

The effectiveness of Tax Incentive during Covid-19 Pandemic: Case Study on Indonesian Small Medium Enterprises

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ABSTRACT

As a developing country, Indonesia has economic strength in the real sector which is carried out by small medium enterprises activities. In the latest 2019, globally and also Indonesia's economy was depressed by pandemic covid 19. To maintain national economic stability, our government issues a lot of incentive especially in taxation policy. One of them is the tax incentive for SMEs. This research purpose is to measure tax incentive effectiveness specifically for SMEs using several internal government factors such as modernization and socialization of the tax system and also personal tax knowledge from taxpayers. This research is causal study using primary data collected by questionnaire. Respondent criterias prepare according to SMEs classification from the Regulation of the Minister of Finance of the Republic of Indonesia. Data in this study analyze using multiple linear regression with SPSS statistics. This research found that modernization, socialization and taxpayer knowledge will improve tax incentive efficiency. Modernization of the tax system and frequent socialization encourage taxpayers to utilize the incentive without having deep knowledge of taxation.

Keywords: modernization, socialization, tax incentives, tax knowledge