

Indonesia's Tax Incentives Policies in Supporting the Post-Pandemic Trade Activities of MSMEs, Mulya Rattan

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ARTICLE INFORMATION	ABSTRACT
Received: - Revised: - Accepted: - <i>Keywords:</i> Tax Incentives; Micro, Small, and Medium Enterprise; Post Pandemic; Mulya Rattan.	<p>This research discusses the role of tax incentives in supporting Micro, Small, and Medium Enterprise (MSMEs), Mulya Rattan trade activity post Covid-19 Pandemic. The existence of a tax intensive program from the Indonesian government helps the export activity considering high taxes are the main problem for MSMEs. The incentive aimed to support Mulya Rattan product marketing to positively and sustainably improve their gain during economic recovery. This research is using qualitative research methods supported by primary data from in-depth interviews with the Founder of Mulya Rattan. The interviews were then analysed with existing literature studies. The result of this research shows that tax incentive issued by the Directorate General of Taxes, Ministry of Finance of the Republic of Indonesia is positive towards the MSMEs in general. However, the incentive did not make a significant difference to Mulya Rattan as the level of economic activity carried out is the same when compared to activities before the incentive was implemented. Mulya Rattan has the ability to stabilize their product export even without the help of the incentive by utilizing self-managed resources into competitive products. Therefore, if we see this phenomenon through Ambiguity-Conflict Model by Richard E. Matland, it is seen as experimental implementation. The Ambiguity of the incentive was high considering the minimal policy delivery mean utilized by the government resulting in Mulya Rattan not knowing the incentive itself.</p>

INTRODUCTION

The past few years, the world has been faced with various geopolitical stability shocks. The COVID-19 pandemic followed by conflict in several region have reshaped the global economy and revealed the

vulnerability of micro, small, and medium enterprises (MSMEs) to slowdown in economic activity. In Indonesia, where MSMEs constitute the backbone of the economy, these events have posed both significant challenges and unexpected opportunities. The COVID-19 disrupted supply chains, reduced market access, and mobility. In the other side, it also accelerated digital adoption and opened new channels for global trade. One such example of MSMEs in Indonesia is Mulya Rattan. Mulya Rattan navigated the challenges of the pandemic by leveraging digital platforms like Alibaba to reach international markets. However, subsequent geopolitical tensions, particularly the Ukraine-Russia conflict, presented more severe trade disruptions and declining export demand. These dynamics highlight the critical role of responsive government policy—such as tax incentives—in supporting MSME resilience, and raise questions about the effectiveness, communication, and implementation of such policies during and after crises.

Based on data processed by Economic Research Center, the Indonesian Institute of Sciences (P2E-LIPI), the Covid-19 pandemic impact on the decline in economic activity on handicraft units made from wood and rattan is 17.03%. The Government of Indonesia has a big task on its hands in the aftermath of the Covid-19 pandemic: first, maintaining the safety and health of the Indonesian people as the main focus; second, maintaining the rate of national economic growth (Sinurat, Lilinesia, Subhan, & Simanjuntak, 2021). The existence of the Covid-19 Pandemic has impacted the productivity of the community ranging from laborers to business people on the Indonesian economy. Therefore, there must be regulations on tax incentives that provide relief to the public, especially taxpayers, so that industries can anticipate the impact of the Covid-19 Pandemic on their economic recovery activity. Government regulations regarding tax incentives are expected to facilitate and assist taxpayers' cash flow in the midst of difficulties (Lodewyk, 2021).

The MSME sector provides employment for the community and contributes significantly to the Gross Domestic Product (GDP). In addition, the 2006 Economic Census data shows that MSMEs dominate in terms of business units (99.1%) and employment (84.4%) (Pratama, 2021). The rapid development of MSMEs is indicated by their contribution to national income, the provision of employment, and the number of business units and entrepreneurs. In terms of raw material production, the provision of affordable raw materials can be a priority for the government and related agencies. Therefore, the Indonesian economy is also highly dependent on the development of MSMEs. However, the high cost of raw materials will cause MSMEs not to get the optimal level of profit and lowering its activity within the national economic growth. It refers to the vulnerability of MSMEs during a crisis especially when the world economy is sluggish (Michael & Cornelia, 2019).

