government can save MSMEs from the impact of the covid-19 pandemic so that businesses can survive. Moreover, providing government tax

incentives will increase taxpayer awareness that they will pay taxes obediently. (Farida et al., 2022; Harahap, 2020)

Based on research on 35 respondents² to MSME business actors registered at one of the KPP Pratama in the city of Bandung, it can be concluded that the results of testing the hypothesis on the MSME DTP Final PPh Incentive variable affect the MSME Sustainability variable, which is caused by a significance value (Sig.) of 0.046 indicating less than 0.05 (Table 4.7) it can be concluded that H₀ reject and H_a is accepted. This condition states that the Effect of Final PPh DTP Incentives for MSMEs on the Sustainability of MSMEs during the Covid-19 Pandemic Period had a significant effect.

Amid difficult times like today due to the Covid-19 pandemic, the economy has experienced an overall decline. However, the government is also active. It is taking part in restoring the economy, such as issuing policies that can make it easier for the community and especially MSME actors, to keep their business going. One of them is the government issuing a Government Final PPh Incentive policy (DTP) for MSME actors. However, the benefits of the MSME final tax incentives during the COVID-19 pandemic are not instantaneous and contingent on the prevailing economic conditions and government policies. Therefore, there is a need for effective coordination between the government and MSMEs to ensure that the final MSME tax incentives provide the most significant possible benefits for business actors. (T. J. Bartik, 2018; Borcan et al., 2018; Yusup et al., 2015, 2020)

The government provides policies to facilitate and ease MSME actors in making tax payments. This tax incentive is issued through the Minister of Finance Regulation (PMK) Number 44/PMK.03/2020 concerning Tax Incentives for Taxpayers affected by Covid-19, from changes to PMK Number 23/PMK.03/2020. From these changes, MSMEs get a final income tax exemption of 0.5%. In addition, through this policy, MSME taxpayers do not need to deposit taxes fully.

From the existence of this tax incentive⁹, the respondents appreciated the government issuing policies that helped MSME actors in the sustainability of MSMEs. Moreover, it hoped that implementing this tax incentive would be used not only during a crisis such as the Covid-19 pandemic but every quarter so that the awareness about paying taxes will be higher.

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CONCLUSION

Based on the results of research and discussion, researchers draw the following conclusions: Implementation of Final DTP PPh incentives for MSMEs at one of the KPP Pratama in the city of Bandung received a positive response from MSME actors as taxpayers. MSME actors appreciate the issuance of tax incentives that can provide convenience for taxpayer¹. Research with the DTP Final PPh Incentive variable positively affects the sustainability of MSMEs during the Covid-19 Pandemic. This condition shows

the significance value in the t test. Tax incentives are a form of assistance and provide convenience for MSME taxpayers for the sustainability of MSMEs, especially during the Covid-19 Pandemic. One of the fiscal policies implemented by the Indonesian government during the COVID-19 pandemic is the MSME final tax incentive. This incentive intends to assist micro, small, and medium-sized enterprises (MSMEs) impacted by the COVID-19 pandemic. Some benefits of providing MSME final tax incentives during the COVID-19 pandemic include reducing the tax burden and the availability of additional funds for business restoration. In addition, final tax incentives can assist MSMEs in acquiring more liquidity. As a result of the existence of final tax incentives, MSMEs have access to additional resources that can use to boost their productivity and competitiveness. The government can promote economic growth by bolstering the MSME sector, one of the critical pillars of the Indonesian economy. In addition, the existence of this incentive policy can also motivate taxpayers to be able to pay taxes obediently.

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