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Tax Compliance During the Covid-19 Pandemic: A Literature Review

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ABSTRACT

The Covid-19 pandemic has influenced various sectors in Indonesia. The government provides economic stimulus policies, one of which is tax incentives. Several studies have been carried out but show the fact that the relationship between tax incentives and tax compliance has not yet produced an agreement. So that the researchers conducted a literature review to be more in-depth to find out how studies on the effect of tax incentives on tax compliance have been carried out. The results show that the effect of tax incentives on compliance has not yet produced conclusive findings. In general, more formal compliance proxies are used by Indonesian researchers, researchers from other countries are more likely to employ material compliance proxies. The use of primary data through questionnaires is becoming more dominant by researchers in Indonesia, while researchers from abroad use secondary data more. The research approaches used to discover greater tax compliance because of tax incentives are diverse.

Keywords: Covid-19 Pandemic, Tax Incentives, Tax Compliance, MSMEs

PRELIMINARY

The spread of the corona virus since 2019 or better known as the Covid-19 pandemic originated in the city of Wuhan, China. In Indonesia, the COVID-19 pandemic began in March 2020, it had an effect on various sectors. To suppress the rate of transmission of the virus, at the beginning of the pandemic, the government issued various policies. Government policies related to Covid-19 include: 1.) The President issued Perpu No. 1 of 2020, which governs state financial policy and financial stability in response to the Covid-19 pandemic; 2.) The tourism stimulus is aimed at airlines and agents in order to provide special discounts to travelers; 3.) Health sector in the form of protection for health workers, purchase of medical equipment, incentives for health workers, and compensation for the death of medical personnel; 4.) Social Affairs with logistical support, PKH, essential food cards, pre-employment cards, exemption from electricity costs and 50% discount on subsidies, and housing incentives; 5.) Fiscal Policy and Tax Incentives with relaxation of the maximum limit of the APBN deficit, PPh 21 manufacturing workers with a maximum annual income of 200 million borne entirely by the government, Import PPH exemption for 19 specific industries Import Taxpayers for Export Destinations (KITE) and Import Taxpayers for Small and Medium Industries (KITE), 30 percent reduction on PPh 25 for specific industries, KITE Taxpayers for Small and Medium Industries and Ease of Import for Export Destinations (KITE) accelerated VAT refunds for 19 specific industries to sustain business operators' liquidity, A six-

month delay in payment of principle and interest for all credit schemes impacted by COVID-19, a reduction in the corporate income tax rate to 22 percent for 2020 and 2021 and 20 percent beginning in 2022, and other budget financing to support economic recovery. Export-Import Trade Policy in the form of simplification of limited restrictions and acceleration of export-import services.

1. Micro, Small and Medium Enterprises (MSMEs) worth Rp 150 trillion in the form of stimulus and credit restructuring.
2. Large-Scale Social Restrictions (PSBB)
3. Law field through assimilation program.
4. Other Policies/Facilities.

Government policies for handling COVID-19 are always updated and policies related to the economic sector continue to be carried out to restore the economy. The existence of restrictions that initially PSBB has now become PPKM has greatly impacted the community's economy. For this reason, the government carries out various policies with the National Economic Recovery (PEN) program.

The total state budget support of Rp 699.43 trillion for the PEN program was reorganized with the following details:

1. Increase the budget for social protection programs from IDR 148.27 T to IDR 153.86 T
2. Health budget increased from IDR 172.84 T to IDR 193.93 T
3. Reallocation of MSME and corporate support from Rp193.74 T to Rp171.77 T
4. Increase business incentives from IDR 56.73 T to IDR 62.83 T
5. Reallocation of priority programs from Rp127.85 T to Rp117.04 T

Tax is one of the main sources of state revenue. Tax revenues, which include tax revenues as well as customs and excise, are also the backbone of the state budget. In general, taxes can be interpreted as levies made by the government based on statutory regulations, the results of which are used to finance government general expenditures with the aim of prospering the people. Law of the Republic of Indonesia No. 28 of 2007 article 1 number 1 states the tax is an obligatory state contribution payable by an individual or corporation that is coercive under the law and is used for the state's requirements for the best prosperity of the people, without receiving direct recompense (ACT OF THE REPUBLIC OF INDONESIA NUMBER 28 OF 2007, 2007).

