



THE IMPLEMENTATION OF TAX EXPENDITURES IN INDONESIAN TAX LAW: EVALUATING IMPACTS ON MSMEs AND ECONOMIC JUSTICE

Muhammad Rudy Aqbar¹, Annisa Hafizhah^{*2}, Ari Wijayanto³

¹Universitas Gadjah Mada, Yogyakarta, Indonesia

²Universitas Sumatera Utara, Medan, Indonesia

³Universitas Gadjah Mada, Yogyakarta, Indonesia

*Corresponding Author: annisahafizhah@usu.ac.id

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ABSTRACT

Tax expenditure policies, such as the 0.5% Final Income Tax rate stipulated by Government Regulation No. 23 of 2018, aim to foster the growth of Micro, Small, and Medium Enterprises (MSMEs) by reducing their tax burdens. These policies have shown positive impacts, particularly in improving tax compliance and alleviating the fiscal burden of MSMEs. However, challenges remain, including low tax literacy, bureaucratic complexities, and geographical disparities that hinder smaller and remote MSMEs from accessing these benefits. This paper examines how such policies align with human rights principles, such as the right to decent work and equitable economic access, while offering recommendations to ensure more inclusive implementation. By enhancing tax literacy, simplifying bureaucracy, and extending incentives to underserved MSMEs, tax expenditure policies can serve as an effective instrument to promote economic justice and sustainable development.

Keyword: Economic Justice, Fiscal Policy, Human Rights, MSMEs, Tax Expenditures

ABSTRAK

Kebijakan *tax expenditures*, seperti tarif PPh Final 0,5% yang diberlakukan melalui PP No. 23 Tahun 2018, bertujuan mendorong pertumbuhan Usaha Mikro, Kecil, dan Menengah (UMKM) dengan menyederhanakan beban pajak. Kebijakan ini telah menunjukkan dampak positif, terutama dalam meningkatkan kepatuhan pajak dan meringankan beban fiskal pelaku UMKM. Namun, masih terdapat tantangan seperti rendahnya literasi pajak, birokrasi yang kompleks, dan kesenjangan geografis yang menghambat akses UMKM kecil dan yang berada di wilayah terpencil. Paper ini mengkaji bagaimana kebijakan tersebut mendukung prinsip hak asasi manusia (HAM), seperti hak atas pekerjaan yang layak dan akses ekonomi yang setara, serta memberikan rekomendasi untuk memastikan implementasi yang lebih inklusif. Dengan memperbaiki literasi pajak, menyederhanakan birokrasi, dan memperluas cakupan insentif bagi UMKM yang kurang terjangkau, kebijakan *tax expenditures* dapat menjadi instrumen efektif untuk mendukung keadilan ekonomi dan pembangunan yang berkelanjutan.

Kata Kunci: Hak Asasi Manusia, Keadilan Ekonomi, Kebijakan Fiskal, UMKM, Tax Expenditures

1. Introduction

Under Indonesian tax law, specifically Law No. 16 of 2009 on General Provisions and Tax Procedures, Taxes are defined as "mandatory contributions to the state owed by individuals or entities, enforceable by law without direct compensation, and used for state purposes to achieve the greatest welfare of the people." Taxes are a critical economic tool, serving not only as a primary source of state revenue but also as a means of wealth redistribution to achieve social justice. In Indonesia, as in many other developing countries, Micro, Small, and

Medium Enterprises (MSMEs) play a vital role in creating jobs, reducing poverty, and supporting local economies.

However, MSMEs often face structural challenges, including limited access to capital, technology, and broader markets, as well as a relatively high tax burden compared to larger enterprises. These challenges can impede the growth and development of MSMEs, a critical sector within the national economy. Research highlights limited access to capital and technology as significant barriers for MSMEs in competing in wider markets (Fauziah & Tidajoh, 2018). Additionally, the high tax burden hinders MSMEs in managing finances and investing in business development (Cornelia & Wijaya, 2022).

Tax expenditures are defined as tax revenue forgone or reduced due to special provisions that deviate from the general tax system or benchmark tax system, targeting specific taxpayers or tax objects under certain conditions to support economic objectives (Fiscal Policy Agency of the Ministry of Finance of the Republic of Indonesia, 2018). These provisions result in reduced tax revenues that the state would otherwise collect (Darussalam & Kristiaji, 2014). To support this sector, the government has implemented numerous tax expenditure policies, such as reduced tax rates or tax exemptions, as incentives for MSMEs. These policies aim to lighten MSMEs' tax burdens while encouraging competitiveness and economic contributions. However, the implementation of tax expenditure policies often encounters external factors, such as unequal access to information, disparities between the formal and informal sectors, and limited tax understanding among small business owners.

