

## LEGAL ASPECTS OF PP NO 29 OF 2020 CONCERNING INCOME TAX FACILITIES IN THE FRAMEWORK OF HANDLING CORONA VIRUS DISEASE

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**Abstract:** The Legal Aspects of PP No 29 of 2020 Concerning Income Tax Facilities in the Context of Handling Corona Virus Disease (Covid-19) and the impact after the enactment of PP No 29 of 2020 Concerning Income Tax Facilities in the Context of Handling Corona Virus Disease (Covid-19) for MSMEs. This study uses an empirical juridical approach which is a type of legal research conducted by looking at the real conditions of the community environment with the intent and purpose of finding the facts and data needed. The conclusions from this study are (1) The understanding of UMKM actors who still do not understand the contents of PP No 29 of 2020 article (5) to article (6) which states that UMKM actors do not pay taxes but only report their business income to the Web DGT and will be paid by the government which will be accumulated annually. (2) Knowing the impact after the enactment of PP No 29 of 2020, namely UMKM players, especially Semarang Candisari, Semarang City, have made good use of this regulation because IT problems have developed, many UMKM are better acquainted with IT, especially small business, the majority of sellers are elderly and parents. (3) The researcher suggests for all UMKM actors, especially in the Candisari Semarang area, to contribute more to the state through paying taxes because currently it is made easier by the Government.

**Keywords:** Legal Aspect, PP No 29 of 2020, Covid-19

## I. INTRODUCTION

The economy is currently the foundation for the strength and welfare of the state, because the economy is a real indicator of people's welfare, and people's welfare is the goal of national and state life. Indonesia is a country that has the 4th largest number of citizens in the world with a population of 271,349,889 citizens and Indonesia has an abundance of natural energy resources. The Covid-19 pandemic has not only had an impact on large capitalist economic activities, but the pandemic has also had an impact on businesses with limited capital, including micro, small and medium enterprises (MSMEs), because the productivity of entrepreneurs has decreased. As a result of national economic stability there will be disturbances and shocks which will ultimately affect the rate of decline in economic growth. The Covid – 19 pandemics created a changing life order called the New Normal Era. New Normal is a new paradigm of life where all humans must make peace and live with Covid - 19, and live with health protocols, such as a lifestyle that requires a healthy and clean lifestyle and always use a mask when going out and leaving the house as long as a vaccine has not been found.

New Normal in the economic field aims to restore people's activities, one of which is to improve income which has temporarily decreased and until someone has lost income as well. Micro, Small and Medium Enterprises (SMEs) are one of the main pillars of the domestic economy. MSMEs are part of the National Economy which is based on independence and has great potential to improve people's welfare. Very many efforts have been made by the government to increase the number of MSMEs in every region in Indonesia. The role of the Government is urgently needed to provide stimulation to business actors to improve the economic sector in Indonesia. The problem of the Covid - 19 Pandemic is still being experienced by all business sectors, including MSMEs. The problems faced by the dominant MSMEs are the same, namely decreased sales, capital, hampered distribution, difficulty with raw materials, decreased production and laid off workers. This incident is a threat to the National Economy, because MSMEs are one of the driving forces of the domestic economy and absorb the Middle-Class Workforce facing a very significant decline in productivity. Especially MSMEs in Semarang, the Candisari area, which have been registered with the KPP, which are also feeling the impact of the corona. It has been recorded that there are approximately 100,000 MSMEs.

The government has issued several regulations as a form of support for Business Actors to maintain their business amid the Covid-19 Pandemic. Starting with Law Number 42 of 2009 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods which was issued on October 15 2009, PMK- 23/PMK.03/2020 concerning tax incentives for taxpayers affected by the 2019 *corona virus* pandemic issued on March 21 2020. Issuance of Government Regulation in Lieu of Law (Perpu) Number 1 of 2020 on March 31 2020 concerning state financial policies and financial system stability for handling *the corona virus disease (Covid-19)* pandemic in order to deal with threats that endanger the national economy and financial system stability. Then, PMK 28/PMK.03/2020 concerning the provision of tax facilities for goods and services needed in the context of handling the 2019 *corona virus disease pandemic* which was issued on April 6 2020. PMK 44/PMK.03/2020 concerning tax incentives for affected taxpayer's *corona* pandemic published on April 27 2020. PP No. 29 of 2020 concerning Government Regulation (PP) concerning Income Tax Facilities in the Context of Handling Corona Virus Disease (Covid-19) issued June 10 2020

## II. RESEARCH METHOD

The type of research used in this research is empirical juridical. The empirical juridical approach method is a type of legal research that is carried out by looking at the real conditions of the community environment with the intent and purpose of finding the facts and data needed which then leads to identification and ultimately leads to problem solving.