The Covid-19 pandemic, which damaged Indonesia's economy in 2020, reduced tax income. Total tax revenue in 2020 was recorded at IDR 1,070 trillion. The realization of this tax revenue only reached 89.3 percent of the target set in the Presidential Regulation Number 72 of 2020 amounting to Rp 1,198.8 T. The decrease in tax revenue was caused by two things. First, taxpayers experience a decline in economic activity. The second government then offers a wide range of tax breaks. The incentives start from the PPh 21 DTP incentives, the reduction of PPh article 25, accelerated VAT refunds and the final PPh of DTP MSMEs. Thus, tax revenue decreased by 19.7 percent compared to 2019.

In the practice of implementing tax sector revenues, one of the parties that makes a major contribution is the company. However, it is not only big companies that contribute to the Indonesian economy. MSMEs in Indonesia are undeniably one of the country's key economic drivers. It should come as no surprise that if the MSME sector is disturbed, the national economy will be disrupted as well. According to the Central Statistics Agency, the number of MSMEs has grown to 65 million (BPS). This figure represents 99.9% of all Indonesian businesses in operation (BPS, 2020).

Table 1. Number of MSMEs in Indonesia

Business unit	2018	2019
Micro small and Medium Enterprises	64.194.057	65.465.497
Micro business	63.350.222	64.601.352
Small business	783.132	798.679
Medium Enterprise	60.702	65.465
Big business	5.550	5.637

Source: Ministry of Cooperatives and Small and Medium Enterprises

Table 2. Number of workers in the MSMEs sector in Indonesia

Business Unit	2018	2019
Micro small and Medium Enterprises	116.978.631	119.562.843
Micro business	107.376.540	109.842.384
Small business	5.831.256	5.930.317
Medium Enterprise	3.770.835	3.790.142
Big business	3.619.507	3.805.829

Source: Ministry of Cooperatives and Small and Medium Enterprises

The MSME sector was the hardest hit by the Corona Covid-19 pandemic. Many of these entrepreneurs had to go out of business because of falling demand. The stalled business is about 30 percent. Even if they are impacted, those who are disturbed but make innovative inventions account for 50-70 percent of the population. Nevertheless, several MSME actors have started to rise because they have received assistance from the government in the National Economic Recovery (PEN) scheme such as relaxation of KUR, interest subsidies, working capital, and Productive Presidential Assistance (Banpres) for micro-enterprises in the form of grants.

In the economic recovery program, the government also provides many economic stimuli, one of which is tax incentives given to MSMEs. The trend of Micro, Small and Medium Enterprises (MSMEs) paying taxes in fact grew slower last year. Even though the Final Income Tax (PPh) rate as the basis for imposing MSME taxes has decreased from 1% to 0.5%.(PP Number 23 of 2018, 2018).

Based on data from the Directorate General of Taxes of the Ministry of Finance (Kemenkeu), in 2019 the number of MSME taxpayers (WP) who paid taxes was 2.31 million WP. The number, consisting of MSME Individual Taxpayers (OP) reached 2.05 million people and MSME Agency Taxpayers around 257,000 companies. With this achievement, it means that there is a 23% increase in the number of MSME taxpayers. Even though it is bigger, in fact the realization of the increase in WP MSMEs in 2019 is more gentle than 2018 which rose to 27.8% on an annual basis with registered taxpayers paying a total of 1.88 million MSMEs.