The Covid-19 Pandemic is a difficult time for MSMEs. Therefore, the government provides incentives to MSMEs by providing wider market access to the global level. The tax incentive model that fulfills certain tax obligations as regulated by law is entitled to special incentives. The incentive itself can be interpreted as a form of reward for complying with taxpayers and motivating taxpayer compliance to comply with tax obligations. In addition to incentives, MSMEs also need to be facilitated with several conveniences and facilities. For example, establishing a payment and billing system by cooperating with banks and several financial institutions or holders, so that MSME taxpayers do not need to queue at the bank because tax payments can be made automatically through the taxpayer's bank account, and the data is connected through the MSME taxpayer's point of sales (cash register) (Pratama, 2021). However, many MSME players do not know about the application of tax incentives for MSMEs. In fact, tax incentives are also influenced by the compliance of MSME entrepreneurs to pay taxes.

Seeing this event, researchers chose MSMEs that were already has a global market in the economic process. Thus, Mulya Ratta is the appropriate choice because of its export activity reached the global market. The research with Mulya Ratta was conducted through an online interview with the resource person Mr. Yayang Ayyatullah as the business leader of Mulya Rattan. Mulya Rattan is an MSME in the property sector made from rattan. In addition to marketing domestically, Mulya Rattan actively enters the global market and their rattan products have been widely distributed abroad. However, as with other MSMEs, the Covid-19 Pandemic has also become a challenge for Mulya Rattan due to economic distribution restrictions caused by state policies in mobility restriction.

This research examines the role of tax incentives in supporting export activity in Mulya Rattan products. The researchers chose to examine Mulya Rattan handicraft industry from West Java, Indonesia.

This study focuses on Mulya Rattan's economic activities in facing the transition and economic recovery in the era of post Covid-19 Pandemic and the influence of the government's tax incentive program. This topic was chosen because tax incentives from the government, ideally encouraging the trade process from the production sector to marketing, often become the main problem of MSMEs, especially as the result of slow market activity amidst the Pandemic. Furthermore, the researchers chose the Mulya Rattan industry because its rattan handicraft industry is able to survive during the pandemic both in production and marketing across foreign countries. Therefore, Mulya Rattan can be an appropriate object in assessing the role of the tax incentives. Furthermore, this research will discuss on how Mulya Rattan benefits from the tax incentive implemented by the Minister of Finance of Republic of Indonesia.

LITERATURE REVIEW

Based on the research background that has been presented, this research is further analyzed by conducting a literature review based on the impact of tax incentives in supporting the marketing of Indonesian MSME exporters' products in the global market. With reference to these variables, the author has found three literature bases that can support further research. The first literature is a journal written by Ryan Mohammad, Helmi Zus Rizalb, and Gede Satria Pujanggo (in Bahasa) with the title “Efek Insentif Perpajakan Berdasarkan Dasar Pengenaan Pajak dan Tarif Pajak Terhadap Ekonomi Secara Makro: Studi Kasus Indonesia” (Mohammad, Rizal, & Pujanggo, 2021), the second article by Agus Bandiyono (in Bahasa) with the title “Peran Insentif Pajak Di Masa Pandemi Bagi UMKM “Dayana Gallery”” (Bandiyono, 2021), the third article by Lili Marlinah and Syahribulan (in Bahasa) with the title “Peranan Insentif Pajak Yang Ditanggung Pemerintah (DTP) di Era Pandemi Covid-19” (Marliana & Syahribulan, 2021). These three literatures have similar research topics related to the dynamics of tax incentives as a fiscal instrument commonly used by the government to ease tax obligations. The relief is in certain sectors with the aim of having a positive impact on the Indonesian economy as a whole.

Ryan Mohammad, Helmi Zus Rizalb, and Gede Satia Pujanggo in their journal discuss the purpose of the government issuing a tax incentive policy, namely to help Indonesia's economic recovery faster as a National Economic Recovery (PEN) program. In addition, the implementation of this policy is to assess the effect of tax incentives in general on the macro economy. Therefore, this policy can be an insight to sharpen fiscal policy strategies related to the provision of tax incentives. However, they argue that the effect of these tax policy incentives is still difficult to measure in macroeconomic indicators while in general, they see that overall tax incentives have had a positive impact on investment variables, Gross Domestic Product, and Open Unemployment. The impact on these sectors is much better when compared to tax incentives based on the tax base. However, the positive impact is relatively short-term as evidenced by the third research test using the VAR Impulse Response Function method (Mohammad, Rizal, & Pujanggo, 2021).