### III. RESULT AND DISCUSSION

#### Legal aspects of PP No. 29 of 2020 concerning Income Tax Facility in the Context of Handling Corona Virus Disease (Covid-19)

Tax is one of the regional revenues that is very influential in regional welfare. One of the obligations as an Indonesian citizen is to pay taxes. Communities throughout Indonesia are being given a very large outbreak, namely Corona Virus Disease (Covid - 19) for about 2 years which caused the economy in Indonesia to decline and had an effect on several individuals and businesses. One of the businesses affected by this effect is MSMEs. For example, in Indonesia, especially in Semarang, Candisari, many MSMEs were affected by the outbreak and closed their businesses.

As time progresses, MSMEs begin to show better development. Every day it is starting to be seen that many people are starting to set up their businesses, both individual businesses and those that are already in the form of legal entities. If seen from the data on taxpayers in the Candisari area, there are more than one hundred thousand business actors. The following is individual taxpayer data in the Candisari Semarang area in 2019 – 2021 based on the taxpayer database owned by the Candisari KPP Office:

Table 1. Number of Taxpayers in 2019 – 2021

TAXPAYER CATEGORY	YEAR 2019	YEAR 2020	YEAR 2021
Employee Private Person	106,706	111,508	117,046
Non-Employee Personal Person	14,948	26023	27,796

Data Source : Primary

It is evident from the data that the authors attach, there are many changes that have increased from year to year. Initially, the government issued several PPs including PP No. 46 of 2013, which requires MSMEs to pay tax of 1% of their business results. This is in accordance with Article 3 of Government Regulation Number 46 of 2013 concerning Income Tax on Income from Business Received or Earned by Taxpayers who have Certain Gross Turnover, namely:

1. The final rate of income tax as referred to in Article (2) is 1% (one percent).
2. (1) The imposition of income tax as referred to in paragraph (1) is based on the gross turnover of business in one year from the last Tax Year before the relevant tax year.
3. In the event that the cumulative gross turnover of the taxpayer in one month exceeds the amount of Rp. 4,800,000,000.00 (four billion eight hundred million rupiah) in a tax year, the taxpayer is still subject to the income tax rate that has been determined based on the provisions referred to in paragraph (1) until the end of the tax year concerned.
4. In the event that the gross turnover of the taxpayer has exceeded the amount of Rp. 4,800,000,000.00 (four billion eight hundred million rupiah) in a tax year, for income received or accrued by a taxpayer in the following tax year, is subject to the income tax rate based on the provisions of the income tax law.<sup>1</sup>

Provisions of PP No. 23 of 2018 concerning Income Tax on Income from Business Received or Earned by Taxpayers who have Certain Gross Turnover which reads:

"Taxpayers who are subject to final income tax based on this government regulation have the following conditions":

1. Income from business as referred to in Article 2 paragraph (1) received or accrued from the beginning of the tax year until before this government regulation comes into effect, is subject to income tax at a rate of 1% (one percent) of gross turnover every month.

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<sup>1</sup>PP No. 46 of 2013

2. For income from business as referred to in Article 2 paragraph (1) received or earned from the time this government regulation came into effect until the end of the 2018 tax year, income tax is subject to a rate of 0.5% (half a percent) of gross turnover every month.
3. For income from business as referred to in Article 2 paragraph (1) received or earned starting in the 2019 tax year, income tax is subject to the rate of Article 17 paragraph (1) letter a, Article 17 paragraph (2a) or Article 31E of the income tax law.

Based on the sound of article 10 paragraph 2 of Government Regulation Number 23 of 2018, MSME actors will be charged a rate of 0.5% (half a percent) of gross circulation every month. In Government Regulation Number 23 of 2018 there are several things that have changed, including the following:

1. Tariff reduction to 0.5%.
2. Added timeframe provisions.
3. The right to choose whether to be subject to Final Income Tax or not (with notification obligations).
4. Adjustment of corporate taxpayer criteria.
5. Adjustment of subject exceptions subject to Government Regulations.
6. Affirmation of turnover for individual taxpayers with PH and MT status.
7. Additional deposit methods: deducted/collected.<sup>2</sup>