From the data in 2020, only about 2 million of the total 60 million MSMEs in Indonesia are registered as taxpayers and pay taxes to the state. In 2021, the Ministry of Cooperatives and SMEs also assesses that the contribution of SMEs to tax payments still needs to be increased. The contribution of MSMEs to gross domestic product (GDP) is indeed recorded at more than 60%, but the tax payment is still very small.

Tax revenue from the contribution of MSMEs to GDP of 60% is only IDR 2 trillion. Several aspects that cause tax payments from MSMEs to be low, one of which is the number of MSMEs that are still unable to compile financial reports and cannot carry out their tax obligations properly. From these data, MSMEs in Indonesia it may be inferred are still relatively low in tax awareness.

Several studies on Tax Incentives and Taxpayer Compliance have been carried out since the beginning of the pandemic until now. Research using a qualitative method with a phenomenological approach states that the perception of the application of MSME taxpayers to PP 23 of 2018 as a whole is quite good and understands both the reduction in tax rates, time levels and financial bookkeeping, but some respondents do not understand about PP 23 of 2018 so that socialization needs to be done to MSME taxpayers (Anwar et al., 2021). Other studies also state the same thing that SMEs expect socialization and assistance to obtain more detailed information related to the latest tax regulations or policies (Ratih Kumala, 2020). However, some contend that the self-assessment system's implementation has gone poorly and that more intense help is still required (Setyaningsih & Harsono, 2021). This is because the public is less concerned about taxation and the understanding of taxation knowledge is still lacking. The success of the strategy to protect MSMEs from the impact of the COVID-19 epidemic must be backed up by short- and long-term plans to ensure MSMEs' long-term viability as economic actors in Indonesia (Sugiri, 2020).

Other studies describe that taxation policies have largely followed international trends and have been tailored to the country's strengths. Administrative simplification and temporary tax cuts to lower

corporate income tax rates are among the instruments on offer, which will be phased in over the next few years. It is hoped that these varied strategies would be able to resist the current economic pressures brought on by the pandemic. But, on the other side, what is no less important than the redistribution of incentives is supervision, transparency in the utilization of incentives granted and reporting on them (Tambunan, 2020). The results of other studies show that the PMK 86/2020 incentive socialization variables, tax rates, tax services, PP 23/2018 deadline have an effect, while tax sanctions have no effect on MSME taxpayer compliance (Andrew & Sari, 2021). Several optimization efforts have been carried out such as socialization, appeals, and the provision of guidance by AR. However, obstacles to the use of incentives still arise (Rahmawati & Apriliasari, 2021).

Several studies were conducted using a survey method with a questionnaire. Tax officer service quality, tax punishments, and tax socialization all improve taxpayer compliance, whereas the cost of compliance and financial conditions have no influence (Antika et al., 2021). The same results revealed that MSME tax compliance is strongly influenced by tariffs, tax services, and tax sanctions (Agus Widodo, 2021). The results of other studies show that during the Covid-19 epidemic, social aid, tax incentives, and working capital expansion have an impact on the development of MSMEs (Natasya & Hardiningsih, 2021). The study's findings can assist the government in developing a comprehensive plan for economic protection and recovery for MSMEs affected by Covid-19, as well as evaluating MSME business strategies in the direction of a modern MSME business model while complying to health standards (Maharani & Jaeni, 2021). (Setyaningsih & Harsono, 2021) revealed that the self-assessment system's installation had gone poorly, and that more intense help was still required. This is because the public is less concerned about taxation and understanding of taxation knowledge is still lacking, so tax socialization is needed in order to increase knowledge and understanding of taxes so as to improve tax compliance.