Supporting the opinions of Ryan Mohammad, Helmi Zus Rizal, and Gede Satia Pujanggo, according to Agus Bandiyono, tax incentives by the government are needed for the development of MSME businesses in Indonesia. Agus Bandiyono's research focuses more on the impact of tax incentives during the COVID-19 pandemic. During this period, there was an economic downturn, especially for various MSMEs that experienced a decrease in turnover. However, at the same time, these MSMEs are still burdened with the obligation to pay MSME Final Income Tax. This difficult situation occurred as a result of the tax incentive policy during the pandemic not being fully known by the beneficiaries targeted by the government as felt by the Dayana Gallery MSMEs (Bandiyono, 2021). The opinions of Lili Marlinah and Syahribulan say that tax incentives are needed by every MSME during a pandemic so that the business sector can still have room to move. The government through the Director General of Taxes must continue to make efforts so that MSMEs do not lose competitiveness (Marliana & Syahribulan, 2021).

Lili Marlinah and Syahribulan and Agus Bandiyono also saw that the government's tax incentive policy was still lacking in terms of socialization. Many MSMEs are not even aware of the policy. In fact, if socialization can meet the target beneficiaries can be productive and able to support national economic recovery and become a tactical step as an effort to maintain economic growth. Therefore, the role of various parties is needed to educate each other and disseminate information about things that can ease the burden on entrepreneurs and MSMEs players affected by the COVID-19 pandemic (Bandiyono, 2021). So as stated

by Ryan Mohammad, Helmi Zus Rizalb, and Gede Satia Pujanggo, tax incentives can encourage the framework of the PEN program faster. Although until now, no one has measured the effect of tax incentive policies on macroeconomic indicators, tax incentives overall have a positive impact on investment, GDP, and open unemployment variables. The positive impact of tax incentives is much better when compared to tax incentives based on the tax base even though it lasts in the short term (Mohammad, Rizal, & Pujanggo, 2021). The three literatures discuss two main points regarding the dynamics of tax incentives, namely the importance of tax incentive policies by the government in helping the competitiveness of MSMEs and the need for stronger socialization so that these policies reach the government's target. Therefore, it is necessary to dig deeper into the significant impact received by Mulya Rattan as the beneficiaries of the tax incentive policies.

RESEARCH METHODS

This research uses systematic qualitative research methods. The data collection method used in this research is secondary data analysis as well as primary data from in-depth interviews through a number of open-ended questions. Secondary data collected from the selected Mulya Rattan website, relevant, and measurable information that can show the direct effect of tax incentives in encouraging trade in Mulya Rattan export activity. While secondary data used in this study came from reputable journals. We collected additional content of these articles by irregular searches in reputable databases such as Emerald, Springer Link, Taylor & Francis, Science Direct, EBSCO, Researchgate and other journal sites. This study collected data through observation of official documents and various other scientific literature and then reviewed all the data, understood and organized them into categories or themes that crossed all data sources. (Christenson, O'Kone, & Farmery, 2017).

In addition, the primary data was obtained through a semi-structured interview method. Several main questions were prepared in advance as a guideline to keep the discussion within the scope. However, during the course of the interview, interview participants were allowed to respond to the interviewee's statements to follow-up on the interviewee's statements that were considered important. The questions may develop based on the answers given to deepen the knowledge of the interviewee. The discussion provided a forum where more in-depth information was gathered (Kallio, Pietilä, Johnson, & Docent, 2016). The reason for not using a structured interview approach is that it requires relevant and comprehensive responses, follows a predetermined topic and stays within the parameters set by the pre-designed research objectives. By using structured interviews, the author was able to follow up on the information obtained secondarily and the interviewees were able to validate the responses in the secondary data. The analysis of secondary data from information collected from Mulya Rattan's website, journals and books and interviews as primary provided by Mulya Rattan's Founder and marketing manager allows for a diversity of data that supports each other to offer important points for comparison. Through data analysis, the diverse references are further reviewed to expand the research findings.

