

**EFFECTIVENESS OF TAX INCENTIVE IMPLEMENTATION FOR TAXPAYER
IMPACT OF THE CORONA VIRUS DESEASE PANDEMIC 2019 BASED ON PMK-
110/PMK.03/2020 IN AMBON CITY**

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ABSTRACT

This study aims to evaluate the effectiveness of tax incentives implementation for taxpayers impact of the corona virus disease pandemic 2019 based on PMK-110/PMK.03/2020 in Ambon City and the impact of implementing tax incentives for taxpayers affected by the corona virus pandemic 2019 and state revenues from the tax sector. The conceptual framework in this study uses the Effectiveness Theory of William Dunn (1998) and PMK No. 110/PMK.03/2020. This research was conducted with a descriptive qualitative approach. The types of data used are primary data and secondary data. Data collection techniques are observation, interviews and literature review. The results of the study show that the implementation of tax incentives for taxpayers affected by the 2019 corona virus disease pandemic in the short term is very effective.

But in the long term it is not effective because this fiscal policy does not reflect cost efficiency, tax incentives have not been enough to boost tax revenue. 110/PMK.03/2020 has not been evenly distributed for all affected sectors, this tax incentive policy has a negative response by some taxpayers because their business fields are not covered in PMK No. 110/PMK.03/2020 and this tax relaxation policy for the long term is considered inappropriate because it will burden the State Budget with a fairly large state debt. In the short term, the tax incentives for PPh Article 21, PPh Article 22 Import, PPh (final) SMEs, PPh (final) Construction Services, PPh Article 25 and VAT refunds, have a positive impact on taxpayers. And in the long term, the implementation of this tax incentive in Ambon City will have an impact on economic stabilization so as to accelerate the economic recovery phase, there will be a decrease in the national tax revenue target, and will increase government debt.

Keywords: Effectiveness, Tax incentives, Covid-19, PMK No 110 of 2020

INTRODUCTION

The impact of the Covid-19 pandemic has been felt so massively throughout the world without exception in Indonesia. Global economic performance in 2020 showed a slowdown which was influenced by the 2019 coronavirus disease (Covid-19) pandemic throughout the world. The policy of limiting human interaction carried out by almost all countries in the world to inhibit the spread of the Covid-19 virus has resulted in a weakening of community and business activities. This social distancing policy affects mobility, disrupts the production supply chain, and decreases demand. Several international institutions predict that the global economy

will contract throughout 2020. In the Global Economic Prospects published by the World Bank (January 2021), the estimated global economy in 2020 will contract by 4.3% (yoy). In comparison to 2009, the global financial crisis resulted in a lower contraction of the world economy, which was 2% (yoy).

In the tax sector, the impact of this global pandemic is very real. The contraction of the economy as a tax base and the limited activities of the community and the business world due to the implementation of social distancing are the main challenges that must be faced. On the other hand, the role of tax revenues is becoming increasingly important in supporting fiscal policy, in order to maintain economic stability and National Economic Recovery (PEN).

Revenue from the taxation sector in early 2020 was quite optimistic, although it decreased in 2019 as a side effect of trade wars, geopolitical conflicts, and weakening international trade, the global economy at that time. However, it is predicted to improve in 2020, with a projected economic growth of 3.4% (yoy). This can be seen in the 2019 and 2020 APBN realization tables.

Table 1. Realization of APBN (State Income Expenditure Budget) for 2019 and 2020

DESCRIPTION	2019			2020		
	APBN	Real s/d 31 Januari	% Thp APBN	APBN	Real s/d 31 January	% Thp APBN
A. State Revenue	2.165.111,8	108.716,4	5,0	2.233.196,7	103.688,2	4,6
I. Domestic Income	2.164.676,5	108.641,0	5,0	2.232.698,0	103.688,2	4,6
1. Tax Income	1.786.378,7	90.040,1	5,0	1.865.702,8	84.663,8	4,5
2. Non – Tax State Revenue	378.297,9	18.600,9	4,9	366.995,1	19.024,4	5,2
II. Grant Receipt	435,3	75,4	17,3	498,7	-	-
B. State Expenditure	2.461.112,1	153.855,2	6,3	2.540.422,5	139.831,4	5,5
I. Central State Expenditure	1.634.339,5	76.133,5	4,7	1.683.477,2	71.437,9	4,2
1. Budget K/L	855.445,8	31.986,4	3,7	909.620,8	30.865,8	3,4
2. Non Budget K/L	778.893,7	44.147,2	5,7	773.856,4	40.572,1	5,2
II. Transfer ke Region dan Village Funds	826.772,5	77.721,6	9,4	856.945,3	68.393,5	8,0
1. Transfer ke Region	756.772,5	77.405,7	10,2	784.945,3	68.061,1	8,7
2. Village Funds	70.000,0	315,9	0,5	72.000,0	332,4	0,5
C. Primary Equilibrium	(20.115,0)	(22.143,9)	110,1	(12.012,5)	(13.602,3)	113,2
D. Surplus/ (Deficit) Budget (A-B)	(296.000,2)	(45.138,7)	15,2	(307.225,8)	(36.143,2)	11,8
% Surplus / (Deficit) Budget to. PDB	(1,84)	(0,29)	-	(1,76)	(0,21)	-
E. Budget Financing	296.000,2	123.656,5	41,8	307.225,8	68.206,9	22,2
Debt Financing	359.250,6	123.019,7	34,2	351.853,3	68.202,9	19,4
Strength/ weakness budgeting anggaran	-	78.517,8	-	-	32.063,7	-

From the table above, it can be seen that, entering 2020, tax revenue in January was recorded at Rp. 84.66 trillion. This amount is equivalent to 4.5 percent of the 2020 tax revenue target, which is set at IDR 1,865.70 trillion. Tax revenue performance showed a slowdown compared to last year, with a contraction of 6.86 percent (YoY). This performance was more or less influenced by the trend of slowing economic growth, where based on the release of the Central Statistics Agency (BPS)¹ the Indonesian economy in the fourth quarter of 2019 experienced a contraction of 1.74 percent (QoQ) compared to the third quarter. The slowdown in tax revenue performance was also triggered by an increase in restitution at the beginning of this year, as well as a decrease and shift in the payment of oil and gas PPh which is volatile. If restitution and oil and gas income tax are excluded from the calculation, gross non-oil and gas income tax revenue will still grow by 0.88 percent (YoY). In principle, caution should be exercised not to react too early on the performance of tax revenues based on January's figures. ([https:// www. kemenkeu .go .id/media/14425/apbn-kita-februari-2020.pdf](https://www.kemenkeu.go.id/media/14425/apbn-kita-februari-2020.pdf))

One of the steps for the National Economic Recovery is to issue a tax incentive policy as an economic stimulus. The government, in this case the Directorate General of Taxes, Ministry of Finance, has officially issued a Regulation of the Minister of Finance regarding tax incentives for taxpayers affected by the Covid-19 pandemic. Starting with the issuance of PMK Number 23/PMK/03/2020 concerning Tax Incentives for Taxpayers Affected by the Corona Outbreak. This regulation regulates various tax facilities: (i) Income Tax Article 21 DTP; (ii) exemption from import PPh Article 22; (iii) 30% discount on Article 25 Income Tax installments; and (iv) accelerated VAT refunds. On April 27, 2020, the Government through the Minister of Finance again issued PMK Number 44/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic (revocation of PMK 23/2020). Through this regulation, the Government provides various tax facilities: (i) Income Tax Article 21 DTP; (ii) Exemption of Article 22 Import Income Tax; (iii) 30% discount on PPh article 25 installments; (iv) accelerated VAT refunds; (v) Final PPh of DTP SMEs.