However, different opinions have been expressed during the Covid-19 pandemic, tax knowledge has little impact on MSME taxpayer compliance; instead, tax sanctions, system modernisation, and financial situations have an impact (Hendrawati et al., 2018). Other research findings indicate that the COVID-19 tax incentives are still ineffective, which is consistent with MSMEs' poor use of tax incentives (Faisol & Hakim, 2021). For business actors such as MSMEs, the provision of tax incentives can reduce operational costs or the burden of business expenses so that MSMEs are able to survive during the pandemic. But as a counterbalance, MSME actors must also make other creative and innovative efforts in order to maintain their business because basically tax incentive support for MSMEs aims to maintain business existence in several sectors that are heavily affected by Covid-19 as a stimulus for national economic recovery (Marlinah. Lili, 2021). Another opinion stated that the education of MSME owners had no significant effect on MSME tax compliance. Meanwhile, accounting practices by MSMEs, and perceptions of tax incentives have a positive and significant impact on MSME tax compliance (Saputra et al., 2020). During the COVID-19 pandemic, the availability of help may motivate MSME actors to begin paying attention to registering as taxpayers, calculating tax bills, and taking advantage of MSME tax incentive programs, businesses can save money on taxes. Furthermore, it is intended that MSME entrepreneurs will become more compliant with tax laws and continue to disclose financial and tax information with any changes in their businesses (Yuli Agustina et al., 2021).

The business profile has a significant effect on taxpayer compliance, and there are significant results between taxpayer compliance and state revenue, but the business profile has no substantial impact on state revenue; the impact is direct; nevertheless, the outcomes are different if the business profile has a significant impact on state revenue through taxpayer compliance (Elsye Vanomy, 2021). (Khairani, 2021) conducted research with knowledge of taxpayers as a mediating variable of the relationship between the socialization of PMK NO. 44 of 2020, the ease of utilizing tax incentives and taxpayer awareness of compliance. Based on the results of the research conducted, it can be concluded that:

1. The 2020 socialization of PMK 44 has no substantial impact on tax compliance..
2. The ease with which taxpayers can take advantage of tax incentives has an impact on compliance.
3. Compliance by taxpayers is unaffected by awareness.
4. Knowledge affects compliance
5. Socialization of PMK 44 of 2020 has a significant effect on taxpayer knowledge.
6. Ease of utilizing tax incentives affects taxpayer knowledge

7. Awareness affects taxpayer knowledge
8. Indirectly, the socialization variable through the knowledge variable has a significant influence on the compliance variable
9. Indirectly, the convenience variable through the knowledge variable has a significant influence on the compliance variable
10. Indirectly the awareness variable through the knowledge variable has a significant influence on the compliance variable

Several studies related to economic policies during the COVID-19 pandemic were also carried out abroad. The COVID-19 pandemic prompted researchers to investigate discretionary budgetary remedies. Researchers have identified three phases of a pandemic: (1) general acute disruption, (2) early recovery phase, and (3) long-term recovery. The researcher evaluates the appropriate activities for (1) after analyzing the acts conducted in (1). (2). The research distinguishes between lump-sum subsidies, such as deferred tax payments, which might alleviate financial restrictions, and measures that influence incentives deliberately. Given the action's brief duration, the researcher found a number of critical aspects. (Devereux et al., 2020). Because of shortages of pandemic mitigation materials, employees' incapacity to return to work, supply chains are disrupted, and market demand is lowered, most SMEs are unable to continue operations. Many SMEs are also at danger of cash flow because they must continue to pay numerous fixed expenses even if they have little or no income. Because the delay in resuming work has put unprecedented pressure on the survival of many SMEs, relevant recommendations for cash flow assistance, job resumption, and consumption stimulation have been made to China and other affected countries to aid SMEs' survival and economic recovery from disaster situations (Lu et al., 2020).

