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SALES TAX INCENTIVES ON LUXURY GOODS BORNE BY THE GOVERNMENT FOR MOTORIZED VEHICLES DURING THE COVID-19 PANDEMIC

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ABSTRACT

A tax incentive is a special tax provision that is different from the general provisions. The COVID-19 virus pandemic in 2020 had a significant impact on the Indonesian economy. The impact occurred in almost all sectors, one of which was the taxation sector. As a result of this impact, many policies were made by the government to deal with the impacts that occurred during the COVID-19 virus pandemic. One of the government's policies in responding to the impact of the COVID-19 virus pandemic is the tax incentive policy on the Motor Vehicle Tax. This study aims to determine the effect of Motor Vehicle Tax Incentives during the COVID-19 virus pandemic on the compliance of Motor Vehicle Taxpayers. This study uses a normative juridical approach, namely an approach to the problem by reviewing and reviewing the applicable laws and regulations. The results showed that the Motor Vehicle Tax incentive during the COVID-19 virus pandemic had a significant effect on taxpayer compliance in paying Motor Vehicle Tax.

KEY WORDS

Tax Incentives, Motor Vehicles, Government, Taxpayers, COVID-19.

Since its appearance at the end of 2019 in Wuhan City, the People's Republic of China, the spread of the Corona Virus Disease 2019 virus or commonly referred to as the COVID-19 virus has continued to show an increase in its spread throughout the world, including in Indonesia. The impact of the spread of the virus, the Indonesian state was also exposed and shaken so significantly from various sectors of people's lives. The COVID-19 virus has the ability to survive in the air for quite a long time. From this, we can know that this virus is very dangerous for humans because it tends to spread easily, namely through the air. The easy transmission of the virus causes people to be unable to carry out their normal activities as usual. In the midst of an increasingly difficult situation and the movement of the virus that is increasingly massive, a treatment is needed a good congressional of the state. This is because the government, in order to prevent the spread of the virus, has implemented various policies. Governments around the world have to impose restrictions on public space to prevent the spread of the COVID-19 virus. Implementation of strict health protocols in various places throughout Indonesia. These restrictions are not only imposed by the Government of Indonesia, but also by governments in other countries.

Based on the explanation of Government Regulation in Lieu of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Corona Virus Disease 2019 (COVID-19) Pandemic and/or In Facing Threats That Endanger the National Economy and/or Financial System Stability, it is explained that the development of the COVID-19 virus pandemic also has the potential to disrupt economic activity in Indonesia. One of the implications is a decrease in Indonesia's economic growth which is estimated to reach 4% (four percent) or lower, depending on how long and how severe the spread of the COVID-19 virus pandemic affects or even paralyzes community and economic activities. The COVID-19 virus pandemic has resulted in an economic slowdown that has even reached minus numbers.

Data from the Central Statistics Agency shows that the components of the economy in 2020 experienced a contraction so that gross domestic product tends to decline compared to 2019. Economic growth in Indonesia also experienced a slowdown to -5.32% in the second quarter of 2020. However, from all that, firm government policy is the key. To this day,



everyone has a different view and approach regarding this outbreak. If then the spread of this epidemic becomes more massive, the government must take responsibility. The government has issued a legal basis for controlling the epidemic. It must be noted that the legal basis must be implemented and obeyed for the common good in overcoming the COVID-19 virus pandemic

In this regard, the government issued a legal basis regarding state financial policies in overcoming the COVID-19 virus pandemic. However, by making and enacting the restriction policy, it has an impact on the community's economy. Data from the Central Statistics Agency shows the contraction of economic growth experienced by Indonesia. This means that the economic slowdown is indeed happening in Indonesia due to this pandemic. Of course the economic slowdown has a negative effect on various business sectors. The COVID-19 virus pandemic has had a significant impact on the global economy.

To overcome and restore economic conditions, the government seeks to provide tax incentives for taxpayers through Minister of Finance Regulation Number 44/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the 2019 Corona Virus Disease Pandemic which was later revoked by Minister of Finance Regulation Number 86/PMK.03/2020 and updated with Minister of Finance Regulation Number 110/PMK.03/2020. The government's response in responding to the low purchasing power of the people is manifested through the selection of expansionary fiscal policy options, one of which is through lowering tax rates.