The relaxation provided by the government through this tax incentive has not yet had a significant impact, so on July 16, 2020, the Minister of Finance revoked PMK Number 44/PMK.03/2020, and issued Minister of Finance Regulation No. 86/PMK.03/2002 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic. Through this Regulation of the Minister of Finance, it is expected to be able to assist taxpayers affected by Covid-19 with various tax facilities, namely: (i) Income Tax Article 21 DTP; (ii) Exemption of Article 22 Import Income Tax; (iii) 30% discount on Article 25 Income Tax installments; (iv) accelerated VAT refunds; and (v) final PPh of DTP SMEs. However, over time, various government efforts to carry out National Economic Recovery are still not optimal, and tax incentives are felt to be able to help the process of national economic recovery. Therefore, the Minister of Finance issued Regulation of the Minister of Finance Number 110/PMK. 03/2020 concerning amendments to the Regulation of the Minister of Finance Number 86/PMK. 03/2020 regarding tax incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic

Minister of Finance Regulation No. 110/PMK. 03/2020, which is valid until December 2020, is still focused on providing incentives for Article 21 DTP taxpayers, exemption of Article 22 Import PPh, 50% discount on Article 25 PPh installments, accelerated VAT refunds, final PPh for DTP SMEs and final PPh on construction services. DTP. This fiscal instrument is

expected to help parties affected by the economic downturn, and most importantly to encourage aggregate demand. Because the availability of demand in the community will be able to guarantee the spinning of the economy.

According to Setyawan (2018), it is necessary to explore whether the policy issued is an urgent matter and is urgently needed by all relevant parties to be implemented under certain conditions. The existence of the amount of tax incentives will have a direct impact on increasing the amount of tax spending. If the policies implemented achieve the expected goals, it will increase economic growth in a better direction. In implementing the tax incentive policy, an in-depth, measurable and structured study is needed because it is the main thing in tax spending in order to create a level playing field in the business sector.

Gumelar (2019) said that through the issuance of Government Regulation Number 45 of 2019 concerning Calculation of Taxable Income and Payment of Income Tax in the Current Year, the government implemented a jumbo tax incentive policy (super deductible tax). Through this regulation, the government will add indicators to obtain tax incentives (deductions), so that the taxable income (PKP) will be lower. If PKP decreases, of course the Income Tax (PPh) paid will be smaller. However, tax incentives will have a positive impact on investment. However, the government needs to anticipate the negative impact caused by the application of tax incentives because it will hamper developments in the tax sector if investment does not increase rapidly

Rosdiana (2018) also reveals the same thing, that tax incentive policies must be analyzed effectively and thoroughly, not linearly. Tax expenditure is something that is closely related to the implementation of tax incentive policies. In its application, tax expenditures are usually issued in the form of write-offs, reductions, adjustments, credits and suspensions. Limits for determining the amount of lost income are generally subjective and are directly related to government spending. Within that limit, it can also be expanded by not linking it directly to government spending.

This study will evaluate the effectiveness of implementing tax incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic in Ambon City. The current Covid-19 pandemic has caused many business and service sectors in Ambon City to choose to close their businesses, so it has a very significant impact on Ambon City's PAD. Regional Original Income (PAD) of Ambon City from various sectors for the second quarter of 2020, experienced a significant decrease. In the second quarter, Ambon City's PAD revenue only reached 10 percent of the target. With the implementation of Large-Scale Social Restrictions, the business world has become paralyzed, due to various government efforts to overcome the increasingly widespread spread of the corona virus. But on the other hand, the government continues to pursue various economic policies including tax incentive policies to help the people of Ambon City from the economic downturn as a result of Covid-19. Can this policy really stimulate economic growth in Ambon City? It requires in-depth research.

Research conducted on this topic is still very minimal, because this condition occurred suddenly and is more focused on dealing with health problems and the economy in general. At the beginning of the Covid-19 pandemic, Dina Eva Santi Silalahi, Rasinta Ria Ginting (2020) conducted a research entitled The Indonesian Government's Fiscal Policy Strategy in dealing with the impact of the COVID-19 Pandemic. The results of his research show that the impact caused by the implementation of Fiscal Policy for tax revenues, namely the handling of Covid-19 resulted in the minus of several tax instruments. Tax instruments that are minus include Corporate Income Tax and Import Taxes (PDRI) consisting of several types, namely Import

Value Added Tax (VAT), Import and Export Income Tax (PPh) and Luxury Goods Sales Tax (PPnBM).

Susila Adiyanta's research (2020) entitled Tax Flexibility as an Instrument of Fiscal Policy to Anticipate the Economic Crisis as a Result of the Impact of the Covid-19 Pandemic, shows that; The instrument of fiscal policy in the field of taxation is to maintain conditions of depreciation and relaxation of the national economy, and to have sustainable elasticity for state revenues. And this study also concludes that the function of the state budget allocation for government costs and the public interest is balanced, distribution for the welfare of the community while maintaining the stability of economic growth that supports national development is one of the determining factors for the success of fiscal policy in increasing investment competitiveness and anticipating weakening. global economy.

Selvi, Alief Ramdhan (2020) in his research entitled Policy Review of Tax Incentives in Overcoming the Impact of the Corona Virus in Indonesia in 2020 showed that taxes as a fiscal instrument do not always focus on the budgetair function but also need to provide a regular end function. Taxes are present to stabilize the situation. Priyanca Sonia's research (2020) with the title Giving Tax Incentives to Taxpayers as a result of the impact of the 2019 Corona Virus Diseases Pandemic (Covid-19) shows that the provision of Tax Incentives to Taxpayers through Minister of Finance Regulation Number 23/PMK.03/2020 will have a negative impact namely the potential for reducing state revenues and in the long term, the provision of incentives is another factor beyond the decision to provide incentives that function as a good investment subsidy.

Dito Nasution, Erlina and Iskandar Muda (2020) also conducted research on the Impact of the Covid-19 Pandemic on the Indonesian Economy, concluding that the impact of the COVID-19 pandemic caused low investor sentiment towards the market which ultimately led the market to tend to be negative. Strategic measures related to fiscal and monetary are urgently needed to provide economic stimulation. As cases of the COVID-19 pandemic developed, the market fluctuated more in a negative direction. Not only that, the slowdown in the global economy, especially Indonesia's export activities to China, also has a significant impact on the Indonesian economy. This is based on a sensitivity analysis which explains that the current slowdown in the global economy has greatly impacted Indonesia's economic growth.

Research conducted by Nafis Dwi Kartiko with the title Tax Incentives in Responding to the Impact of the Covid-19 Pandemic on the Tourism Sector shows that the negative impacts due to the COVID-19 pandemic include: support to increase demand for tourism businesses due to a decline in the number of tourists, maintaining cash flow stability, handling termination of employment, handling changes in consumer consumption behavior and supporting tax incentives when making business loans. The benefits of tax incentives for the tourism sector are reducing the occurrence of mass layoffs and encouraging public consumption, maintaining the stability of the cash flow of the tourism business.

From various phenomena and research conducted so far, it gives an illustration of how Indonesia is in a serious economic crisis. Various economic relaxation policies are pursued by the central government to be maximally implemented at the local government level. For this reason, this research was conducted, so that it can provide a real picture of the effectiveness of implementing tax incentives for taxpayers affected by the 2019 Corona Virus Disease Pandemic PMK No. 110/PMK.03/2020 in Ambon City and what are the impacts of implementing tax incentives for taxpayers affected by the 2019 Corona Virus Disease Pandemic in Ambon City.