The findings reveal that tax exemption has a large impact on R&D investment for SMEs, whereas funding has a big impact on R&D investment, R&D workers, and new product development. However, there is no instrument-to-instrument interaction. Funding is an excellent tool for major corporations to invest in R&D. In addition, tax incentives and direct investment for new products have an interaction impact. This research implies that finance is a more successful tool than tax exemption, particularly for SMEs, but it also supports some policy adjustments in favor of high-tech firms (Ghazinoory & Hashemi, 2021). Another study found that there is a strong link between taxation and the growth of small businesses. According to the report, all new enterprises should benefit from a beneficial tax policy, preferably a tax vacation, or the adoption of a growth limit that can be claimed to be stable enough to sustain tax payments (Osemene, OF, Salman, RT, & Kolawole, 2017). Other studies have found (1) Debt financing is detrimental to SME performance; (2) non-bank financing and tax incentives improve SMEs' performance by lowering the opportunity costs of risky ventures; (3) Malaysia's current tax structure hinders SME growth and encourages account manipulation; and (4) Malaysian investors seek SMEs with cautious accounting and taxes practices (Cheong et al., 2020). Another opinion expressed that none of the predictors' results had any bearing on tax compliance. Furthermore, the findings for the tax incentive element suggest that some SMEs employ financial strategies. Furthermore, entrepreneurs anticipate government support in specific areas (Leong et al., 2020).

Some of the studies above show the fact that the relationship between tax incentives and tax compliance has not yet produced an agreement. Some stated that there was a positive relationship, but some stated the opposite and some stated that it had no direct effect. Based on the things above, it is necessary to carry out a more in-depth literature review to find out how studies on the effect of tax incentives on tax compliance have been carried out. Is the difference in the findings due to methodological aspects or due to demographic aspects. Through this research, these questions will be tried to be answered.

LITERATURE REVIEW

Tax Incentive

Definition of tax incentives (Tax Incentive) according to the Black Law Dictionary, are: *Tax exemption or reduction given to persuade people to take action with tax exemption.* Winardi, mentions the term tax incentive with Incentive Taxation, which means: *"Taxation with the aim of providing incentives. Taxes are used not just to generate money for the government, but also to create impetus for economic development in certain areas.*

The United Nations Conference on Trade and Development (UNCTAD) claims:

Foreign Direct Investment (FDI) is a sort of investment that originates from another country. Any verifiable benefit granted by (or directed by) the government to a single company or set of companies in order to persuade them to behave in a certain way is referred to as an incentive. They comprise specific steps intended at either enhancing the rate of return on a particular FDI venture or lowering (or redistributing) the costs and risks (UNCTAD, 2000).

From the three theories, it can be found that The connection is that tax incentives are a to investors in order to persuade them to invest their money in a particular country. Tax incentives, according to this definition, are tools that the government can employ to influence investor behavior when determining their commercial activities.

According to Spitz as quoted by Erly Suandy, there are generally four types of tax incentives:

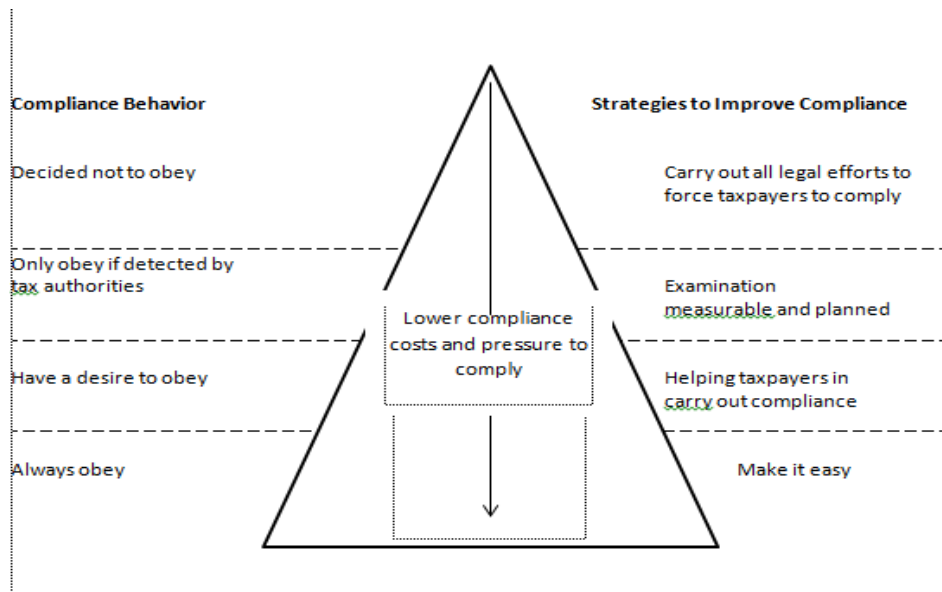
1. Exemption from taxation
2. Tax base reduction
3. Tax rate reduction
4. Deferred taxation