RESULT AND DISCUSSION

Tax Incentive Policy in the Era and Post Covid-19

The Indonesian government enacted Law No. 20/2008 which focuses on strengthening the participation of MSMEs in economic growth, job creation, and poverty alleviation. In Indonesia, MSMEs have a considerable contribution to national economic development. It was about 60% to Indonesia's Gross Domestic Product (GDP) and absorbed up to 116 million workers by the end of 2017 (Michael & Cornelia, 2019). The Covid-19 Pandemic has had a major impact on the economic, social, and political sectors around the world. Responding to the spread of Covid-19, Indonesia imposed Large-Scale Social Restrictions (PSBB) in September 14, 2020 with the aim of limiting the gathering of people in large numbers to prevent the spread of Covid-19. This stipulation was made considering the spread of Covid-19 which spreads faster in crowds (Danareksa Sekuritas Debt Research, 2020). The government has made various efforts to restore the Indonesian economy. Through the Directorate General of Taxes under the authority of the Ministry of Finance, the government decided to provide tax incentives to taxpayers affected by the Covid-19 Pandemic. The decline in the economic sector with sluggish economic activity has an impact on companies so that these companies are forced to close their companies and even terminate employment (Lodewyk, 2021).

The regulation regarding tax incentives for taxpayers affected by the Pandemic is contained in Minister of Finance Regulation Number 9/PMK.03/2021. This regulation is an improvement of the previous PMK, namely PMK Number 86 of 2020. Taxpayers can use the application of this tax incentive rule until December 2021. Tax incentives, such as tax subsidies and tax deductions, are expected to increase tax compliance. Naitili et al (Naitili, Jauharia, & Nurofik, 2022) prove that tax incentives have a positive impact on taxpayer compliance in filing tax returns. Several previous studies have shown the role of tax literacy in influencing tax compliance. However, no significant effect was found between tax literacy and taxpayer compliance. Tax incentives are a strategy issued by the government to facilitate and encourage taxpayer compliance. Furthermore, the existence of a tax incentive program can help ease the tax burden and help business continuity, especially for MSMEs players, especially in the post-Pandemic period.

The incentives provided in PMK 110/2020 (Lodewyk, 2021) are as follow:

- a. Income Tax borne by the government on article 21 (DTP) PPH Article 21 is income tax in the form of salaries, wages, honoraria, allowances and other payments of any name and in any form in connection with work or position, services and activities carried out by individual tax subjects, for example permanent employees, freelance workers, or employees of certain activities.
- b. Income tax on article 22 related to Import, which is a tax imposed on certain business entities with business activities, namely import, export and/or re-import trade.
- c. Reduction of Income Tax installments in article 25 by 50%, namely taxes that are paid in monthly installments in one tax year. The subject of Income Tax Article 25 is an individual or corporate taxpayer who carries out business activities as a retailer or service provider.

Overall, tax incentives have a positive impact on the country's economic indicators. Tax incentives based on the tax base have a relatively low disruptive effect on the macroeconomic side although the impact is not long-term. According to Haryadi Sukamdani, Chairman of the Indonesian Employers Association of Indonesia (Apindo), the government issued a tax incentive policy to have an impact as a policy that can help MSMEs to reduce production costs. Thus, MSMEs can increase their competitiveness in the market (Assegaf, 2021). Especially in the midst of the Covid-19 Pandemic, it is a big challenge for Indonesian MSMEs in selling their products due to existing restrictions. MSMEs are experiencing difficulties and sluggishness due to decreased market demand and access to capital to run their businesses due to weak financial performance and inability to access available loan programs (Salma, 2024). So, in the midst of this challenge, the government wants tax incentives to be enjoyed by all MSMEs in Indonesia, one of which is Mulya Rattan.

According to the result of the interview, Mulya Rattan's production itself did not experience any problems during the Pandemic. The biggest obstacle was shipment overload, where the number of buyers increased rapidly but shipping services were limited and shipping prices tended to be more expensive than the price of goods. In the midst of this increase in demand, Mulya Rattan did not feel any significant changes as a result of the government's tax incentive policy during the Pandemic. In particular, the policy was not socialized enough to MSME businesses therefore, MSMEs could not take full advantage of the tax incentives as the beneficiaries. Mulya Rattan continues to make corporate tax payments as in the years before the Pandemic occurred (Ayyatulloh, 2022). Corporate tax itself is a tax imposed on the profits of a company or business entity. Thus, by paying corporate tax, MSMEs have fulfilled their obligations without knowing the store's interest in pursuing the benefits of tax incentive policies (Fitriya, 2024). According to Mulya Rattan, the tax incentive policy has not been effective and reached all MSMEs business actors, including Mulya Rattan. In addition, Mulya Rattan also routinely has to prepare company balance sheets in order to report corporate taxes that are routinely applied each year. The Ministry of Taxes, which should be responsible for regulating, supervising, and socializing tax intensive policies in Indonesia, has not been maximized in the process of socializing these policies to MSME business actors (Ayattulloh, 2023).