This study aims to evaluate the effectiveness of implementing tax incentives for taxpayers affected by the 2019 Corona Virus Disease Pandemic PMK No. 110/PMK.03/2020 in Ambon City, and analyze the impact of applying tax incentives for taxpayers affected by the 2019 Corona Virus Disease Pandemic in Ambon City.

THEORETICAL FRAMEWORK

Effectiveness Theory

The concept of effectiveness has been put forward by many experts, one of which is Hubert Graf and Smulders as quoted by Lele (2016: 7), where effectiveness (also efficiency) is considered the values of one of the categories of good governance, namely performing governance. In addition to good governance, there are two other types, namely responsive governance, which are legitimacy, participation, transparency and accountability. The second type is proper governance which is integrity, equality, justice and compliance with the law. Arthur G. Gedeian, et al in his book *Organization Theory and Design* defines effectiveness; That is, the greater the extent to which an organization's goals are met or surpassed, the greater its effectiveness (The greater the achievement of organizational goals, the greater the effectiveness) (Gedeian, 1991:61). Effectiveness is an important thing for the government. Because, the government has the function to provide services to the community and this will have an impact on the effectiveness of public services in this case the services provided from the government to the community are in accordance with what was planned and on target in achieving the initial goal. (Halim, 2002:14-15) William N. Dunn in his book entitled *Introduction to Public Policy Analysis*, states that: (Dunn, 2003:429).

Effectiveness (effectiveness) is concerned with whether an alternative achieves the expected result (effect), or achieves the goal of taking the action. Closely related to technical rationality, it is always measured by the unit of product or service or its monetary value."In solving problems concerning the applied policies, effectiveness is something that is generally considered or becomes a reference for measuring the success of a policy. There are five main indicators that are measured, namely efficiency, adequacy, alignment, responsiveness and accuracy. (Poister in Dunn, 1998:429). William N. Dunn (1998:429) defines effectiveness as whether an alternative action achieves the main goal of implementing an action, regarding the technical rationality part, often measured by product or service units. The success of the implemented public policy will be measured if the policy achieves the goal, right on the intended target of the implementation of the public policy itself.

If a policy that is implemented cannot provide a better effect or impact in solving problems that occur within the community, it can be said that the implementation of the policy is not successful. However, in implementing a policy sometimes the impact cannot be felt in a short period of time, but there are several processes that must be passed in order to measure the success of a policy. Effectiveness according to Mahmudi (2005:92) is defined as the relationship between what is issued with the goal. The more contributions made in achieving the goals, the more effective an organization, program or activity will be. In Dunn's (2003:430) concept, it is stated that there are several variables to measure the effectiveness of the policies implemented, namely:

1. Efficiency

Effectiveness and efficiency are closely related. If we talk about efficiency, it means that we see the use of resources properly in order to achieve the goal. Efficiency will be achieved if resources are used properly in order to achieve the planned goals.

Dunn argues that Efficiency relates to how much effort is expended to produce effectiveness at a certain level. Economic rationality is another name for efficiency which is effort and effectiveness, which is often measured by monetary costs. In measuring an efficiency, in general, the cost per unit of product becomes the benchmark of measurement. If a policy achieves its objectives but incurs a small cost, it will be called an efficient policy. If a policy that is implemented costs quite a lot and does not get maximum results in achieving the planned goals so that waste occurs, then the policy is not feasible to be implemented.

2. Adequacy

In public policy, adequacy is defined if the planned goals are achieved and feel sufficient in various aspects. Dunn mentions that the adequacy indicator can be said to be sufficient if the level of effectiveness can satisfy the values, opportunities, and needs that cause problems. Based on this understanding, it can be concluded that adequacy still has a close relationship with effectiveness by considering success in satisfying values, needs and opportunities in solving problems that occur. That means the adequacy indicator places more emphasis on the policies implemented with the results achieved. There are four types of problems related to these criteria, including:

1. Type I problems. Problems in this type include fixed costs and changing effectiveness of policies. So, the goal is to maximize effectiveness at the limit of available risk.
2. Type II Problems. Problems of this type concern the equal effectiveness and changing costs of policies. So, the goal is to minimize costs.
3. Type III problems. Problems of this type concern the cost and effectiveness of changing policies.
4. Type IV Problems. Problems of this type contain the same cost as well as constant effectiveness of the policy. This problem can be said to be difficult to solve because the only available policy alternative is probably to do nothing.
5. Problems that arise during the implementation of a policy so that these problems will be concluded by looking at what happened and adjusted to the types of problems. So, if a policy is to be implemented, it must make considerations in determining the suitability of the method used with the goals and objectives to be achieved so as not to violate the rules and technical implementation.

3. Alignment

In the smoothing indicator, it is defined as justice given and obtained from all public policy targets. When talking about equity in the implementation of a public policy, this has the same meaning as justice that is given equally to all policy recipients. If the cost-benefit is evenly distributed, then a particular policy or program can be said to be efficient, effective and sufficient. In short, equity is defined as fairness and fairness.

There are several ways to find out how far the policies given or implemented can have an impact on the welfare of the community, including:

1. Maximizing individual welfare. Analysts may seek to simultaneously maximize individual well-being. This requires that a single transitive preference rank be constructed based on the scores of all individuals.
2. Protecting minimum welfare. Here the analyst seeks to increase the welfare of some people and at the same time protect the position of those who are disadvantaged (worst off). This approach is based on the Pareto criterion which states that a social situation is said to be better than another if at least one person benefits and no one is harmed. Pareto optimum is a social condition in which it is impossible to make one person benefit (better off) without making the other person worse off (worse off).
3. Maximizing net welfare. Here the analysis seeks to increase net welfare but assumes that the resulting gain can be used to replace the lost share. This approach is based on the Kaldor-Hicks criterion: A social situation is better off than another if there is a net gain in efficiency and if those who gain can replace those who lose. For practical purposes this criterion does not require that the real losers be compensated, this ignores the issue of smoothing.
4. Maximizing redistributive welfare. Here the analyst seeks to maximize redistributive benefits for selected groups, such as those who are racially oppressed, poor or sick. One of the redistributive criteria formulated by the philosopher John Rawls: A social situation is said to be better than another if it results in the achievement of the welfare of the disadvantaged members of society (worst off).

In Rawls's formulation (1971: 58-60) it is more based on the concept of justice but there is a weakness in this formulation, namely ignoring conflict. Methods related to care, justice and fairness have a political element so that they cannot replace the political process. That means, these methods cannot be used as a basis for assessing the smoothing criteria.

According to Dunn, the questions concerning equity, fairness, and justice are political; where the choice is influenced by the distribution process and the legitimacy of power in society. Although there are economic theories and philosophies that can change the way of looking at giving an assessment of the criteria of equality, they cannot replace the political process.

In implementing a policy, it must be fair, meaning that all sectors involved and all levels of society must simultaneously feel the benefits resulting from the implementation of the policy. This is considering that public policy is a service provided by the government to the community in order to fulfill community activities directly or indirectly. Public services will be produced through public services.

4. Responsiveness

A response or response from the target of public policy that is applied, is responsiveness in public policy. Dunn said that if the policy satisfies the needs, preferences or values of a particular group of people, it is called responsiveness. From the public's response to the implementation of a policy, it can be assessed whether the policy can be said to be successful or not. A success of the policy can be seen through the response of the community after starting to feel the impact of implementing the policy. If the positive impact is felt, it will get a response in the form of support, but if the negative impact is felt, it will get a response in the form of rejection.

