

# Tax Planning : Micro Small and Medium Enterprises (MSMEs) In Covid-19 Era

Carolus Askikarno Palalangan<sup>1</sup>, Trinita Imelda Bandaso<sup>2</sup>  
{carolus@ukipaulus.ac.id}

Universitas Kristen Indonesia Paulus

**Abstract.** Every entrepreneur wants the maximum possible profit and minimum tax burden, tax planning makes sure that taxes can be realized efficiently. Micro, Small and Medium Enterprises (MSMEs) play an important role in the national economy. Entering 2020, the world was shocked by the existence of Covid-19 which was not only a problem for the health sector but was also a major issue for the global economy which ultimately had a negative impact on MSMEs. This study aims to see what is in tax planning, see the impact and policies for MSMEs in the midst of Covid-19, and see how the application of tax planning to MSMEs in the Covid-19 era. The research method used is qualitative research with a descriptive approach, the data used is secondary data. This research shows that the various policies and stimuli undertaken by the government to save MSMEs in the midst of Covid-19, entrepreneurs should be able to seize opportunities and make the most of them in their tax planning design while staying within the corridors of applicable tax regulations.

**Keywords:** format, systematics, scientific article, tax planning, MSMEs, covid-19

## 1 Introduction

Currently the world is shocked by the outbreak of a disease caused by a virus called the corona virus or known as COVID-19 (CoronaVirus Diseases-19).). The virus, which was allegedly started to endemic from December 31, 2019 in the city of Wuhan, China, is now starting to spread almost all over the world very quickly, so that the World Health Organization (WHO) on March 11, 2020 designated the corona virus outbreak as a global pandemic which became one of the main events in the world. extraordinary things that have never been predicted before (WHO, 2020).

Now COVID-19 is not only a problem in the health sector but has developed into an economic problem that does not only occur in Indonesia but is a problem almost all over the world. The inevitable economic crisis feels different from before, where there is no certainty of the impact it will have on people's livelihoods and lives (Pusparisa, 2020). The government is taking various measures to stop the spread of COVID-19 by enforcing business closures, working from home, postponing gatherings that involve large numbers of people, and others. Restrictions on community activities as an effort to deal with the COVID-19 pandemic have caused significant economic losses nationally (Hadiwardoyo, 2020). The current economic crisis directly attacks the real sector, and the worst who feel the loss are the community as consumers, and MSME actors who are macro-economic drivers (Nainggolan, 2020).

MSMEs in general have a fairly large composition in the Indonesian economy. According to Baker & Judge (2020), stated that MSMEs were among the hardest hit by the COVID-19 crisis, many closed their businesses temporarily, and furthermore faced cash flow constraints. In Indonesia, MSMEs are one of the strategic sectors in the national economy as seen from the absorption of labor (Abidin, 2015). Based on data from the Ministry of Cooperatives and MSMEs, around 99% of business units in Indonesia are MSMEs, consisting of 6,702 medium enterprises, 783,132 small businesses, and 63.5 million micro enterprises. The contribution of MSMEs to the national gross domestic product (GDP) reached 60.34%. MSMEs also absorb around 97% of the total national workforce compared to large businesses (depkop.go.id, 2020).

Taxes are one of the largest sources of state revenue and are very important for increasing national development aimed at the prosperity and welfare of the community. However, on the other hand, entrepreneurs as well as Micro, Small and Medium Enterprises are trying to maximize profits and minimize the tax burden to an extent that does not violate the law. Because the greater the income, the greater the tax payable, thus or tax planning tax planning a good is needed to pay taxes efficiently. Tax planning is used as a strategy to regulate accounting and company finances to minimize tax obligations in ways that do not violate tax regulations or are usually called the legal way (Pohan, 2014). According to Christmawan (2016) tax efficiency is one of the goals of optimizing profits by making an effective tax plan. Thus, it will produce efficient tax in decision making in terms of investment in the future from tax efficiency that has been done by making good tax planning.

As a profit-oriented business as much as possible, it will strive to obtain the highest profit by implementing cost efficiency, including tax burden efficiency. Because sometimes the obligations that are paid up reach a significant value, therefore triggering taxpayers to do tax planning. Optimization of tax planning is defined as an initial step in tax management (Melatnebar, 2020).

Because as the backbone of the Indonesian economy, MSMEs are very important in economic growth and reduce inequality caused by the uneven development process. The higher the level of economic growth of a country, the higher the level of prosperity of its people, this is directly proportional to economic growth, namely, the higher the level of prosperity of the people of a country, the higher the level of economic growth of a country. Besides that, MSMEs also have a role in the absorption of labor.