Mulya Rattan remains routine in paying corporate tax both before and during the Pandemic. As an exporter company, Ayyatulloh claimed the government has been quite good at enforcing tax incentive policies in terms of exports in general. As an exporter company, Mulya Rattan will not be taxed for the export of goods (Ayyatulloh, 2022). This aims to encourage exports and increase the country's foreign exchange earnings. In addition, tax incentives for exporting companies, the Indonesian government has provided a wide range of incentives, such as reduced import duties for raw materials or machinery, income tax relief, or even the elimination of import taxes. The purpose of these incentives is to improve the competitiveness of

exporting companies and increase the country's foreign exchange earnings. However, these incentives are usually given with certain conditions, such as the use of domestic raw materials or increased added value in production (Ngatikoh & Faqih, 2020). As a well-established exporter, Mulya Rattan receives government policy facilities in its export activities. Thus, the impact of these tax incentives has actually been felt since before the pandemic. The government has helped Mulya Rattan in participating in the balance of trade in Indonesia with export activities that are free of charge. Sales activities and matters dealing with the store's foreign exchange are not taxed at all therefore, the store can still provide competitive prices even in the midst of a Pandemic. Meanwhile, only 1% tax is charged on the processing of the products sold by the store (Ayatulloh, 2023). All of these efforts aim to increase the competitiveness of Indonesian export companies in the global market. Thus, the positive impact of the tax incentive policy has indeed been felt by Mulya Rattan before the change in tax incentive policy imposed by the government during the pandemic.

Tax Incentives in Supporting the Marketing of Mulya Rattan Products in the Global Market

Indonesia is a country with an extraordinary impact of Covid-19 and has caused large-scale paralysis of its economy. Indonesia is a developing country with an economic system on a scale dependent on SMSEs sector. Based on the statement of Indonesia's Coordinating Minister for the Economy, Airlangga Hartanto stated that the biggest pillar of Indonesia's economy comes from SMSEs. Therefore, the existence of the Covid-19 Pandemic has paralyzed the Indonesian economy because the capital of SMSEs are unable to survive in the long term of pandemic situation (Limansetyo, 2022).

The Covid-19 Pandemic encourages the government to take policies due to changes in the world economy on an unpredictable scale. Not a few specialized MSMEs in Indonesia encourage the marketing and trading of their products during the Pandemic by using technology to support the trade of their products to survive. The shock of the Covid-19 Pandemic has resulted in long-term changes in people who own businesses (Fu & Mishra, 2022). It provides rapid changes that encourage people to create habits or adopt new behaviours to survive. Technology platforms are the main orientation to support trade in the MSME sector. MSMEs are one of the business sectors in Indonesia that is of important concern so that it is specifically included in the National Economic Recovery policy. However, the main problem of the MSME sector is not supported by knowledge of business technology developments, which affects market scale and product branding (Institute Teknologi Bandung, 2021). Apart from the supporting digital technology sector, it is also the government policy of a country that is the benchmark for economic and business recovery for the MSME sector. Therefore, the Directorate General of Taxation of the Ministry of Finance of the Republic of Indonesia has budgeted 62.83 trillion rupiah for tax incentives since 2021 to support the national economic recovery program (Hermanto, Windasari, & Aprianingsih, 2022). Even though at the beginning of Covid-19, Mulya Rattan was caught in a policy of temporary termination of trade routes due to lockdowns in a number of countries in various regions where Mulya Rattan products were traded.