Tax expenditures refer to tax reductions, exemptions, or other incentives provided by the state to support specific sectors or socio-economic objectives (DDTC News, 2020). These expenditures may include reduced tax rates, income tax exemptions, or tax credits for small businesses, research and development (R&D), or distressed sectors (Fiscal Policy Agency of the Ministry of Finance of the Republic of Indonesia, 2018). While tax expenditures are often viewed as a loss of tax revenue, they can significantly benefit MSMEs by alleviating their tax burden (Directorate General of Taxation of the Ministry of Finance of the Republic of Indonesia, 2024).

On the other hand, human rights emphasize equality and justice principles, reflected in the right to equal economic opportunities. As the backbone of the people's economy, MSMEs should be treated equitably within national fiscal policies (Fiscal Policy Agency of the Ministry of Finance of the Republic of Indonesia, 2018). Therefore, tax expenditure policies must be evaluated from a social and economic justice perspective within the human rights framework. This involves assessing whether these policies genuinely uphold economic rights for all societal groups, particularly marginalized communities or those in the informal sector.

In Indonesia, tax expenditure policies are outlined in various laws and regulations, such as Law No. 36 of 2008 on Income Tax and Government Regulation No. 23 of 2018, which sets lower tax rates for MSMEs with revenue below a certain threshold. These policies aim to enhance MSME competitiveness and facilitate better business formalization. However, despite the intention to provide incentives, implementation often faces challenges such as unequal access to information, low tax understanding among MSMEs, and complex bureaucracy.

As efforts to accelerate economic growth intensify, tax expenditure policies are frequently utilized to promote the MSME sector, a key pillar of the economy in developing countries like Indonesia. MSMEs play a crucial role in generating employment, reducing poverty, and fostering economic equity. This highlights the importance of analyzing tax expenditures from a human rights perspective. A fundamental principle of human rights is social justice, which mandates equitable opportunities for all citizens, including access to economic resources and basic services (Wahyudi, 2022). Well-designed tax expenditure policies can serve as a tool to bridge the gap between MSMEs and large corporations, offering fairer opportunities for MSMEs to grow and compete in the market (Fiscal Policy Agency of the Ministry of Finance of the Republic of Indonesia, 2018).

The right to equitable economic development is part of human rights as stipulated in the International Covenant on Economic, Social, and Cultural Rights (ICESCR) (United Nation, 1966), which obligates states to create conditions enabling all parties, particularly small sectors like MSMEs, to develop fairly and sustainably (The PRAKARSA, 2022). To ensure that fiscal policies align with economic justice, it is crucial for the government to improve the tax system by providing broader outreach on tax expenditures to MSMEs and simplifying tax administration procedures for easier access by small business owners. Thus, tax expenditures can function not only as a tool for increasing state revenue but also as an instrument for achieving social and economic justice within the human rights framework.

2. Method

This study adopts a normative juridical approach, which focuses on examining legal norms, principles, and doctrines through an analytical and conceptual framework. This approach is commonly used in legal

research to assess the consistency, coherence, and applicability of legal provisions within a specific context. By relying on legal texts rather than empirical observations, this study seeks to provide a comprehensive understanding of the legal framework governing the subject matter.

To support this approach, the study utilizes secondary data, which consists of primary and secondary legal materials. Primary legal materials include binding sources of law, such as statutes, regulations, court decisions, and international treaties, whereas secondary legal materials provide interpretative insights from books, journal articles, and expert opinions. These materials are carefully selected to ensure a well-rounded legal analysis that reflects both the textual provisions and scholarly discourse on the topic.

The data collection process is conducted through a literature review, allowing for a systematic examination of relevant legal sources. The collected data is then analyzed qualitatively, meaning that the study emphasizes logical reasoning, interpretation, and contextual understanding rather than numerical or statistical evaluation. This qualitative analysis enables a deeper exploration of legal concepts, ensuring that the findings are both doctrinally sound and practically relevant in addressing the research problem.