However, at the beginning of 2020 the world suffered a heavy blow due to COVID-19 which was not only a global health problem, at the same time it became an economic problem that caused economic crises in various countries in the world, including Indonesia. Strategic policies are needed by the government to handle them; besides that, it is necessary to implement tax planning on the side of Micro Small and Medium Enterprises. Based on the description of the problems that have been described in the previous paragraph, the author raises the title "Tax Planning: Micro Small and Medium Enterprises (MSME) in COVID-19 Era".

## **2 Research Methods**

Qualitative research is used in this study with a descriptive approach. According to Sugiyono (2012), to examine the condition of natural objects based on the philosophy of positivism, qualitative research methods are used. Descriptive method is a method that aims to describe or provide an overview of the object of research through samples or data collected and make general conclusions. Research procedures that produce descriptive data such as written or spoken words from people and observable behavior are the meaning of qualitative research in

Moleong (2010). The use of qualitative research methods with a descriptive approach in this study is intended to describe and explain tax planning for micro, small and medium enterprises in the COVID-19 era.

Collecting data in this study using secondary data, using document analysis. The document is a complement to the interview data collection technique (interview) in qualitative research. Bogdan states "In most traditions of qualitative research, the phrase personal document is used broadly to refer to any first-person narrative produced by an individual which describes his or her own actions, experiences and beliefs".

Documents used in this research, namely documents related to research problems, namely journals, books, articles, and others.

There are three steps of qualitative data analysis based on Miles and Huberman (1994) in Sekaran and Bougie (2013), including the following:

1. Data

Reduction is used to summarize the qualitative data that is contained too much. The main or important data is taken and classified using a certain code. Meanwhile, data that are considered unimportant and not related to the phenomenon of the research problem are deleted.

2. Data Presentation

According to Sekaran and Bougie (2013), data presentation is how data is presented so that it can be understood by researchers and readers which can be in the form of sentences, graphs, or diagrams. Because this research is qualitative research that focuses on the problems that occur in the object of research. Researchers use more words in the form of sentences to tell the problem in detail. Tables are used to present the conclusions of the findings so that they are easier to read and understand.

3. Conclusion and Verification

The final stage of a study is the initial conclusion drawing stage, and verification is used to gain confidence that the findings are valid and accompanied by evidence (Sekaran and Bougie, 2013).

### **3 Results and Discussion**

#### **Taxes and Tax Planning**

Tax is the largest state revenue which will ultimately support the development of the country, which is used for infrastructure development, personnel expenditure needs, subsidies, social needs, and others for the welfare of the community itself. As written in the Law of the Republic of Indonesia number 28 of 2007 concerning the Third Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures, tax is a mandatory contribution to the state owed by an individual or entity that is coercive under the law.

Act, by not getting direct compensation and being used for the needs of the state for the greatest prosperity of the people. Essay in taxation in Mulyo Agung (2007) states "tax is compulsory contribution from the person to the government to defray the expenses incurred in the common interest of all, without reference to special benefit conferred".

Taxes have two functions according to Official (2017), namely the function budget air where taxes are a source of finance for the state to finance development and finance all state expenditures. The second function is the regular end whereas a tool to regulate, for example, regulating the level of consumption where the level of consumption of the Indonesian state is quite high for cigarettes, then the customs tariffs are also high by the government with the

ultimate goal of reducing cigarette consumption and increasing cigarette prices. . There are four objectives of tax planning itself, namely delaying the recognition of income, reducing the taxpayer's tax debt that must be paid, avoiding the imposition of double taxation, and others.

In general, businesspeople have the main goal of increasing profits by obtaining maximum profits. One of the efforts made by entrepreneurs or businesspeople is to minimize the tax burden because it is one of the factors of reducing profits, of course by paying attention to or staying within the corridor of applicable law. Thus, tax planning is needed in order to generate maximum profit by paying taxes efficiently. According to the dictionary of tax terms compiled by D. Larry CPA, Ph.D., Jack P. Friedman, CPA, Ph.D and Susan B. Anders, CPA, MS (Barrons: 1994), states that "Tax Planning is the systematic analysis of differing tax options at the minimization of tax liability in current and future tax periods." which means that tax planning is an analysis that is carried out systematically from differentiating various tax options/options that are minimal in the current tax period and the future tax period. Tax planning is the process of organizing the business of a taxpayer or several taxpayers in such a way that the tax debt, as well as other tax burdens, are in a minimum condition (Suandy, 2008).