The responsiveness indicator is one of the important things and must be considered because the response received can be used as a reference for the analysis of other indicators, namely effectiveness, efficiency, leveling, and equality. If the applied policy cannot satisfy the actual needs of the group that should benefit from implementing the policy, it can be said that the policy has failed (Dunn, 2003: 437). Therefore, the responsiveness criteria are a real reflection of the needs, preferences, and values of certain groups against the criteria of effectiveness, efficiency, adequacy, and similarity.

5. Accuracy

The value or value of the program or policy objectives and on the assumptions underlying these objectives is referred to as appropriateness. According to Dunn, feasibility is one of the indicators used to serve as a recommendation and also to be the basis for testing the feasibility of the selected policy alternatives. The feasibility indicator is related to substantive rationality, because this indicator is about the substance of the goal, not the instrument or the way to implement the goal.

This means that the accuracy can be filled by other policy success indicators (if any). For example, other impacts that cannot be predicted in advance, both positive and negative unexpected impacts, or it is possible that other alternatives are felt to be better than the implementation of a policy so that policies can move more dynamically.

Tax Incentive Concept Understanding Tax

Tax is a mandatory payment that must be paid by taxpayers to the government to be used as development costs and to cover routine state expenditures, without remuneration and can be shown directly. There are several definitions of tax according to experts and the law, including:

According to Prof. Dr. P.J.A Adriani

Taxes are contributions to the State that can be imposed based on regulations, do not get achievements and can be directly appointed to finance general expenditures.

According to Prof. Dr. Rachmat Soemitro, SH

Taxes are people's contributions to the state treasury (cash transfer to the government sector based on the law) that can be enforced without receiving reciprocal services (achievement fees) which can be directly shown and used to finance public expenditures.

According to UU KUP Article 1 paragraph (1)

Tax is a mandatory contribution to the state that is owed by an individual or entity that is coercive in nature based on the law without receiving direct compensation and is used for the needs of the state for the greatest prosperity of the people.

Tax Element

Based on the various meanings of tax that have been described, both in an economic sense or interpreted as a transfer of resources from the private sector to the government sector, or

a juridical understanding which is defined as a payment that must be made and can be forced, it can be concluded that several elements are found in the sense of tax, namely: :

1. The law regulates the collection of taxes. This principle is in accordance with the third amendment to Article 23A of the 1945 Constitution which states, "taxes and other levies that are coercive for the purposes of the state are regulated in law."
2. Reciprocal services are not applied in the tax collection system. For example, every motor vehicle taxpayer who obediently and routinely pays taxes will cross the same path or road as people who do not routinely pay taxes.
3. Tax collection is carried out for the purpose of financing government activities and functions in terms of development as well as for the cost of routine state expenditures.
4. Taxes can be levied by force. This is because taxes are something that must be paid by taxpayers. If the taxpayer does not pay taxes, it will be subject to sanctions based on the applicable laws and regulations.
5. Taxes function as financing for the implementation of State functions, and taxes also have a function to regulate and carry out State policies in the economic and social context.

Tax Function

Some types of tax functions include:

- a) Budget function (budgetair)
Taxes have a function to finance every state expenditure, that's why taxes are referred to as sources of state income. In carrying out every task of the State, to carry out development costs are very necessary. Tax revenue can be used as a cost in financing the task of the State. Currently, taxes are often used to meet expenses that must be carried out on a regular basis, including expenditures for goods, maintenance, employee expenses and others. The money removed from state savings is to finance development, namely domestic revenues minus routine expenditures. If the need for development financing increases, the state savings must also be increased, especially the increase in the tax sector.
- b) Function set (regularend)
Tax policy is one way that the government can regulate economic growth. Through the function of regulating, taxes are a tool that can be used to achieve state goals. For example, in connection with wanting to increase domestic investment, a policy to relax taxation is a step that can be taken. Then the high import duties for products from abroad can protect domestic production.
- c) Stability function
The good effect of tax collection is that taxes can control inflation with the funds generated from tax collection. There are several things that can be done for this, namely by collecting taxes, regulating the circulation of money in the community and also using taxes efficiently and effectively.
- d) Income redistribution function
The tax collection carried out by the government can be used for development so that it can create jobs. This will have a good impact on people's income.

Understanding Tax Incentive

Discussions related to tax incentives, in Indonesian tax regulations are referred to as tax facilities in general, which can be interpreted as facilities provided by the government in terms of taxation. There are several meanings to explain the meaning of tax incentives, including:

The definition of tax incentives (Tax Incentive) according to the Black Law Dictionary in Hasibuan (2016), is: "A governmental enticement, through a tax benefit, to engage in a particular activity, such as the contribution of money or property to qualified charity".

Winardi, mentions the term tax incentive with Incentive Taxation, which means: "Taxation with the aim of providing incentives. The use of taxes is not only for the purpose of generating government revenue, but also to provide impetus towards economic development, in certain fields.

According to the United Nations Conference on Trade and Development (UNCTAD): "FDI incentives may be defined as any measurable advantages accorded to specific enterprises or categories of enterprises by (or at the direction of) a Government, in order to encourage them to behave in a certain manners. They include measures specifically designed either to increase the rate of return of a particular FDI undertaking, or to reduce (or redistribute) its costs or risks." (translation: Foreign Direct Investment Incentives can be defined as any measurable advantage given to a particular company or category of companies by (or direction) the Government, in order to encourage them to behave in a certain way. They include specific measures designed either to increase the rate of return from a particular FDI undertaking, or to reduce (or distribute) costs or risks)

Based on the three theories above, there are similarities and it can be concluded that tax incentives are one of the means provided to investors so that they can be interested in investing in a country. Based on this understanding, it can also be concluded that this tax incentive is also one of the tools used by the government to influence investors in determining the course of business activities.

Types of Tax Incentives

In Erly Sutandi, there are 4 types of tax incentives according to Spitz, including: (1) Exemption from taxation, (2) Reduction of tax base, (3) Tax rate reduction, and (4) Withholding tax. The most widely used incentives are tax incentives in the form of tax exemptions and impositions. This type of tax incentive usually gives taxpayers the right not to be taxed according to the rules and also the period of implementation of policies issued by the government. However, in providing this tax incentive, careful consideration and study must be required. By taking into account the period of implementation of the incentive policy and also the results of the implementation of each incentive policy. Tax holidays and tax exemptions are examples of these tax incentives.

Reduction of the tax base is the second type of incentive according to Spitz. In this tax incentive, it is usually given in the form of a fee that is deducted from the PKP. Usually the cost that must be deducted can be deducted more than the actual value. Double deductions, investment allowances, and loss carry forwards are usually examples of this type of tax incentive.

The third type of incentive is a reduction in tax rates. This incentive is in the form of reducing tax rates from generally accepted rates to special rates regulated by the government. Income tax is one type of tax incentive that is often found in this type of tax incentive. Reducing

the corporate income tax rate or the tariff withholding tax is an example of this tax incentive. The fourth type of incentive is tax deferral. For this fourth type of tax incentive, this tax incentive is given to taxpayers, in order to delay the time of tax payment but, based on a predetermined time or the provisions that apply in this tax incentive.

Minister of Finance Regulation concerning Tax Incentives for Taxpayers Affected by Covid-19. The government, through the Ministry of Finance of the Republic of Indonesia, from the beginning of the corona virus disease 2019 (Covid-19) pandemic in Indonesia, has issued various relaxation policies carried out by the government in its efforts to restore the national economy and maintain the state budget by carrying out economic stimulus in the field of taxation with various tax incentives.