3. Result and Discussion

3.1. The Concept of Tax Expenditures and the Principle of Social Justice in Human Rights

Tax Expenditures refer to tax reductions or exemptions granted by the government to specific individuals or groups to achieve broader economic or social objectives (DDTC News, 2020). These may take the form of reduced tax rates, tax exemptions, or tax incentives for certain sectors or activities, such as Micro, Small, and Medium Enterprises (MSMEs) (Fiscal Policy Agency of the Ministry of Finance of the Republic of Indonesia, 2018). In this context, tax expenditures aim to create a more supportive environment for MSMEs, which often face higher tax burdens compared to large corporations (Directorate General of Taxation of the Ministry of Finance of the Republic of Indonesia, 2024).

Currently, there are three recognized methods to measure tax expenditures: the revenue forgone method, the final revenue loss method, and the outlay equivalent method (Fiscal Policy Agency of the Ministry of Finance of the Republic of Indonesia, 2022):

Revenue Forgone Method: This approach calculates the difference in tax revenue caused by tax expenditure provisions, assuming no behavioral changes among taxpayers and no changes in revenue from other taxes;

Final Revenue Loss Method: This method considers the changes in taxpayers' behavior and the impact on other tax revenues resulting from the removal of tax expenditures.

Outlay Equivalent Method: This method estimates the amount of direct funding required to achieve the same objectives as tax expenditures.

Examples of tax expenditures in Indonesia for MSMEs include Government Regulation No. 23 of 2018, which offers a reduced final income tax rate of 0.5% for MSMEs with an annual turnover of less than IDR 4.8 billion (DDTC News, 2024). This policy aims to alleviate tax burdens, enabling MSMEs to grow, expand their markets, and innovate. In 2022, value-added tax (VAT) and luxury goods sales tax (LGST) expenditures reached IDR 192.8 trillion, or 59.6% of total tax expenditures. Notably, 20% of these expenditures came from VAT exemptions on essential goods, while 25.4% resulted from exemptions for MSMEs (Fiscal Policy Agency of the Ministry of Finance of the Republic of Indonesia, 2022).

From a human rights perspective, tax policy should reflect social justice (Wahyudi, 2022). In fiscal policy, social justice means equitable access to economic opportunities, including allowing MSMEs to develop without being hindered by heavy tax burdens (Fauziah & Tidajoh, 2018). Tax expenditures align with the International Covenant on Economic, Social, and Cultural Rights (ICESCR), which guarantees equal opportunities for economic participation. Tax expenditures can thus serve as tools to fulfill economic development rights by incentivizing MSMEs, which act as drivers of grassroots economies (Rizqia, 2024).

However, there are some challenges in implementing tax expenditures. While tax expenditures hold the potential to uplift MSMEs, challenges such as limited information accessibility and complex administrative procedures can hinder their effectiveness (Prasetyo & Rahmawati, 2021; DDTC News, 2023). To address this, the government must improve outreach, simplify administrative processes, and ensure fair and non-discriminatory implementation.

In the context of redistributive justice, tax expenditures function as a means of transferring resources from wealthier or more developed sectors to those in greater need, such as MSMEs and low-income communities. This redistribution aims to reduce social and economic disparities while promoting income equality within society (Kusumawardani, 2024). By providing fiscal incentives in the form of tax reductions or exemptions, the government seeks to alleviate the fiscal burden borne by small businesses and low-income

communities, thereby enhancing their capacity to invest, produce, and develop their economic potential in their respective sectors.

As a sector that is vulnerable to the inability to pay high taxes and faces difficulties in accessing financial resources, MSMEs require appropriate fiscal support to foster their growth and sustainability (Bandyopadhyay & Esteban, 2007). Tax expenditures, such as tax exemptions or reduced tax rates for MSMEs, serve as a mechanism to ensure that this sector has fair access to economic opportunities. Consequently, tax expenditures can strengthen MSMEs' ability to innovate, compete, and create employment, which in turn can reduce economic disparities between the formal and informal sectors, as well as between large and small businesses (Rachmawati & Ramayanti, 2016).