There are several important variables of tax planning according to Hoffman (1961), namely:

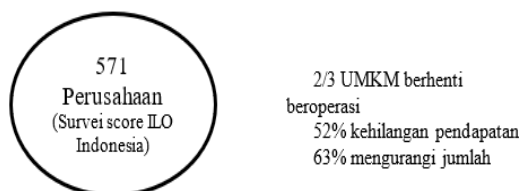
<i>Personalized</i>	<i>Tax planning</i> may be able to relieve tax obligations that are designed according to the conditions and situation of the Taxpayer.
<i>Flexible</i>	<i>Flexibility</i> means that it can be modified but still based on the existing tax provisions, the motivation of the taxpayer, and the conditions of the business that are within legal limits.
<i>A resolving of conflicting interests</i>	It is said that " <i>if conflict cannot be eliminated, to settle them to the satisfaction of the parties concerned.</i> "
<i>Completely honest</i>	That is done with a good thing, meaning that there is no element of <i>tax avoidance</i> and <i>tax evasion</i> .
<i>Oriented as to time</i>	It is said that " <i>consistency requires that the past limit the present and the future but the present must be further circumscribed in the light of the taxpayer's future tax requirements.</i> " This means that consistency requires that the past limits the present, and the present determines the future.

### **Impacts and Policies on MSMEs in the midst of COVID-19**

COVID-19 that is happening right now is not only a health problem, but also has an impact on other sectors, one of which is the economic problem, namely MSMEs. MSMEs in Indonesia. As a driver of the Indonesian economy, MSMEs are the sector most affected by the COVID-19 pandemic, which can be seen from the slowdown in Indonesia's economic growth, namely in the second quarter of 2020 Indonesia's growth was minus 5.32% (Niken, 2020).

MSMEs are the lifeblood of Indonesia's economic growth which in the end is also one of the sources of state taxes in the state budget. The current growth rate is considered to be still slow due to several factors that are considered to be still not effective and efficient in terms of implementation, this is due to the pandemic that is currently engulfing almost all countries, including Indonesia (Septyaningsih, 2020).

Based on the official info from the Ministry of Finance in June 2020 there were 571 companies were affected due to COVID-19, with the following picture:



Source : Data is processed

Based on the image above depicts the condition of pandemics almost all sizes affected covid-19 and it can be said Stimulus from the government is very much needed, and it should be said that MSMEs are a sector that must be immediately raised with various kinds of efforts. MSMEs are specifically the most vulnerable sector in the economy and at the same time vulnerable to social impacts because MSME actors have a significant total compared to the total Indonesian national business actors.

As stated by Laras Audina (2020), in tax.go.id said that, in order to maintain national economic stability, several policies were issued by the government as concrete evidence of support for MSMEs during the pandemic, namely a PEN policy regulated in Government Regulation number 23 of the year. 2020 concerning the Implementation of the National Creative Economy Recovery Program (PEN) is a mandate, including lending of new working capital for MSMEs, tax incentives, and interest subsidies regulated in Perpu 1 of 2020.

In addition, the government has poured funds to support MSMEs in the midst of a pandemic, which is Rp. IDR 28.06 trillion through PPh 21 tax incentives and also DPT Final PPh based on Government Regulation number 22, a budget of IDR 34.15 trillion for interest subsidies, and a budget of IDR 6 trillion for guaranteeing new working capital for SMEs. In which the budget also comes from taxes of 80% which are then issued into a budget taken from the State Revenue and Expenditure Budget (APBN).

As explained by the International Chamber of Commerce (ICC) (2020) in its article contained in [www.iccwbo.org](http://www.iccwbo.org) stating "Given the cross-border nature of supply chains such a stimulus and safeguard measures should be taken in a coordinated manner at both the national and international levels. Countries around the world are implementing economic and also fiscal policy stimuli, including the emergency tax measures to support their economies under the COVID-19 pandemic."

#### **The application of tax planning to SMEs in the COVID-19 era**

The application of tax planning to SMEs needs to be discussed in the current pandemic era and is a topic that needs to be disclosed. Before COVID-19 hit, there were things that could be done for tax planning using pre-existing tax policies. In the provisions of Article 31E of the Income Tax Law number 36 of 2008 there is a determination that domestic corporate taxpayers with a gross turnover of up to Rp50 billion will get a facility, namely a 50% reduction in tariffs as MSME entrepreneurs.

Thus for SMEs that do not meet the criteria that the business turnover has exceeded 50 billion cannot take advantage of this tariff reduction facility and use loopholes the seas agenda of tax its planning in addition to the government side would be able to improve the competitiveness of SMEs towards sectors in other countries, providing impetus for the

development of small businesses, so that state revenues will be boosted gradually in addition to the MSME side of the implementation of its tax planning (Pohan, 2014).