PMK No. 110 year 2020

The issuance of PMK Number 110/PMK.03/2020 regarding tax incentives for taxpayers affected by the 2019 corona virus disease pandemic is based on several considerations in the issuance of PMK 110/2020, namely:

- a) Expansion of sectors that will receive tax incentive facilities for handling the impact of the 2019 Corona Virus Disease pandemic in order to help national economic recovery.
- b) Due to an increase in production and business circulation for taxpayers, it is necessary to regulate the provisions for reducing the amount of Article 25 PPh installments for certain sector taxpayers and the imposition of final PPh on DTP construction services in accordance with the business sector affected by the COVID-19 pandemic
- c) In PMK 86/2020 there is no need for incentives included in points a and b. Both of these things need to be considered and made changes. Due to the changing economic conditions, it is necessary to make changes to the applicable rules so that the impact of the COVID-19 pandemic on taxpayers can be overcome.

In the tax incentive policy provided by the government, there are various types of tax incentives that can be utilized during the COVID-19 pandemic, namely until December with the classification of business sectors affected by the COVID-19 pandemic. Not only the expansion of the business sector, but also the simplification of the procedures for obtaining this facility. This Minister of Finance Regulation is effective as of August 14, 2020.

Provide detailed information on the extension and amendment of the convenient procedure of income tax (PPh) Article 21 Incentives are taxpayers who are employers and employees. Employers whose employees are given this incentive facility are employers with a Business Area Classification (KLU) code listed in the attachment of PMK 110 of 2020, and employees who receive incentive facilities are employees whose annual gross income is approximately 200 million. Taxpayers with employer status continue to fulfill their reporting obligations based on Article 21 SPT PPh to provide additional income to Taxpayers with employee status.

PPh Article 22 on imports is given in the form of tax exemption. This exception is due to a reduction in the activity of transporting goods to Indonesia to prevent the virus from developing in Indonesia, whether it is a temporary suspension of the country of origin or a reduction in the spending activities of Indonesian importers. This decline in import activities greatly affects Indonesia's trade balance, therefore it is necessary to provide incentives through incentives so that taxpayers as business actors can return to their enthusiasm for activities in these unfavorable conditions. Taxpayers who carry out import activities will be exempted from

Article 22 Income Tax before December 2020. This facility is provided through an Article 22 Income Tax exemption certificate which is given to Taxpayers.

Installment Payment of PPh 25 is Income Tax Article 25 which will be rewarded and the installment amount will be reduced by 50% from the total installment amount to be paid before December 2020 or the next 9 months. Article 25 Income tax is included in the regulation because as long as the epidemic situation has not stopped, many business actors have begun to reduce their activities or even temporarily stop their activities. In this case, the productivity of the taxpayer will decrease, and it is unfair if the taxpayer who pays the tax in installments does not get a reward.

Value Added Tax (VAT) refund is a value added tax refund given during the Covid-19 outbreak. For value added tax, the preferential treatment is different from the first three types of taxes. The value added tax incentive provided is to facilitate the process of returning to PKP as stipulated in PMK 110 from 2020 to December 2020. There is a difference in the nominal limit for returns between PKP exporters and non-PKP exporters. For PKP as an exporter there is no nominal limit for VAT refunds, while for non-exporter PKP the return can be accelerated, up to 5 billion rupiah. PKP exporters get unlimited convenience when submitting a return this time.

METHOD

Scope of Research

This research uses a qualitative approach with a case study model. The qualitative approach is usually described descriptively by analyzing and describing a phenomenon, symptom and event that is currently happening. In qualitative research, researchers must be able to see and try to focus on a phenomenon or event that is of concern in research, so that researchers are able to describe in depth the phenomena that occur. According to Sugiyono (2018;213) qualitative research methods are research methods that focus more on meaning and the researcher as an instrument, from a research and based on the philosophy used to examine a scientific condition (experiment). The purpose of using qualitative research methodology is to examine a phenomenon or object in the study based on the understanding and attitude of a person as a group or individual, as well as a social activity.

A case study according to Yin (2008: 18) is an empirical investigation, investigating a real-life phenomenon, when the boundary between the phenomenon and the background is not clearly defined, and: various sources of evidence are used. As a case study investigation, participant observation or ethnography does not have to be the main focus, it can be done quickly and does not take a long time.

This study will explain in detail; symptoms, phenomena and events regarding the impact of the COVID-19 pandemic that affect economic growth in Ambon City. And various national economic relaxation efforts set by the central government, including the policy of providing tax incentives for taxpayers affected by the 2019 Corona Virus Disease pandemic regulated in PMK-110/PMK.03/2020. The object of this research is the effectiveness of applying tax incentives for taxpayers affected by the 2019 Corona Virus Disease pandemic. The research will be conducted at the Ambon City Primary Tax Service Office.

Data source

1. Primary Data

According to Mulyani (2013), the data obtained directly through the source is actually referred to as primary data. The primary data used in this study was obtained by conducting structured interviews with authorized officers/officers at the Ambon City Tax Service Office and taxpayers regarding the effectiveness of the implementation of PMK Number 110 of 2020 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic. on tax revenue in Ambon City. In addition to conducting interviews or interviews, researchers also made observations or direct observations on taxpayers affected by the 2019 Corona Virus Disease pandemic.

2. Secondary data

According to Mulyani (2013), the data obtained indirectly through the actual source is referred to as secondary data. The function of secondary data in this study is to complement primary data by reviewing various references from various sources that are related to the purpose of this study.

3. Data collection technique

According to Sugiyono (2017), the purpose of a study is to obtain data. Therefore, the most strategic step to obtain data is to use data collection techniques. Data collection techniques used in this study are observation, interviews and literature review.

4. Validity Test

In this study, source triangulation and technique triangulation were used to test the validity of the data obtained. According to Sugiyono (2017: 125), source triangulation is used to test the credibility of the data by checking the data through several sources. While technical triangulation is used in order to test the credibility of the data, which is done by checking the same source but with different techniques. For example, data obtained by interview, then checked with documentation, or literature review. If the three credibility testing techniques are found to be different from the data obtained, the researcher must conduct further discussions with the relevant data source or others, in order to ensure that the data obtained is correct based on the facts that occur in the field. Or maybe the data obtained is correct, but the difference is influenced by differences in the perception and point of view of each data source.

5. Data analysis method

In carrying out qualitative research, it takes accuracy in finding scientific facts that can be proven logically and academically that can be understood by researchers. According to Bogdan and Biken (1982) Data analysis is a systematic process that aims to examine and collect facts through interviews, field notes, and documentation as well as all things that can help researchers conduct a deeper assessment of the research objectives. The data analysis technique used in this study is a data analysis technique developed by Miles and Huberman (1994) which is an interactive model analysis in which the data analysis process consists of data reduction, data presentation, and drawing conclusions.

DISCUSSION

Evaluation of the Effectiveness of the Implementation of Tax Incentives for Taxpayers Affected by the Corona Virus Disease Pandemic 2019 based on PMK 110 of 2020.

The condition of the Indonesian economy after the implementation of the PMK-110/PMK.03/2020 tax incentives, namely December 2020, can be said to be improving, but has not recovered as expected. There are still many companies that are running below the breakeven point. Some economists argue that tax incentives show that Indonesia is still in a survival period. Not yet entered into the recovery economy. The tax stimulus is claimed to be insufficient to restore the business world, because it is considered to be relatively small when compared to the perceived pressure. The business world is still facing weak consumption, and must struggle with production efficiency efforts in order to maintain a healthy cash flow.