The purpose of this policy is to increase the money supply so that people can spend more money and stimulate economic growth. Taxes are contributions made by the people to the state treasury and are regulated in law so that they can be imposed and are counter-achievement with the aim of paying general expenses. In line with the statement, it states that tax is a contribution to the state (which can be imposed) owed by those who are obliged to pay it according to regulations without getting performance back, which can be directly appointed, and whose purpose is to finance general expenditures related to the state's duty to run the government (Boediono, 2011). This causes taxes to be very important for the survival of a country.

The government issued Regulation of the Minister of Finance Number 20/PMK.03/2020 then issued Decree of the Minister of Industry Number 169/2021 which explains about motorized vehicles that can receive PPnBM incentives that are borne by the government. The issuance of these regulations is an effort by the government to provide relief in the form of reducing the tax burden, reducing tariffs, tax exemptions, and relaxing tax services. Various types of tax incentives imposed by the government will have an impact on tax revenues in 2020, especially Value Added Tax receipts. This is because the provision of tax incentives is a stimulus from the government to increase people's purchasing power or consumption which has an impact on the object of the imposition of Value Added Tax. In general, Value Added Tax revenue can be linked to people's purchasing power considering that Value Added Tax is a tax imposed on the consumption of goods and services (Damang, 2011). Growth Value Added Tax revenue should be able to describe the increase or decrease in people's purchasing power (Mustaqiem, 2014).

Based on the facts that have been described, this study aims to analyze the effect of the policy of providing tax incentives on motorized vehicles that have certain qualifications. In this study, a review will be carried out to what extent the policy of providing tax incentives is one of the options taken by the government in the field of taxation. In simple terms, tax incentives are defined as a facility allocated by the government to certain individuals or organizations in order to provide convenience in the field of taxation so as to encourage taxpayers to comply with their tax obligations (Siti, 2010). During the COVID-19 pandemic, the government hopes that tax incentives can encourage people's purchasing power which is disrupted and tends to decline, helping cash flow for company activities, and assisting the fulfillment of import needs for production raw materials. Exemption of motorized vehicle tax fines is an exemption from motor vehicle tax fines that are delayed or in arrears of motor vehicle tax payable.



METHODS OF RESEARCH

This study uses a normative juridical approach, which is a problem approach by reviewing and reviewing applicable and competent laws and regulations to be used as a basis for implementing problem solving. The solution to the problem in question is about legal certainty regarding the Sales Tax on Luxury Goods (PPnBM) incentives borne by the government for motorized vehicles during the COVID-19 virus pandemic according to state administrative law, as a form to see the benefits and fairness of differences in the provision of tax incentives.

RESULTS AND DISCUSSION

Sales Tax Incentives on Luxury Goods (PPnBM) borne by the Government on Motor Vehicles during the COVID-19 Pandemic. Taxes are contributions obtained from the community aimed at the State based on applicable regulations which can be enforced without getting any reciprocity but have a goal for the common interest (Albert, 2021). Regional taxes according to Law Number 28 of 2009 Article 1 are obligatory levies to regions that are owed, both individuals and entities that are coercive under the law, without getting any reciprocity and are used for regional purposes for the common interest. Based on Law Number 28 of 2009 Motor Vehicle Tax is a tax on ownership and/or control of motorized vehicles.

Therefore, taxes are contributions to the state that can be forced, owed by the taxpayer, do not get the achievement back directly which will later be useful for financing some general expenses related to the administration of government (Lu, 2020). There are two tax functions, namely the budgetary and regular functions as follows:

1. The function of the budgetary is as a source of state treasury income with the aim of financing state expenditures in terms of routine and development expenditures;
2. Regular function is a function that regulates as a tool to achieve certain goals in the financial sector, for example economy, politics, culture, defense and security. Among them are related to making tariff changes or providing exceptions in the form of waivers aimed at certain problems. This function can also be said as an additional function to the main function because it is related to the collection of Luxury Goods Sales Tax by the government in order to regulate public consumption (Sirait, 2019).