After that, the enactment of PP No. 29 of 2020, MSMEs do not need to pay fees/tax rates, Taxpayers/MSMEs only report profits earned through the DGT Web (Directorate General of Taxes) and will be borne and paid by the Government, because every MSMEs get Intensive which will be accumulated annually/every budget close. This is in accordance with Article 5 which reads:

1. Donations as referred to in Article 4 can be given in the form of:
  - a. Money;
  - b. Goods;
  - c. Service; and/or
  - d. Utilization of assets without compensation.
2. The value of donations given in kind as referred to in paragraph (1) hirif b is determined based on:
  - a. Acquisition value, if the donated goods have not been depreciated;
  - b. Fiscal book value, if the donated items have been depreciated; or
  - c. Cost of goods sold, if the donated goods are self-produced goods.
3. Value of donations given in the form of:
  - a. Services as referred to in paragraph (1) letter c; and/or
  - b. Utilization of assets without compensation as referred to in paragraph (1) letter d, is determined based on the value of the cost of services and/or utilization of assets.
4. Taxpayers who donate must submit a list of nominative contributions at the latest together with the submission of Annual Income Tax Returns for the relevant Fiscal Year according to the sample format listed in Appendix letter b which is an integral part of this Government Regulation.
5. The nominative list as referred to in paragraph (4) is submitted online through the Directorate General of Taxes system.
6. In the event that the online system is not yet available, the Taxpayer can submit the nominative list as referred to in paragraph (4) offline through the Tax Service Office where the Taxpayer is registered.

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<sup>2</sup>PP No. 23 of 2018

7. In the event that the donating Taxpayer does not submit the nominative list or submits after the period referred to in paragraph (4), the donation as referred to in Article (4) paragraph (1) cannot be charged by the Taxpayer as a reduction in gross income.

Article 6 also reads:

1. The organizer of the collection of donations as referred to in Article 4 paragraph (1) must submit a report on the organizer of the collection of donations according to the sample format of the report on the organizer of the collection of donations in the context of handling COVID-19.
2. An example of the report format for the organizers of collecting donations in the context of handling COVID-19 as referred to in paragraph (1) is listed in attachment letter C which is an integral part of this Government Regulation.
3. The report as referred to in paragraph (1) is submitted to the Minister through the Director General of Taxes no later than the end of the Tax Year when donations are received.
4. The reports referred to in paragraph (3) are submitted online through the Directorate General of Taxes system.

In the event that the online system is not yet available, the Taxpayer can submit the Report as referred to in paragraph (3) offline to the Minister through the Director General of Taxes.

### **Impact after the enactment of PP No. 29 of 2020 concerning Income Tax Facility in the Context of Handling Corona Virus Disease (Covid-19) for MSMEs**

The rapid development of the economy in this era has begun to generate a lot of public interest in doing business. Many media or containers are used by the public to market their business, one of which is social media. These online business actors are better known as Micro, Small and Medium Enterprises (MSMEs) because their income is considered to have met the requirements listed in Article 6 of Law Number 6 of 2008 concerning Micro, Small and Medium Enterprises. Corona Virus Disease (Covid - 19) does not only have an effect on MSME actors but also on KPP offices, especially the Candisari area, namely the problem of economic growth. The flow of money is hampered because each office has its own revenue target, each office is given a target by the Central DGT. This target is given at the beginning of each year and at the beginning of February there was a pandemic and this target could not be achieved due to the Covid - 19 Pandemic. And until now it has been gradually returning to normal.

The KPP office for the Candisari area, Semarang City, has made several ways so that MSME actors can use this facility via telephone to each individual and there are several media that have been carried out, for example radio, television, billboards along the way. After the efforts made by the KPP at this time had a very good impact because MSME actors already understood and had used the facility even though it was not optimal.

### **Analysis of the Legal Aspects of PP No. 29 of 2020 concerning Income Tax Facilities in the Context of Handling Corona Virus Disease (Covid-19)**

Based on the results of the research that the authors obtained from several respondents regarding the variable level of Understanding of MSME Taxpayers, in each question the authors submitted it was seen that the respondents in this study were Culinary Businesses, Fashion Businesses, and Agribusiness Businesses in Semarang Candisari. Respondents' knowledge of PP No. 46 of 2013 and PP No. 23 of 2018 is still relatively low because according to the author there is a lack of socialization of the local KPP Office and they think that MSME actors are not paying attention to existing regulations.