The data displayed is national data. On the economic aspect, BPS data shows that the Covid-19 pandemic caused Indonesia's economic growth at the end of 2020 to contract by -3.42 percent (yoy) down from 4.73 percent the previous year. However, the economy in Maluku Province in Quarter IV has shown an increase, according to BPS data, the economy in Maluku Province grew by 1.24% on a q-to-q basis. With the improving economic conditions in Maluku, this indicates that the National Economic Recovery policy can be effective. Including the tax incentive policy for taxpayers affected by the Corona Virus Disease 19 (Covid-19) Pandemic.

Effectiveness by William N. Dunn (1998:429) is defined as whether an alternative action achieves the expected result (effect), or achieves the goal of carrying out an action, regarding aspects of technical rationality, and is always measured from product or service units. In the implementation of public policy, effectiveness is measured by the success of achieving the goals and targets set in public policy. If after the implementation of public policy activities it turns out that the impact is not able to solve the problems that are being faced by the community, it can be said that a policy activity has failed, but sometimes a public policy results are not immediately effective in the short term, but after going through a certain process. According to Mahmudi (2005:92), effectiveness is the relationship between output and goals, the greater the contribution (contribution) of the output to the achievement of goals, the more effective the organization, program or activity "

The effectiveness of the implementation of tax incentives for taxpayers affected by the 2019 coronavirus disease pandemic will be assessed in five indicators, namely efficiency, adequacy, equity, responsiveness, and accuracy. (Poister in Dunn, 1998:429).

1. Efficiency

Effectiveness and efficiency are closely related. Efficiency will occur if the use of resources is empowered optimally so that a goal will be achieved. According to Dunn (1998), "Efficiency (efficiency) with respect to the amount of effort required to produce a certain level of effectiveness". Efficiency, which is a synonym for economic rationality, is the relationship between effectiveness and effort, the latter generally being measured by monetary costs. Efficiency is usually determined by calculating the unit cost of a product or service. Policies that achieve the highest effectiveness at the lowest cost are called efficient.

So in other words, a policy is said to be effective if the policy sacrifices a small monetary cost. What happened to the implementation of the PMK-110/PMK.03/2020 tax incentive policy? Of course, there will be a very different understanding in terms of efficiency, because there are so many costs that the government must sacrifice from the 2020 State Budget to carry out tax relaxation for taxpayers affected by Covid-19. During the 2019 Corona Virus Disease Pandemic, the declining performance of tax revenues in the first Quarter/2020 requires the active role of the government to improve it through the issuance of fiscal policy.

The problems and challenges faced by the government in issuing the PMK-110/PMK.03/2020 tax incentive fiscal policy is uncertainty. The uncertainty in question is not knowing when and how quickly the policy can improve economic conditions that are currently disrupted. A fiscal policy in this extraordinary condition will certainly override economic rationality. Because the government is faced with the massive and dangerous spread of the corona virus, on the other hand there are increasingly depressed economic conditions.

The government will take tough decisions to save this nation. So that in the short term, the implementation of tax incentive policies is considered effective to save the national economy. Because the business world and the community can be helped by the PMK-110/PMK.03/2020 incentive policy. But in the long term, this policy is a fairly heavy burden for the government.

The tax incentives carried out by the government seem to help the industrial sector and the community. However, the long-term impact of the tax incentive policy is arguably not beneficial to the community. Tax cuts on the one hand have the effect of being able to encourage an increase in household consumption spending. However, this has the effect of reducing national saving. The decline in national saving triggers an increase in interest rates. When the interest rate increases, the investment rate will decrease. The low level of investment is a nightmare for Indonesia. Low investment will have an impact on the low capital stock and output stock. If this condition occurs, consumption will decrease and economic welfare in the long term will decline. (<https://news.detik.com/kolom/d-5072305/kelemahan-insentif-tajak>)

However, the current economic crisis is much different from several crises in the past. So that the National Economic Recovery effort in the form of tax relaxation in the short term, is considered effective because the tax incentive policy can help taxpayers to survive in a crisis like this. Nationally, revenue from the tax sector in 2020 is gradually increasing (see graph 1). But regionally in Ambon City, the contribution of tax incentives to tax sector revenues has decreased. This shows that the tax relaxation policy has not fully helped the business world. (see Table 3)

Sufficiency in public policy can be said that the objectives that have been achieved have been felt to be sufficient in various ways. Dunn argues that adequacy relates to how far a level of effectiveness satisfies a need, value, or opportunity that creates a problem. From the above understanding, it can be concluded that adequacy is still related to effectiveness by seeing or predicting how far existing alternatives can satisfy needs, values or opportunities in solving problems that occur. This, in the adequacy criteria emphasizes the strong relationship between policy alternatives and the expected results.

Based on the results of the study, it was found that the policy of tax incentives in the short term is considered sufficient (adequacy) to help the National Economic Recovery efforts. A survey conducted by the DGT on 12,800 taxpayers in Ambon City, shows that 70% of taxpayers feel that the tax incentives are sufficient to help their business, so that they are not contracted further. The economy in Ambon City is in the recovery economy phase. From Table 3 above, it can be analyzed that the decline in tax revenue in 2020 in Ambon city indicates that the tax incentive stimulus has not been fully able to boost tax revenue. This is because business actors still have very strong pressure and low public consumption. The people's low purchasing power, the implementation of the Covid-19 protocol which is still tight have also contributed to the decline in tax revenues in Ambon City. Because people are not free to carry out trade, tourism, education, etc. activities, so the business world has not operated optimally. Some were even forced to close, because they were unable to cope with their financial difficulties. It is hoped that this tax incentive can be extended, so that it can strengthen economic resilience in the region from the Covid-19 pandemic crisis.

Table . Tax Receipt of KPP Pratama Ambon 2018-2020

No	Incentive Type	Tax Revenue		
		2018	2019	2020
1.	PPh 21	327.235.724.143	344.216.658.311	316.942.243.976
2.	PPh 22 Import	1.324.138.693	756.519.111	742.676.027
3.	PPh Final MSME	16.596.952.101	13.772.379.344	9.940.834.634
4.	PPh Final Construction	74.187.365.976	75.129.001.182	56.962.223.179
5.	PPh 25	102.401.277.359	109.199.981.735	103.932.655.497
6.	PPN	770.773.093.100	745.475.949.511	547.397.899.853

Source: KPP Pratama Ambon, 2021

2. Alignment

In public policy, it can be interpreted as justice that is given and obtained from the target of public policy. Equity that can be seen is the amount of costs received by the target group and also the benefits from the results of the implemented programs. This Tax Incentive Policy is a policy issued during the covid 19 pandemic and is intended for taxpayers who are directly affected by the Covid 19 pandemic.

A survey conducted by the Directorate General of Taxes in July 2020, there were 86% of respondents experiencing a decrease in sales and 87% of respondents experiencing a decrease in company profits. The survey also shows that many business actors are forced to reduce their workforce, tighten cash flow and find it difficult to repay bank loans. With this survey, the government is gradually evaluating the regulation of the minister of finance regarding the provision of tax incentives by taking into account the business sectors that are directly affected by the COVID-19 pandemic.

There are five tax incentives in PMK No. 86/PMK.03/2020, namely PPh Article 21 Borne by the Government (DTP), Final PPh MSME DTP, exemption of Final PPh Article 22 Import, reduction of Article 25 PPh installments, preliminary refund of VAT as low risk PKP for taxpayers who submit Periodic SPT VAT overpayment for restitution of a maximum of IDR 5 billion. Then changes in PMK No. 110/PMK.03/2020, namely

Final PPh of DTP in certain labor-intensive sectors, Final PPh of Construction Services of DTP in the Program for the Acceleration of Improvement of Irrigation Water Use (P3-TGAI). This PMK is valid from the date of its promulgation until the tax period of December 2020. Other tax facilities include a 50% reduction in the installment of PPh Article 25 by 50%. This tax incentive is until December 2020 since the tax notification period is submitted or the July 2020 tax period for taxpayers who have made the notification.