Mulya Rattan is one of MSMEs in Indonesia that has experienced a surge in demand during the pandemic. It is due to the demand during the pandemic is very large in several countries in Europe, the Middle East, and United States (Ayyatulloh Y. , 2023). Even though Mulya Rattan was caught in a policy of temporary termination of trade routes due to lockdowns in a number of countries in various regions where Mulya Rattan products were traded. At the beginning of the Covid-19 pandemic, Mulya Rattan experienced huge losses not only in terms of limited supply but also in terms of marketing but also in terms of shipping rate which did not last long and did not affect the consumption power of the world community during the pandemic. However, it did not last long because the Indonesian government responded quickly to the impact of Covid-19 on the economy with various policies and cooperation to reduce the impact of the Covid-19 pandemic especially for MSMEs actors as an important economic sector in Indonesia (Ayyatulloh Y. , 2023).

During the economic transition due to Covid-19, the Indonesian government issued many policies to break the Covid-19 chain that suppressed the decline in the national economy. Tax incentives are one of the policies issued by the government to support trade in MSME products in Indonesia. This step is taken to secure the micro and medium economy. This incentive is given to MSMEs to support them from experiencing a significant decline. However, government policies regarding tax incentives do not directly impact the MSME sector such as Mulya Rattan. Based on an interview with the Founder of Mulya Rattan MSMEs, Mulya Rattan did not get direct information about tax incentives from the Director General of Taxes of the

Ministry of Finance of the Republic of Indonesia, but basically as MSMEs with products that have entered the global market, they do not get any more tax deductions from the government. But the policy of the absence of export tax on goods does not only apply during the pandemic and after the Covid-19 pandemic but has been going on before the Covid-19 pandemic hit the world and Indonesia (Ayyatulloh Y. , 2023).

Tax incentives are considered by the government as a policy capable of recovering the economy in Indonesia, reviving the MSMEs sector during the pandemic and post-pandemic in the face of an untouchable global post-pandemic transition. However, in its development, there are a number of MSMEs that do not know about the existence of the policy, one of which is Mulya Rattan. Although the tax incentive policy during the pandemic and post Covid-19 pandemic did not have a direct impact and received full information about the policy, the freedom of export tax on goods both before the pandemic and during the pandemic was very helpful and had a positive impact on the trade of Mulya Rattan products. Due to its product trade reached the global market, Mulya Rattan does not really experience obstacles during Covid-19 because the average demand has increased and even production has overloaded. However, Mulya Rattan MSMEs experienced a decrease in product demand due to the Ukraine-Russia conflict.

As a result of the Ukraine-Russia conflict, the European economy experienced a drastic decline, disrupting demand for countries in Europe. As a result of the Ukraine-Russia conflict, a number of trade customers in the Russian region were cut off due to the impact of the United States blacklist against Russia so that the conversion of dollars to Russian currency could not be done (Woodmac, 2022). This made a number of goods trade in the Russian region stopped due to the uncertainty of the Russian currency which plummeted due to the war and was blacklisted in various other European countries. In addition, the Ukraine-Russia conflict has caused a number of European countries to experience a decrease in demand for goods due to economic difficulties and cheap access that was closed due to the conflict. If trade continues, it requires large export cargo costs because it has to go through other trade routes which if calculated is very inefficient and loss-making. So that goods or products that are forced to be shipped will experience an increase in price (Ayyatulloh Y. , 2023). The increase in product prices triggered a decline in purchasing power in Europe during the conflict.

Therefore, when compared to Covid-19, it was the Ukraine-Russia conflict that caused the decline in the trade of Mulya Rattan. During the conflict, the decline in demand often occurs even almost non-existent so that when the conflict occurs losses due to products that have been produced cannot be traded or not exported because the economic vulnerability occurred from the conflict in the European region is very large even though 70% of Mulya Rattan products are exported to the European market (Ayyatulloh Y. , 2023). In supporting product trade, Mulya Rattan uses a digital market platform, Alibaba, with a platform tax system that is charged not large, only reaching Rp. 27 million per year, but the consumers available in Alibaba are very broad (Ayyatulloh Y. , 2023). During Pandemic, tax incentives from the government certainly have an impact on MSMEs business actors, but a good technology platform that can be used globally and is not restricted to use in Indonesia is even greater in encouraging economic recovery in the MSME sector, especially Mulya Rattan with products that have reached the global market. Digital technology diffusion affects company activities, business models, decision-making processes, boundaries, culture and value chains (Iscaro, Castaldi, Maresca, & Mazzoni, 2022).