Motor vehicle tax is a tax on ownership and/or control of motorized vehicles (Thomas, 2013). The object of motorized vehicle tax is ownership and/or control of motorized vehicles. The definition of motor vehicle tax is the same as Article 1 point 9 of the Regional Regulation of East Java Province Number 9 of 2010 concerning Regional Taxes. The subject of motorized vehicle tax is an individual or entity which in this case owns and controls a motorized vehicle. In the case of a body that owns a motorized vehicle, it is represented by the management or proxy of the agency. The object of motorized vehicle tax is ownership and/or control of motorized vehicles (Ega, 2021). Based on Law Number 28 of 2009 concerning Regional Taxes and Regional Levies, the subject of Motor Vehicle Tax is an individual or entity that owns and/ or controls a Motor Vehicle. The rate of personal Motor Vehicle Tax is determined as follows:

1. For the first Motor Vehicle ownership, the minimum is 1% (one percent) and the highest is 2% (two percent);
2. For the ownership of the second Motor Vehicle and so on, the tariff can be set progressively at a minimum of 2% (two percent) and a maximum of 10% (ten percent) (Devi & Primandita, 2021).

In the midst of efforts to recover the economy during the COVID-19 virus pandemic, the government issued various policies in the hope of helping the community. In the context of handling the COVID-19 virus pandemic and/or in order to deal with threats that endanger the national economy and/or financial system stability, the Government has issued regulations in the field of taxation. These regulations include:



1. Government Regulation in Lieu of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Corona Virus Disease 2019 (COVID-19) Pandemic and/or In Facing Threats That Endanger the National Economy and/or Financial System Stability;
2. Regulation of the Minister of Finance Number 23/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the Corona Virus Outbreak;
3. Decree of the Director General of Taxes Number: KEP-156/PJ/2020 concerning Tax Policy in connection with the 2019 Corona Virus Outbreak which is essentially a relaxation of the maturity of tax obligations (Suparna & Brahmasta, 2021).

The Motor Vehicle Tax Incentive is one of the policies issued by the government by exempting Motor Vehicle Tax fines for a certain period of time to provide convenience for residents in the midst of the COVID-19 virus pandemic, given the declining economic capacity of the community (Cheong, 2020). Motor Vehicle Tax Incentive is the exemption or elimination of fines for late payment of Motor Vehicle Tax. Tax incentives are used to attract certain individuals or entities to support government programs or activities by reducing or exempting certain taxes (Sitohang & Sinabutar, 2020). This incentive policy is expected to encourage taxpayers who are late in paying motorized vehicle taxes to fulfill their tax obligations by paying the tax principal and eliminating the burden of fines for late payments of Motor Vehicle Taxes. Tax incentive policies have a positive and significant effect on taxpayer compliance (Faisol & Hakim, 2020). So it can be concluded that the Motor Vehicle Tax Incentive has a significant effect on taxpayer compliance in paying motor vehicle taxes. This shows that the effect of the motor vehicle tax incentive is very important because the provision of this incentive can relieve and free the administrative sanctions of the motor vehicle tax owed. So with this motor vehicle tax incentive, it can affect taxpayer compliance in paying motor vehicle tax.

The tax incentive policy for the Motor Vehicle Tax was mutually agreed to provide convenience for residents in the midst of the COVID-19 virus pandemic, given the declining economic capacity of the community. As is known, the receipt of Motor Vehicle Taxes must have certain obstacles, such as delays in payment of Motor Vehicle Taxes which cause tax debts and tax sanctions against Motorized Vehicle Taxpayer. Sanctions given to taxpayers who are late in paying Motor Vehicle tax are administrative sanctions in the form of fines (Fletcher, 2002). Therefore, this Motor Vehicle Tax incentive policy is used to abolish Motor Vehicle Tax fines for late payments of Motor Vehicle Taxes. Although late payments of Motor Vehicle Taxes are not subject to fines, the public is expected to pay taxes on time, because the government's budget needs for the prevention and treatment of the COVID-19 pandemic outbreak are still very high.