Not all business sectors get this tax facility. The government needs to review again to add new business sectors in order to get tax incentives. The new business sectors that can receive this tax facility still need to be expanded, because the impact of the Covid-19 pandemic is not only certain industrial sectors (management). Almost all sectors, including the service sector, the property sector, the tourism sector and many other business sectors are currently being hit. The government must be aware that economic pressures have a multiplier effect such as links that are interrelated with each other. So if there is an economic downturn in several fields, this will automatically affect other sectors either directly or indirectly. So that the application of tax incentives has not been fully smoothed, because relaxation is only given to taxpayers as regulated in PMK No. 110/PMK.03/2020. Meanwhile, the domino effect of the 2019 coronavirus disease pandemic was felt in all business sectors.

3. Responsiveness.

Contains the intention of responding to public policy targets for the implementation of a policy. Responsiveness is not only an attitude of acceptance, but also rejection and criticism is a response that comes from the target group of policy recipients. This research shows that community responsiveness is the main thing. Responsiveness or response to Ambon city taxpayers on the tax incentive policy in PMK No. 110/PMK.03/2020 so far is good, quite a lot of taxpayers take advantage of this facility because directly the tax burden that must be paid by taxpayers is reduced and can be assisted in running their business. The provision of online infrastructure also makes it easier for taxpayers to get this facility.

The tax incentive policy that is implemented is certainly inseparable from various obstacles due to the taxpayer's response which must be considered by the implementing party in this case the Directorate General of Taxes and the Ministry of Finance. Constraints faced by taxpayers when the issuance of this policy were initially felt that some taxpayers felt that their business fields were not registered as recipients of this tax incentive facility and demanded to get the same facilities, so that the provisions for the business sector were expanded again by taking into account the business sector affected by the Covid-19 pandemic .

The transition between each regulation issued by the Ministry of Finance related to tax incentives is a separate obstacle for taxpayers. Taxpayers are required to submit a report on the realization of the utilization of each incentive received by being given a reporting deadline. Thus, taxpayers who initially often submitted reports without a time limit, with regulations regarding the reporting deadline, required taxpayers to submit reports on realization on time.

4. *Accuracy.*

Indicators of accuracy are assessed by looking back at the original purpose of a policy to the target group. The match between the expected goals and the results of the program implementation is the success of the program. The original goals will appear in the results that are already evident in front of the eyes. Have these objectives been realized in the implementation of the program and in accordance with the expectations of the program makers.

In order to maintain the stability of economic growth, people's purchasing power as well as industrial productivity, the government issued regulations aimed at empowering the community. The purpose of the incentive for PPh 21 is so that workers in the management industry sector, especially factories with a significant number of employees, can maintain purchasing power. Meanwhile, PPh 22 aims to provide a stimulus for the industry to maintain its import rate. For PPh 25, it aims to stabilize the domestic economy and increase exports. And incentives for accelerated VAT refunds are aimed at helping taxpayers to be more optimal in cash management and helping taxpayers' cash flow in the midst of this difficulty.

A survey conducted by the Directorate General of Taxes (DGT) after several months of tax incentives was implemented, the results show that the majority of taxpayers' businesses are satisfied with the policy and the tax incentives are considered effective in reducing the number of layoffs (PHK) for employees and a more moderate decrease in the number of sales. compared to business actors who do not take advantage of tax incentives.

This policy is considered effective to move the wheels of the economy in Ambon City. This is reflected in the community's economic activity which is gradually recovering, although it has not yet reached the national tax revenue target. Economic growth in Ambon City is still in the economic recovery phase, so the government is optimistic that central tax revenue will grow positively. PMK tax incentive policy no. 110/PMK.03/2020 is considered appropriate to overcome the economic crisis in the short term. As a measure to save the national economy. But in the long term, this incentive policy is not effective because it will make the burden on the state budget even heavier.

The impact of applying tax incentives for taxpayers affected by the Corona Virus Disease Pandemic 2019 in Ambon City.

This study will examine the impact of the application of tax incentives for taxpayers affected by the 2019 Corona Virus Disease Pandemic from 2 different sides, namely the impact of implementing PMK No. 110/PMK.03/2020 for the taxpayers themselves and the impact of implementing the PMK No. 110/PMK.03/2020 for tax receipts in the city of Ambon.

1. Impact of the Implementation of PMK No. Tax Incentives. 110/PMK.03/2020 For Taxpayers in Ambon City

The government began issuing incentive and relaxation policies in the field of taxation for taxpayers affected by the COVID-19 pandemic at the end of March. This policy has undergone several changes. Tax incentives are given to rescue and provide economic stimulus that touches the most affected sectors throughout Indonesia, including

in Ambon City. Local governments are asked to guard all tax relaxation policies in the regions wisely, so that these policies can be right on target. This policy has undergone several changes. Until August 14, 2020, the Minister of Finance issued Regulation of the Minister of Finance PMK No. 110/PMK.03/2020 which is a tax incentive for taxpayers affected by the 2019 corona virus. The impact felt by taxpayers affected by the 2019 corona virus in Ambon City are as follows:

Article 21 Income Tax incentives have an impact on the income received by each employee during the implementation of this policy. The discount is given along with the monthly income received by the employee. Previously this tax was borne by the income recipient and then through the PMK policy no. 110/PMK.03/2020 to be borne by the government or called Government-borne Tax (PDP). This Article 21 income tax incentive has a direct impact on taxpayers because the borne income tax will indirectly increase the income of workers because the wages received are not tax deducted so that it is hoped that workers can use their income to meet the necessities of life during the Covid-19 pandemic.

Article 22 Import Income Tax incentives are given in the form of exemption from tax payments. The exemption from the payment of Income Tax Article 22 is the effect of the reduced activity of sending goods from other countries directly to Ambon City. This is done to prevent the spread of the Covid-19 virus in Ambon City. Because PPh article 22 is the object of the Central Tax, this automatically has an impact on national tax revenues. The impact of the application of Article 22 Import Income Tax Incentives is to provide a stimulus for business players so that the economy from the import sector can run well, so that the trade balance can be maintained stable.

The MSME Final Income Tax (PPh) incentive borne by the government to be utilized by Micro, Small and Medium Enterprises (MSMEs) is the right policy to move the wheels of the economy in the region. The MSME sector is a business unit that has been greatly affected by the Covid-19 pandemic. Everywhere seen many MSMEs that had to go out of business. And the effect will certainly increase the number of unemployed in Ambon city and the financial pressure is quite strong. The implementation of Large-Scale Social Restrictions (PSBB) and tightening of Health Protocols have disrupted the activities of the people of Ambon city and the business world. So with the Final PPh incentives borne by the government, it can reduce the burden on MSMEs to continue to survive and continue to innovate during this Covid-19 pandemic.

Final PPh Construction Services incentives are given to corporate taxpayers who receive income from the construction service business in the program for the Acceleration of Improvement of Irrigation Water Use (P3-TGAI). The provision of these incentives can have a positive impact on supporting the improvement of water supply (irrigation) as a labor-intensive project which is the most important requirement for the agricultural sector.

Article 25 PPh taxpayers who will receive incentives with a reduction in the amount of installments of 50% of the total installments that should be paid during the implementation of PMK 110/2020. Article 25 income tax is included in this regulation because many business actors have begun to reduce their activities or even stop their business during the Covid-19 pandemic. When the Corona virus outbreaks in Ambon City, the productivity of taxpayers decreases. There was tremendous financial pressure.