Mulya Rattan has been using Alibaba's digital market platform since 2017 and has proven to support Mulya Rattan's business to grow quickly. Alibaba is able to encourage product branding for Mulya Rattan to enter the European, Middle Eastern and American market (Ayyatulloh, 2022). Tax incentives from digital market platforms greatly support MSMEs to reach the global market. However, Mulya Rattan knows that small tax payments on Alibaba did not only occur during the pandemic and post-pandemic era, but since before the pandemic, it has been easy to promote goods and export to various customers of its products abroad.

Is we look at this phenomenon through “Ambiguity-Conflict” Model by Richard E. Matland (1995), this policy implementation is called as an experimental implementation. Experimental implementation is realized because of the High Ambiguity and Low Conflict model. This model explains that policies with goals that have high ambiguity but low conflict among actors will outline a bottom-up approach. In this situation, the micro-implementation level tends to dominate and needs to be encouraged to vary according to the local context. As a result, the outcomes of policy implementation may vary depending on how actors

participate, drive or interpret the policy and the availability of resources. Conflicts that tend to be small also do not attract significant actor involvement as actors are free to determine their own ways of implementation (Matland, 1995). Therefore, in this case, the incentive does not really give any significant impact in supporting Mulya Rattan's export activity. The policy desired by Mulya Rattan regarding tax incentives is not only a short-term policy but a long-term policy. Tax incentive policies can be applied not only to MSME businesses during a pandemic but also tax incentives can provide convenience and tax relief for MSMEs that are just starting a business. There are many MSMEs players who experience obstacles to paying taxes at the beginning of their business growth so that tax incentives or tax burden reductions can be a solution for MSMEs that support the national economy in the long term. Especially, tax incentives can encourage faster and more inclusive economic growth (German & Parilla, 2021).

CONCLUSIONS

The Covid-19 pandemic has significantly reshaped the global economy, including Indonesia. The Indonesian government is pressured to issue policies that are able to generate economic activity, especially for MSMEs as its largest market. For MSMEs like Mulya Rattan, the pandemic brought both challenges and opportunities. While lockdowns initially disrupted trade routes and caused significant losses, the surge in global demand for certain products, coupled with the adoption of digital platforms like Alibaba, enabled Mulya Rattan to recover and even thrive. The Ukraine-Russia conflict, however, posed a more significant challenge than the pandemic, drastically reducing demand in European markets and disrupting trade routes. This conflict underscored the vulnerability of MSMEs to global geopolitical events, as Mulya Rattan experienced a sharp decline in exports. The government's tax incentives aimed at supporting MSMEs in economic recovery. Apparently, the incentive does not have a significant impact on Mulya Rattan. This is due to the absence of differences in incentives received by MSMEs in the pandemic, post-pandemic, and pre-pandemic eras. Analysed through Ambiguity-Conflict Model by Richard E. Matland, the policy is seen as experimental implementation highlighting a gap in policy communication and implementation with high ambiguity without any clear technology to support the policy being socialized. In addition, the lack of information regarding the allocation of tax incentive funds to Mulya Rattan makes it difficult to know the impact of the policy. However, Mulya rattan has become an MSME with a large global market and supported Mulya Rattan's trading activities remain stable even in the midst of Indonesia's economic downturn. The use of digital platforms such as Alibaba provided substantial support, allowing Mulya Rattan to expand its global reach.

According to the findings, the result of this study is limited in several ways. First, it focuses on a single MSME case, Mulya Rattan, which limits the real situation in the field on the generalizability of the findings to other MSMEs. However, through literature study, it has provided an overview of different sectors or regions with distinct challenges and resources. Second, data collection relied primarily on qualitative interviews and observations, which may be subject to bias or incomplete recall from participants. Third, the research only assesses the implementation mechanisms of the tax incentive policy by the Minister of Finance of the Republic of Indonesia, making it difficult to fully understand systemic gaps in policy communication and delivery. Therefore, policy recommendations are also limited by the scope and findings of this research: (1) socialization of tax incentives needs to be improved and restyled so that MSME business actors know the allocation of these incentive funds; (2) The tax incentive policy is not only intended as an effort to recover the economy of MSME business actors in the pandemic and post-pandemic era but to encourage tax incentive policies for MSMEs by providing a longer period of time for new MSMEs to develop; (3) Provide support to local MSMEs to carry out branding and marketing of products to the global market because there are many MSMEs that have superior products with good add value but do not have the ability to branding and marketing.

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