Law enforcement against the motor vehicle tax sector can be realized in the form of administrative sanctions for the Motor Vehicle Tax. The imposition of sanctions is imposed on taxpayers who do not pay the Motor Vehicle Tax when it is due (Ghazinoory, 2021). Motorized Vehicle Tax is included as a regional tax, so that by the regions it must be collected and managed by an institution called the One-Stop Administration System (SAMSAT). Tax sanctions have an important role for taxpayers so that people no longer underestimate taxes. The imposition of administrative sanctions and awareness of taxpayers greatly influences taxpayer compliance in paying taxes (Klemm, 2010).

Sanctions are a form of negative punishment imposed on individuals who violate the rules. While a fine is a punishment by paying a sum of money because the individual has violated the applicable law. Therefore, it can be interpreted that fines are negative penalties imposed on individuals in this case people by paying money (Holland, 2013). Motor vehicle tax is one of the largest contributors to local revenue. This is because the Motor Vehicle Tax is elastic, the cost is quite low with easy, computerized, and fair administrative services (Leong, 2020).

The waiver of this sanction aims to make it easier for the community because in the midst of the COVID-19 virus pandemic, the economic condition of the community is declining. The extension is also to relieve the community in terms of people affected by



Termination of Employment, traders so that in this case the government helps to ease the burden on the community.

With the enactment of government policies in the form of exemption from transfer fees and vehicle tax administration sanctions, it has brought enormous legal consequences to the community, especially with the COVID-19 virus pandemic. The consideration in government policies related to tax incentives is that the spread of the COVID-19 virus tends to continue to increase which is increasingly causing many casualties and material losses and has implications for social, economic, and community welfare aspects, so it is necessary to provide tax incentives to the public. Also based on the Regulation of the Minister of Finance of the Republic of Indonesia No23/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the Corona Virus Outbreak and Circular Letter Number SE-19/PJ/2020 concerning Instructions for Implementing the Regulation of the Minister of Finance of the Republic of Indonesia Number 23/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the Corona Virus Outbreak, it is deemed necessary to provide incentives to support overcoming the impact of the virus.

Government policies like this have actually been implemented every year, but This is in a different situation and condition, namely during the COVID-19 virus pandemic. With the issuance of this policy, people are interested in paying motor vehicle taxes. This is also done in order to increase Regional Original Income. This policy issued is relevant to the prevailing laws and regulations. The impact of this program is very positive for the community because with this program the community can pay arrears of motor vehicle taxes and transfer fees for motorized vehicles without being subject to fines or interest, only paying the principal. Therefore, many people take advantage of this government program so that the tax payments that will be paid by taxpayers become lighter because they only pay the principal.

In addition, this program is in order to improve services to the community regarding human resources and modern information systems supported by fast and appropriate services because it can be seen that with the COVID-19 virus pandemic apart from paying motor vehicle taxes through SAMSAT , can also be paid through digital online or bank. So that payments made by taxpayers are much more practical because they can be paid anywhere.

The results of this study state that the motor vehicle tax incentive is very important because it provides convenience for residents in the midst of the COVID-19 virus pandemic, where the level of community economic capacity during the pandemic has decreased. So with this motor vehicle tax incentive, it is hoped that it can help residents affected by the COVID-19 virus pandemic to continue to carry out their tax obligations.

CONCLUSION

Based on the results of the study, it can be concluded that the COVID-19 virus pandemic has an impact on people's lives as citizens and also the government as a representative of the state, especially in the economic sector. In this case, the government issued a policy of providing motorized vehicle tax incentives during the COVID-19 virus pandemic through Minister of Finance Regulation Number 86/PMK 03 of 2020 concerning Tax Incentives for Taxpayers affected by the COVID-19 Pandemic in order to address difficulties in fulfilling obligations of taxpayers as well as efforts in order to help the running of the country's economy. The provision of Motor Vehicle Tax Incentives during the COVID-19 virus pandemic has a significant effect on taxpayer compliance in paying the Motor Vehicle Tax owed. Motor vehicle tax incentives during the COVID-19 virus pandemic given by the government to motor vehicle taxpayers can affect the level of taxpayer compliance so as to increase Motor Vehicle Tax revenue. Motor vehicle tax incentives during the COVID-19 virus pandemic are aimed at taxpayers to provide convenience in the midst of the COVID-19 virus pandemic by eliminating fines or sanctions for late payments of Motor Vehicle Taxes considering the declining economic capacity of the community so that they are motivated to fulfill their tax obligations.



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