During the COVID-19 pandemic, the government issued various policies for economic recovery programs. Economic policies issued by the government include tax incentives given to Micro, Small and Medium Enterprises (MSMEs). The trend of Micro, Small and Medium Enterprises (MSMEs) paying taxes in fact grew slower last year. Whereas the Final Income Tax (PPh) rate as the basis for imposing MSME taxes is based on Government Regulation (PP) Number 23 of 2018 has decreased from 1% to 0.5%.

Furthermore, the government issued a policy for MSME Final Income Tax borne by the government. In PMK 44 it is stated that the requirements for submitting the tax incentive are WP PP 23 of 2018, WP must submit a Certificate & submit a Realization Report to take advantage of incentives, Monthly Realization Reports no later than the 20th of the following month, and Incentives until September 2020 (PERATURAN MENTERI KEUANGAN REPUBLIK INDONESIA NOMOR 44/PMK.03/2020 TENTANG INSENTIF PAJAK UNTUK WAJIB PAJAK TERDAMPAK PANDEMI CORONA VIRUS DISEASE 2019, 2020). Then in PMK 86 there is an extension of the tax incentive period with the provisions of WP PP 23 of 2018, WP submits a Certificate, it is enough to submit a Realization Report, Realization Report every month no later than the 20th of the following month, Incentives until December 2020 (PMK No. 86 of 2020, 2020). The government has extended tax incentives as a result of the Covid-19 pandemic until June 30, 2021, in accordance with Minister of Finance Regulation No. 9/PMK.03/2021 which came into effect on February 1, 2021. MSME actors who want to take advantage of this incentive do not need to submit a PP 23 certificate, but simply submit a realization report every month. This provision is issued to replace PMK-86/PMK.03/2020. Based on the Minister of Finance Regulation No. 9/PMK.03/2021, the final income tax rate for SMEs is 0.5% of the total gross turnover, where MSME actors pay by depositing themselves, withholding or collecting taxes. In connection with the ongoing pandemic, the government has given an extension in the utilization of the MSME Final PPh incentives borne by the government, extended until December 2021 (PMK No. 9 of 2021, 2021).

Tax Compliance

The definition of tax compliance according to the Organization for Economic Co-Operation and Development (OECD) can be defined as the level of taxpayers to fulfill (or not fulfill) obligations in tax regulations, such as disclosing their income, submitting SPT, and paying taxes owed on time.



(OECD, 2004)

Figure 1. Taxpayer Behavior and Strategies to Improve Compliance

The division of tax compliance types according to the Internal Revenue Service (IRS), the tax authority in America consists of three types, namely:

1. Filing compliance, namely compliance with timely submission of Notification Letters.
2. Payment compliance, namely compliance with timely payments of reported tax payables.
3. Reporting compliance, namely tax reporting compliance in reporting the tax payable correctly and honestly.

Reporting compliance This has the same substance as material compliance as described by Rahayu (2010) in (Anwar et al., 2021), that a condition where the Taxpayer fulfills all material provisions of taxation by reporting his tax correctly and honestly, in accordance with the essence or spirit of the applicable tax provisions.

In relation to taxpayer compliance, the Directorate General of Taxes through Circular Letter Number SE-15/PJ/2018 concerning Audit Policy explains several indicators of taxpayer non-compliance. These indicators are not directly mentioned as indicators of compliance. However, considering that the final purpose of the issuance of this circular letter is one of the efforts to improve the continuous compliance of taxpayers, some indicators of non-compliance in principle can be used to determine whether a taxpayer complies.