Respondents' opinion indicated that most of the respondents were not aware of Government Regulation No. 46 of 2013 concerning the basis for the imposition of MSME Tax

of 1% of the turnover earned by every MSME actor. Some MSME actors think that these regulations are unfair to small MSMEs because they think they are giving losses to MSMEs because the income they get is still not fixed and during the Covid - 19 Pandemic they experienced a high economic crisis

The main purpose of imposing the 1% Final Pph Tax is indeed to uphold tax justice because the potential for state revenue is predicted to be relatively small. Knowledge of tax obligations that some respondents know about their tax obligations, but there are still many taxpayers regarding general provisions and tax procedures, namely depositing and reporting because respondents do not care about taxation. Taxpayers only make business licenses and only have NPWP but they do not carry out other tax obligations. Taxpayers who do not know and understand how the provisions and procedures for taxation will affect their compliance with paying taxes.

For research indicators regarding changes to Government Regulations, from the results of interviews with respondents, many respondents said they did not know about changes regarding Government Regulation No. 23 of 2018 on the basis of imposing a 0.5% tax. Business Actors are not looking for information about Government Regulations regarding UMKM Tariffs. The government again launched a New Policy on Taxation of MSMEs as stipulated in PP No. 29 of 2020 concerning Income Tax Facilities in the Context of Handling Corona Virus Disease (Covid - 19) by issuing Tax Incentives for MSMEs so as not to burden tax payments to every MSME actor, but every MSME actor MSMEs are only required to report how much turnover each month is to the central DGT Web and later the Government will bear the payment for each MSME actor.

PP No. 29 of 2020 concerning Income Tax Facilities in the Context of Handling Corona Virus Disease (Covid-19) focuses on the incentives provided by the Government during the Covid-19 period to all MSMEs that have registered their business in the form of an NPWP. The government is more focused on MSMEs because during this Corona era, several MSMEs were affected by a very real impact, namely decreased income and several MSMEs went bankrupt. The Government and the Tax Office urge MSME actors to make the most of the opportunities provided by the Government.

Based on what the author has researched at the KPP Office in the Candisari area, Semarang City, the government has worked hard and with the assistance of the authorities, namely the KPP Office, to help expedite the course of tax payments even during the Covid-19 period. The government also provides relief again by issuing PP No. 29 of 2020 in which it is written that MSME actors do not need to issue tax rates, only report how much profit they get each month through the DGT Web and the PPh dependents will be paid by the Government because every UMKK actor gets Intensive.

According to the author, the implementation of PP No. 29 of 2020 has been used properly by MSME actors who have registered their business at the Candisari KPP office and have made good use of it.

### **Analysis after the enactment of PP No. 29 of 2020 concerning Income Tax Facilities in the Context of Handling Corona Virus Disease (Covid-19) for MSMEs**

At the beginning of the emergence of the Covid - 19 outbreak, it had a very extraordinary effect, not only for MSME actors but also the KPP Office also felt a very real effect. The effects that arise, namely economic growth, money circulation flows, and revenue targets are severely hampered. Why can this happen, because every KPP Office, especially the Candisari KPP Office, has its own revenue target from the Central DGT.

This target is given at the beginning of each year and at the beginning of February the outbreak first appeared. This target could not be achieved because the pandemic was at its height, then in November 2019 a revision was made by the central DGT Office so that the

target was reduced. In 2021 this target will be better than the previous year and in 2022 it will be normal.

The impact can also be seen on MSME actors who are more concerned with the news or information provided by the KPP Office, and MSME actors are also more disciplined and more organized in reporting monthly profits on the DGT Web.

#### IV. CONCLUSION

Legal Aspects of Government Regulation No. 29 of 2020 concerning Income Tax Facilities in the Context of Handling Corona Virus Disease (Covid – 19). The legal aspect of the PP is to protect business actors in the community so that they can continue their business so that they can continue to have a better life even though they are being hit by a disaster, namely the Corona Virus. Written in PP No. 29 of 2020 article (5) and article (6).

From the results of the research distributed by respondents, namely business actors/MSMEs, understanding of the PP is still lacking because of IT problems that not all ages understand IT problems.

The impact of the issuance of PP No. 29 of 2020 MSMEs, especially Semarang Candisari, Semarang City have made good use of this regulation because IT problems have developed, many MSMEs are better acquainted with IT, especially small businesses, the majority of sellers are the elderly and the elderly. All information and payments are made online via the DGT Web. And the current impact of this PP is that people are more concerned with the regulations set by the Government, and people are now timelier in reporting monthly turnover to the Central DGT Web.

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### **Website**

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