So that the government feels the need to provide a stimulus in the form of incentives for Article 25 income tax taxpayers. The incentives will be given automatically. The impact of the implementation of the Incentive is cash flow allowances for taxpayers to increase resilience in the face of pressures from economic conditions as a result of the Covid-19 pandemic. In addition, incentives are also intended to anticipate a decrease in taxpayers' business, so that the installments of PPh 25 paid in 2020 can approach the value of the tax payable in one tax year.

The VAT incentives given during the Covid-19 outbreak are different from the previous three types of taxes. The VAT incentive provided is the convenience of the process of granting restitution to PKP which has been determined in PMK 110 of 2020. There is a difference in the nominal limit of restitution given to PKP Exporters and PKP Non-Exporters. For Taxable Entrepreneurs who act as exporters there is no nominal limit of VAT that will be refunded, while for Non-Exporter Taxable Entrepreneurs are given accelerated restitution with a maximum value of 5 billion rupiah. Exporter Taxable Entrepreneurs get unlimited facilities in applying for restitution this time. This is adjusted to the application of the VAT rate that has been provided by exporters. For Taxable Entrepreneurs who receive tax incentives, there is no need to apply for a low-risk PKP determination to a registered KPP. Incentives in the form of VAT refunds have an impact on maintaining company liquidity. Thus, it is expected that during the implementation of this incentive, the company's liquidity is maintained and the company does not go bankrupt. The realization of VAT refunds was accelerated, recording a 37.1% growth throughout 2020 in line with the use of fiscal incentives. The government provides incentives for accelerated VAT refunds with a seminal realization of Rp. 7.55 trillion throughout 2020, or greater than the initial ceiling set by the government of Rp. 5.8 trillion.

2. Impact of Implementation Tax Incentives. PMK No : 110/PMK.03/2020 For Tax Revenue in Ambon City.

Tax revenue in Ambon City in 2020 compared to 2019 has decreased (see table 3). Nationally, taxation revenue in early 2020 was quite optimistic, although it decreased in 2019 as a result of trade wars, geopolitical conflicts, and weakening international trade, the global economy at that time. But it is predicted to improve in 2020 (see table 1). But things changed, in early March 2020, Indonesia was hit by an outbreak of the SARS-CoV-2 type of Corona virus, better known as Covid-19. This deadly disease and has a very fast spread rate has such a tremendous impact on world health that the WHO has declared it a pandemic.

The 2019 Corona Virus Disease pandemic has had a tremendous effect on human health in the world and of course the economy globally, nationally and regionally. The economy of Ambon City also experienced the same thing. The economic contraction was felt by the people of the city with a population of around 347,288. Ambon city's PAD contracted by 30 percent. The PSBB and strict health protocol policies have resulted in business activities not running normally, people's purchasing power declining and various macroeconomic problems faced by the Ambon city government. So that synergy is needed between the central government and regional governments in implementing urgent policies to deal with the impact of the Covid-19 pandemic.

Various efforts were made by the Indonesian government to overcome the monetary crisis, with fiscal policies that were expected to be able to encourage economic growth which immediately became paralyzed. One of the fiscal policies taken is to provide tax incentives to taxpayers who are affected by the 2019 corona virus. This tax incentive is felt to be able to help taxpayers to survive in this economic recession. however this tax incentive policy is not without risks. In the short term, the PMK tax incentive policy no. 110/PMK.03/2020 is very effective in helping taxpayers to survive and even be able to do economic recovery. But in the long term, this policy has a huge impact on:

a) Economic Stabilization

The Ministry of Finance of the Republic of Indonesia as a government institution that plays a role in determining the direction of fiscal policy certainly strives for fiscal policy in Indonesia to have high and sustainable requirements for efficiency, adequacy, equity, responsiveness and accuracy. Not wanting to be hindered by the uncertainty of the timing of a policy, the government through the Indonesian Ministry of Finance took the "automatic stabilization" policy step. As an automatic stabilization, tax incentives have proven to be effective in reducing the failure of economic stabilization due to time uncertainty.

b) Reducing National Tax Revenue

Tax incentives have the effect of reducing tax revenues, as well as increasing government debt. However, health insurance and the community's economy are far more important. Tax incentives will help the cash flow of taxpayers who are depressed due to the crisis. The government continues to seek new breakthroughs, in order to achieve the tax revenue target for the following year. Current tax sources are lower than the State Budget (APBN). But the government has also spent a lot of money to deal with the pandemic. The Ministry of Finance must continue to pay attention to the tax ratio in the following year, by extending and expanding the tax relaxation target so that tax revenues can be sustainable.

c) Increase the National Debt

The current state budget deficit makes it difficult for the government to help the community. Of course, the steps taken by the government to cover the decline in revenue from taxes due to the tax incentive policy is to increase the state debt. Debt policy seems easy to do, but the government must be able to consider the costs and benefits of debt prudently. Do not let debt financing be greater than the benefits received by the community. If you have to add to your debt during this economic crisis, the debt should be allocated to urgent state spending activities, such as the provision of health facilities, food security, social safety nets and other productive activities. This is wiser, rather than the debt being used to cover the decline in state revenues from the tax sector. The use of debt for productive activities with efficient and low-risk financing will ease the debt burden to future generations.

CONCLUSSION

1. Application of PMK tax incentives no. 110/PMK.03/2020 in the short term is very effective in helping taxpayers affected by the Corona Virus Disease 2019. But in the long term this tax incentive policy is not effective, due to the following factors. :
 - a. Efficiency Factor. This fiscal policy does not reflect cost efficiency. The government must be in debt large enough to provide such tax incentives.
 - b. Adequacy Factor. The decline in tax revenue in 2020 in Ambon city indicates that the tax incentive stimulus has not been enough to boost tax revenue. This is because business actors still have very strong pressure and low public consumption. The people's low purchasing power, the implementation of the Covid-19 protocol which is still tight have also contributed to the decline in tax revenues in Ambon City. And the community is not yet free to carry out trade, tourism, education, etc., so that the business world has not operated optimally.
 - c. Smoothing Factor. Application of Tax Incentive PMK No. 110/PMK.03/2020 has not been evenly distributed for all sectors. The government needs to review again to add new business sectors so that they can get tax incentives, because currently almost all sectors, including the service sector, property sector, tourism sector and there are many more business sectors affected by the 2019 corona virus pandemic.
 - d. Responsiveness Factor. PMK Tax Incentive Policy No. 110/PMK.03/2020 cannot be separated from various obstacles due to the taxpayer's response that must be the attention of the Directorate General of Taxes and the Ministry of Finance. Obstacles faced by taxpayers at the beginning of the issuance of this policy were that some taxpayers felt that their business fields were not registered as recipients of tax incentive facilities, the business sector was also affected by the 2019 corona virus pandemic.
 - e. Accuracy Factor. PMK tax incentive policy no. 110/PMK.03/2020 is deemed appropriate to overcome the economic crisis in the short term, as a measure to save the national economy. But in the long term, this incentive policy is not appropriate because it will burden the state budget with a large state debt.
2. The impact of applying tax incentives for taxpayers affected by the 2019 Corona Virus Disease Pandemic in Ambon City.
 - a. The tax incentives for PPh Article 21, PPh Article 22 Import, PPh (final) SMEs, PPh (final) Construction Services, PPh article 25 and VAT refunds, have a very positive impact on taxpayers.
 - b. Tax incentives have both positive and negative impacts on state revenues from the taxation sector, namely economic stabilization in the short term thereby accelerating the economic recovery phase, decreasing tax revenue targets, as well as increasing government debt.

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