The implementation of tax planning that is carried out using the previously mentioned regulations is by utilizing the tariff reduction facility of 50% from a single tariff of 28% by applying examples with different assumptions, one of the techniques in tax planning used is called spin off or business expansion. namely by spreading the income of several taxpayers, such as the formation of subsidiaries. With a policy based on gross turnover, this can lead to tax avoidance by corporate taxpayers, especially MSMEs to reduce turnover through Article 31E in order to achieve the requirements of the facilities provided.

During this Covid-19 pandemic, apart from health, the other main priority is economic stability, thus the government has issued several policies for MSMEs during the Covid-19 pandemic. As reported by Kemenkeu.go.id on June 22, 2020, it is stated that MSME taxpayers do not need to make tax deposits and tax cutters do not make tax cuts when making payments to MSME actors.

This incentive is given for the tax period from April to September 2020. Submissions for incentives can be made online through [www.pajak.go.id](http://www.pajak.go.id). In addition, the final income tax is borne by the government for MSMEs, with incentives aimed at taxpayers with sales figures below Rp. 4.8 billion of 0.5% borne by the government, in other words, DPT Final Income Tax from the total gross turnover in the form of Final Income Tax. . With the aim that taxpayers do not need to pay taxes, but the incentives are only given for the Tax Period April 2020 to September 2020.

With the condition that MSME taxpayers submit applications to the Directorate General of Taxes (DGT) via online DJP. Furthermore, MSME taxpayers submit a DPT final PPh realization report which includes income tax payable on income received attached with a printed billing code, and the report is submitted every month no later than the 20th of the following month through [tax.go.id](http://tax.go.id) after the tax period ends using the e-Reporting service. Covid-19 intensive. Finally, the report submitted must be timely so that the intensive can be utilized.

However, Setiawan (2020) stated that this facility provided by the government has not been utilized by MSME actors, based on data up to May 29, 2020, the number of applications for tax incentives reached 375,913 applicants, of which 91% were granted or equivalent to 345,640 applicants.

Bentuk Insentif	PMK-23	PMK-44	PMK-86
2. PPh Final UMKM Ditanggung Pemerintah	Belum diberikan insentif	<ul style="list-style-type: none"> <li>WP PP 23 Tahun 2018</li> <li>WP harus mengajukan Surat Keterangan &amp; menyampaikan Laporan Realisasi untuk memanfaatkan insentif</li> <li>Laporan Realisasi <b>tiap bulan p.i. tgl 20 bulan berikutnya</b></li> <li>Insentif s.d. September 2020</li> </ul>	<ul style="list-style-type: none"> <li>WP PP 23 Tahun 2018</li> <li>WP <b>tidak perlu</b> mengajukan Surat Keterangan, cukup menyampaikan <b>Laporan Realisasi</b></li> <li>Laporan Realisasi <b>tiap bulan paling lambat tgl 20 bulan berikutnya</b></li> <li>Insentif s.d. <b>Desember 2020</b></li> </ul>

Source: DGT Webinar, 2020

Various fiscal incentives were launched to save MSMEs in the midst of the COVID-19 pandemic, MSME actors should make the best use of this and design their tax planning as well as possible, which in the end will maximize profits and MSMEs can survive this pandemic.

## 4 Conclusion

Based on the discussion that has been described previously, the researchers draw the following conclusions:

- a. Tax Planning is necessary for SMEs at this time during the pandemic in order to minimize taxes owed, but it is still within the corridor of the applicable tax laws and is carried out through the so-called with tax avoidance and avoid tax evasion.
- b. MSMEs are the driving force of the national economy and one of the contributors to Gross Domestic Product and employment. After the beginning of 2020, the COVID-19 pandemic shattered the foundations of the global economy, including Indonesia, one of which resulted in a significant decrease in MSME turnover.
- c. Various stimuli carried out by the government to maintain MSMEs in the midst of the COVID-19 pandemic should be utilized by MSME actors and design their tax planning as well as possible by making the best use of PMK-44 and actively looking at opportunities in tax planning for 2021 based on regulations. newly issued by the government.

Based on the conclusions that have been described previously, the researchers provide suggestions, namely that programs to support MSMEs can be quickly realized not only for the benefit of these MSMEs, but also to help the Indonesian economy grow in the midst of this global economic crisis. In addition, the opportunities for the government's fiscal policy must be utilized for business actors by planning tax planning as much as possible.

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### Author Contributions Author

One conducted experiment 1, prepared a manuscript (manuscript) and conducted research directions; Author Two conducted experiment 2 and data analysis; Author Tiga carried out the experimental design and completion of the manuscript (manuscript).

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