Table 1. Summary of Tax Expenditure Estimates by Beneficiary (in Trillion Rupiah)

Beneficiary	Amount				Projection		
	2019	2020	2021	2022	2023	2024	2025
Business Sector							
Multi-scale	86.5	89.1	107.9	113.2	125.5	132.9	143.0
MSMEs	66.0	59.1	89.6	69.7	74.8	79.5	86.2
Household	113.7	98.3	132.5	140.6	152.5	162.1	192.5
Total	266.3	246.5	310.0	323.5	352.8	374.5	421.7

Source: 2022 Taxation Report (Fiscal Policy Agency - Ministry of Finance, Republic of Indonesia)

In 2022, the largest portion of tax expenditures was allocated to households, amounting to IDR 140.6 trillion, or 43.5 percent of the total. The largest contribution to tax expenditures received by households came from the Value Added Tax (VAT) exemptions on essential goods, educational services, financial services, public transportation services, and VAT exemptions on goods produced from marine and fisheries business activities. The table also illustrates the government's support for MSMEs, as reflected in the significant tax expenditures allocated to this category. Tax expenditures for MSMEs amounted to IDR 69.7 trillion, accounting for 21.5 percent of the total tax expenditures. The facilities provided include VAT exemptions for MSMEs, final income tax for MSMEs, and a 50 percent reduction in corporate income tax rates for corporate taxpayers with specific revenue levels.

Additionally, tax expenditures can serve as a tool to enhance social justice. In this context, tax policies that provide incentives for MSMEs not only support economic development but also contribute to equitable development. By granting greater tax incentives to MSMEs, tax expenditure policies ensure that the benefits of economic development are widely distributed across all segments of society, including marginalized groups and those operating in the informal sector.

In the 2022 Taxation Report, the government—through the Ministry of Finance's Fiscal Policy Agency—classified tax expenditures into four main categories: (i) improving public welfare; (ii) developing MSMEs; (iii) supporting the business sector; and (iv) enhancing the investment climate.

This categorization provides an overview of the government's primary objectives in granting special tax treatments. Among these, tax expenditures aimed at improving public welfare constituted the largest portion of tax expenditure policies. In 2022, a total of IDR 162.4 trillion was allocated for this purpose, accounting for 50.2 percent of the total tax expenditures. The goal of enhancing public welfare is expected to be achieved by maintaining people's purchasing power through various tax facilities.

Table 1. Summary of Estimated Tax Expenditures by Policy Objective (in Trillion Rupiah)

Policy Objective	Amount				Projection		
	2019	2020	2021	2022	2023	2024	2025
Improving public welfare	129.2	122.7	162.4	162.4	175.7	184.8	217.1
Developing MSMEs	66.0	59.1	69.6	69.7	74.8	79.5	86.2
Supporting the business sector	44.9	33.4	41.4	43.6	48.6	49.8	53.6
Enhancing the investment climate	26.2	31.3	36.6	47.8	53.7	60.4	64.8
Total	266.3	264.5	310.0	323.5	352.8	374.5	421.7

Source: 2022 Taxation Report (Fiscal Policy Agency - Ministry of Finance, Republic of Indonesia)

In 2022, the government allocated IDR 69.7 trillion, or approximately 21.5 percent of total tax expenditures, to support MSME development. This reflects the government's commitment to strengthening the role and competitiveness of MSMEs. In addition to tax expenditure support, MSMEs have also received various forms of assistance from the state budget (APBN), including ministerial/institutional expenditures, subsidies, transfers to regions and village funds, as well as financing. The tax expenditure objectives of improving public welfare and developing MSMEs demonstrate the government's dedication to supporting both society at large and the growth of small industries.

Tax expenditure policies not only have economic implications but are also relevant to the fulfillment of human rights (HR) principles. In this context, these policies can be analyzed from the perspective of the right to decent work and the right to equal economic access, as regulated in various international and national human rights instruments, including the right to decent work and the right to equal economic access.

The right to decent work is a fundamental right recognized under Article 23 of the Universal Declaration of Human Rights (UDHR) and Article 6 of the International Covenant on Economic, Social, and Cultural Rights (ICESCR). This right includes the right to obtain fair employment, safe working conditions, and adequate compensation for a dignified life. Tax expenditure policies that support MSMEs directly contribute to job creation and employment security. As the backbone of the economy, MSMEs provide more than 97% of employment in Indonesia. With fiscal incentives such as tax rate reductions or tax exemptions, MSMEs have greater flexibility to expand their businesses, increase productivity, and generate new, decent employment opportunities. For instance, Government Regulation No. 23 of 2018, which provides a 0.5% tax rate for MSMEs with an annual turnover of under IDR 4.8 billion, encourages small enterprises to grow and absorb more workers. However, to ensure the full realization of the right to decent work, tax expenditure policies must be designed not only to promote economic growth but also to enhance job quality, including providing job training opportunities for new workers (Rachmawati & Ramayanti, 2016).