In a circular (SE-15 / PJ / 2018, 2018) Taxpayers will be audited if there are several conditions, including:

1. Payment and SPT submission noncompliance.
2. For the past three years, taxpayers have never been audited with the scope of all forms of taxes.
3. CTTOR, Gross Profit Margin (GPM), and Net Profit Margin (NPM) were analyzed and compared to the benchmarking results of similar industries in the regional offices. If the gap between the analysis and the industry average is larger than 20%, the risk of non-compliance is considered high.
4. The disparity between SPT profits and the taxpayer's economic profile (company and wealth) is based on reality.
5. Having dealings with related parties who are based in a nation where the tax rate is lower than in Indonesia.
6. Have a domestic affiliate transaction (intragroup transaction) that is worth more than half of the overall transaction value.

7. Have domestic connected dealings with members of a business organization that provides loss compensation.
8. More than a quarter of all tax invoices produced in a given tax period are issued by taxpayers who use NPWP.
9. For the taxpayer, there are IDLP and/or CTA analysis results.

Rahayu (2010) who divides the types of tax compliance into two, namely formal compliance and material compliance, then among the nine types of non-compliance indicators according to the circular, can be analyzed and interpreted into a compliance indicator and grouped into the following:

Formal compliance indicators

1. Comply with payment and submission of SPT.
2. Taxpayers who issue tax invoices to buyers with NPWP 000 are less than 25% of the total tax invoices issued in one tax period.

Material Compliance Indicators

1. Analysis of CTTOR, Gross Profit Margin (GPM), Net Profit Margin (NPM) compared to the benchmarking results of similar industries in the related regional offices. Taxpayers are considered to have a low risk of non-compliance (or are said to be compliant) if the analysis between the analysis and the industry average is less than 20%.
2. Have no transactions with related parties, domiciled in a country with a lower tax rate than Indonesia.
3. Do not have domestic affiliated transactions (intragroup transactions) with a transaction value of more than 50% of the total transaction value.
4. Has no domestic affiliated transactions with business group members that have compensation for losses.

Micro, Small and Medium Enterprises (MSMEs)

Micro, small and medium enterprises are a form of business carried out by individuals or business entities and have special criteria in grouping their types of business. The grouping of MSMEs is regulated by Law No. 20 of 2008 namely:

1. Micro Business is a productive business owned by an individual or an individual business entity that has a minimum net worth of IDR 50,000,000 and annual sales of a maximum of IDR 300,000,000.
2. Small Business is a productive business that stands alone, managed by individuals or business entities that are not part of the subsidiaries or branches. Has criteria, namely wealth of at most Rp. 500,000,000 and annual sales of at most Rp. 2,500,000,000.
3. Medium Enterprises are productive businesses that stand alone, managed by individuals or business entities that are not subsidiaries or branch companies. Has criteria, namely assets of at most Rp. 10,000,000,000 excluding land and buildings for business premises and having annual sales of at most Rp. 50,000,000,000.

RESEARCH METHODS

Data Types and Sources

according to (Hart, 1998) in his book "Doing a Literature Review", a literature review is a summary that is compiled in an objective, thorough and critical analysis of the scientific research literature and non-research literature relevant to the topic being studied. Further in the article entitled "Writing a Literature Review" written by (Steward, 2004) It is stated that the literature review can be a separate study, which is separate from other research or what is called a systematic literature review. Steward (2004) then identify several characteristics of a good literature review, including:

1. comprehensive (comprehensive), that references must be collected from various disciplines relevant to the topic.
2. the full use of references (fully referenced), to allow others to follow the author's mindset.

3. selective, using certain criteria in determining the main references relevant to the topic.
4. relevant (relevant), which only focuses on references related to the topic.
5. there is a synthesis between ideas and topics (a synthesis).
6. balanced (balanced) between the various ideas and opinions that exist.
7. critical, which means always being critical of the existing literature.
8. analytical, namely developing a new understanding of the topic being studied.

Strategy Literature Review

In selecting and sorting publications that are used as the main reference in the literature review, this study also uses the strategy as described by (Steward, 2004) namely searching, appraising, and synthesising & analysing. The searching stage begins by using a search engine <https://scholar.google.co.id> and on the publish or perish application. From the various publications on the topic, the most relevant research titles are then sorted. Only topics related to Tax Incentives are used as material for analysis. In addition, the time aspect is also considered, namely only publications published in 2020 and above, because this research is related to tax incentives during the COVID-19 pandemic.

The next stage is related to appraising. At this stage, the journals that get the most citations will be considered as the main source and serve as the main reference in the specified topic. In this appraising process, the authors identify journals related to the topic.

The next stage is Synthesising and Analyzing. Doing a literature review is not just making a matrix mathematically or just making a list of journals or publications. Interpretation is required, and the process of understanding the content or substance of a journal (content analysis). This stage is carried out by conducting content analysis through manual screening one by one journal obtained from the previous stage. The main reference content is tax incentives in relation to tax compliance.

RESULT

Studies on tax incentives in Indonesia, since the early implementation of tax incentives from 2020 to 2021, have reached hundreds of scientific publications (around 264 publications with the keyword “tax incentives”). From this publication, conduct a manual screening by adding the keyword “UMKM tax compliance.” Furthermore, one by one review was carried out so as to produce 30 publications relevant to the research topic.

From the 30 published journals, the researcher carried out synthesis and analysis, as explained by (Steward, 2004), namely by comparing, classifying and reviewing the substance of the material, one of which is by looking at several key aspects, such as methodology, findings and other aspects. The results of the synthesis and analysis are presented below:

Of the 30 articles analyzed, 10 articles concluded that tax incentives had a positive effect on tax compliance, while the rest revealed that tax incentives had no effect or had a negative effect and some stated that they had no direct effect. This means that the effect of tax incentives on taxpayer compliance has not been clearly explained. This indicates that research on the success of tax incentives is still not conclusive so it is still open for further research with a more comprehensive approach.

Almost all published journals use a quantitative approach, 3 studies using qualitative methods and 1 research using experiments. The research instrument used in the quantitative approach entirely uses a questionnaire, with respondents varying from 80 respondents to a maximum of 4,807 respondents conducted by (Lu et al., 2020).

The data used entirely use regional level data or KPP (tax office). For example There is one study that uses an experimental approach, namely research conducted by (Ghazinoory & Hashemi, 2021). This study uses a 22 factorial design because there are two factors at two levels (receiving or not receiving incentives). Evaluation requires a homogeneous group of companies. This should minimize the effects of confounding variables.

CONCLUSION

Based on the discussion and discussion in the previous section, several conclusions can be drawn as follows: 1.) Research on the effect of tax incentives on compliance, both from Indonesia and from abroad, has not produced conclusive findings. There are several studies that produce findings that tax incentives increase compliance, but not a few studies that produce the opposite findings. This indicates that research on the success of tax incentives is still very open for further study; 2.) In general, researchers in Indonesia use more formal compliance proxies in identifying taxpayer compliance, while researchers from abroad tend to use material compliance proxies, in this case the tax revenue variable is usually used; 3.) The use of primary data through questionnaires is becoming more dominant by researchers in Indonesia. Meanwhile, researchers from abroad use more secondary data, such as SPT data and tax revenue data; 4.) The use of research methods to detect increased tax compliance due to tax incentives is very varied. Some researchers use a qualitative, experimental approach, although the majority use a quantitative approach, using both panel and time-series data.

Limitations and Suggestions

This research is limited to the literature review method, without a questionnaire survey and complete interviews with respondents. For further research, it is expected to use other research methods, such as interviews, questionnaires, group discussions that can be used to obtain two-way communication with the subject and get honest answers from the subject.

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