The right to equal economic access is also an integral part of human rights, ensuring that every individual has the same opportunities to participate in economic activities. In this context, tax expenditure policies are designed to reduce barriers faced by economically vulnerable groups, such as MSME actors in the informal sector, women entrepreneurs, and business owners in remote areas. Article 2 of the ICESCR emphasizes the importance of progressive measures by states to achieve equal economic rights for all individuals. Tax expenditures can be considered a progressive measure as they provide incentives for small and medium enterprises, which often lack the same access to capital and other resources as large corporations. Ideally, tax policies that reduce rates for MSMEs will allow them to expand their market access. Additionally, tax incentives for specific sectors, such as women-led entrepreneurship or rural-based businesses, can support the fulfillment of economic access rights for marginalized groups. However, the implementation of tax expenditure policies must ensure that their benefits are not concentrated among a limited number of business actors but are equitably distributed across all MSMEs. Barriers such as a lack of information about these policies, especially in remote areas, could hinder the achievement of this goal (Zamzam & Ansar, 2024).

Although tax expenditures have great potential to support the right to work and equal economic access, several challenges must be addressed to maximize their benefits, including:

1. Lack of Information and Outreach – Many MSME actors are unaware of the available tax incentive policies.
2. Complex Administrative Procedures – Stringent requirements and procedures may prevent MSMEs from taking advantage of these policies.
3. Geographical Disparities – Entrepreneurs in remote areas often do not have the same access to these incentives.

To overcome these challenges and optimize the benefits of tax expenditures, the following measures should be implemented:

1. Enhanced Outreach and Education – The government should expand information dissemination on tax policies to MSMEs across all regions.
2. Simplification of Procedures – Tax administration should be designed to be more accessible for small business owners.
3. Monitoring and Evaluation – Tax expenditure policies should be regularly assessed to ensure they align with redistributive and human rights objectives.

3.2. The Contribution of Tax Expenditure Policies to MSMEs

The policy on the final income tax (PPh) rate of 0.5% for MSMEs, as regulated in Government Regulation (PP) No. 23 of 2018, is one of the most significant forms of tax expenditures in Indonesia. This policy was designed to simplify tax administration processes and reduce the tax burden on micro, small, and

medium enterprises (MSMEs). Empirically, this policy has demonstrated various impacts on the sustainability and growth of MSMEs in Indonesia.

The 0.5% final income tax rate was introduced to replace the previous regulation under PP No. 46 of 2013, which set the final income tax rate at 1%. The reduction in the tax rate aims to:

1. Provide fiscal incentives to MSMEs.
2. Encourage more small and medium enterprises to enter the formal tax system.
3. Enhance MSMEs' ability to compete, invest, and create job opportunities.

Some of the positive impacts of implementing tax expenditure policies include:

1. Increased Tax Compliance
2. Reduced Administrative Burden
3. Improved MSME Cash Flow
4. Encouragement of Local Economic Growth

The 0.5% final income tax rate policy is a form of tax expenditure aimed at supporting the development of MSMEs in Indonesia. This policy has had significant positive impacts, particularly in improving tax compliance and providing small business owners with greater opportunities for growth. However, challenges in its implementation highlight the need for a more targeted strategy to ensure that the benefits of this policy are evenly distributed among all MSMEs. With effective management, this policy can not only stimulate economic growth but also contribute to social justice and equitable welfare distribution.

Larger MSMEs are better able to take advantage of incentives as they have financial teams or advisors who understand and optimize tax policies. Smaller MSMEs often face difficulties in completing tax reports and accessing tax services, making it harder for them to fully benefit from this policy. To reduce disparities and enhance the positive impact of the policy, the government should take the following measures:

Expanding Awareness Campaigns: Utilize digital media and collaborate with local MSME associations to reach more business owners.

Enhancing Regional Tax Infrastructure: Ensure that tax services are more accessible to small MSMEs, especially in remote areas.

Providing Technical Assistance: Offer direct guidance through training programs or government-supported tax consultants.

This policy must be continuously evaluated to ensure that all MSMEs, both small and large, can benefit proportionally. This is crucial for supporting economic and social justice principles, in line with the human rights perspective ratified by the Indonesian government through the International Covenant on Economic, Social, and Cultural Rights (ICESCR).

3.3. Obstacles & Policy Recommendations for Economic Justice within the Human Rights Framework

In practice, many small MSME owners struggle to understand tax policies, particularly in the informal sector. Studies indicate that tax literacy in Indonesia remains low, with the majority of MSME owners admitting that they do not know how to file taxes or understand the benefits of policies such as the 0.5% final income tax rate. This lack of knowledge often results in small MSMEs failing to take advantage of tax incentives (Putri & Junaidi, 2023). Although the final income tax rate simplifies tax calculations, administrative reporting is still considered complicated. The online filing system (e-filing) has not yet reached all MSMEs due to limited technological access, especially in remote areas.

This is further supported by data from the 2022 BPS Micro and Small Industry Profile, which states that only 27.97% of MSMEs use the internet (Statistics Indonesia, 2023). This means that more than 70% of MSMEs still rely on manual methods for tax reporting via e-filing, demonstrating that the digitization of tax procedures is not yet fully inclusive. Moreover, tax facilities, including tax service offices, are concentrated in urban areas. As a result, small MSMEs in rural or FRD regions (Frontier, Remote, and Disadvantaged Areas) often face difficulties accessing tax services.

To address low tax literacy, the government should implement inclusive and accessible education programs, which may include:

Community-Based Training: Providing tax training at the village level involving local community organizations or MSME associations. Educational materials should be adapted to the local context, including using regional languages.

Multimedia Guides: Publishing simplified guides in the form of videos, infographics, or printed materials distributed through social media, local television, and radio.

Although previous data shows that only a small percentage of MSMEs utilize technology, digitization should still be a priority. To ensure that MSMEs can take advantage of simplified tax procedures, the government must support their transition to a digital system. Steps to achieve this include:

1. Technology Subsidies: Providing free accounting and tax reporting software accessible even to small MSMEs.
2. Incentives for Technology Training: Offering free training on the use of tax software, which can be conducted in community training centers.

To promote economic equity and achieve social justice, tax expenditure policies should focus more on disadvantaged areas by offering additional incentives, such as temporary tax exemptions for micro-enterprises in those regions. Structural barriers, including low tax literacy, complex bureaucracy, and geographical disparities, must be addressed through human rights-based strategies. The proposed measures will not only improve MSME access to tax policies but also ensure fair economic justice across all regions of Indonesia.

4. Conclusion

Tax expenditures, such as the implementation of a 0.5% Final Income Tax rate under Government Regulation No. 23 of 2018, have proven to deliver significant redistributive impacts, particularly in alleviating the fiscal burden on micro, small, and medium enterprises (MSMEs). This success is evidenced by increased tax compliance among MSMEs during the early years of the policy's implementation. However, the analysis reveals that these redistributive effects remain suboptimal due to structural barriers, such as the unequal distribution of benefits between large and small MSMEs and geographical disparities. This indicates the need for a more context-sensitive and adaptive policy approach tailored to the diverse needs of MSMEs across different regions.

Tax expenditures align with the principles of human rights, particularly in ensuring the right to decent work and equitable economic opportunities. By reducing tax burdens, this policy contributes to enhancing the competitiveness of MSMEs, creating job opportunities, and improving worker welfare. Nonetheless, structural inequalities in the policy's utilization persist, with smaller MSMEs, especially in remote areas, lagging behind in benefiting from tax incentives. This gap raises questions about the inclusivity and social fairness of tax policies. Consequently, a more human rights-based approach is required to address these disparities in access.

The main obstacles in the implementation of this policy include low tax literacy, complex bureaucratic processes, and uneven digital infrastructure. Limited tax literacy prevents many MSMEs from understanding the benefits of tax expenditures, while complex administrative procedures add to the burden of tax reporting for MSMEs that have yet to adopt digital solutions. These challenges are further exacerbated by geographical inequalities, which marginalize MSMEs in remote areas from accessing the policy's benefits. To overcome these barriers, the government should adopt human rights-based strategies, such as enhancing tax literacy through local educational programs, simplifying reporting processes with digital technology, and extending tax incentives to MSMEs in underdeveloped regions.

In summary, tax expenditures are expected to support economic redistribution and strengthen the role of MSMEs as a cornerstone of Indonesia's economy. However, achieving broader goals of economic and social justice requires enhanced policy implementation. More inclusive reforms, supported by data-driven and human rights-oriented approaches, are essential to ensure that the benefits of this policy are equitably distributed among all MSME actors, regardless of their business scale or geographical location. Thus, tax expenditures should not only function as fiscal tools but also serve as tangible instruments to promote equitable development.

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