



Tax incentives during the Covid-19 pandemic: An Islamic economics perspective

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ABSTRACT

Introduction

The economic impact of Covid Covid 19 virus is also felt by the state revenue sector due to tax incentives.

Objectives

This study aims to analyze the tax incentive policies implemented by the government during the Covid-19 pandemic in terms of objectives, impacts, and the concept of convenience from an Islamic economics perspective.

Method

This study uses a normative-juridical approach by examining tax incentive policies in the context of Islamic economic theory from philosophical and juridical perspectives.

Results

From an Islamic economic perspective, the existence of tax incentives seen from the objective of the results and benefits is appropriate because it creates *masalah* in the midst of an emergency or critical situation. In addition, the convenience provided by the government in tax incentives if seen from Islamic law is *rukshah*, or convenience and understanding for citizens due to certain conditions, namely the Covid-19 pandemic.

Implications

This study contributes to the development of theoretical research in the field of macroeconomic policy from an Islamic perspective. This study can also be used as a reference by the government to provide tax incentives in times of similar crises.

Originality/Novelty

This study is unique in that it examines the problem of tax incentives from an Islamic perspective. As a country with the world's largest Muslim population, this study will enrich Islamic macroeconomic studies for policymaking in Indonesia.

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INTRODUCTION

The virus that emerged in 2019 and was subsequently declared a pandemic in 2020 by the World Health Organization (WHO) signifies that the Coronavirus Disease 2019, commonly known as Covid-19, originated in the city of Wuhan, China ([Chakraborty & Maity, 2020](#); [Shrestha & Shrestha, 2020](#)). It has rapidly spread worldwide, including in Indonesia, affecting numerous aspects of people's lives, including health, education, the economy, and culture ([Dubey et al., 2020](#); [Li et al., 2020](#)).

In an effort to minimize and contain the spread of the Covid-19 pandemic, the government implemented various policies, such as Large-Scale Social Restrictions (*Pembatasan Sosial Berskala Besar*, abbreviated as PSBB in Bahasa Indonesia) and the Enforcement of Restrictions on Community Activities (*Pemberlakuan Pembatasan Kegiatan Masyarakat*, abbreviated as PPKM in Bahasa Indonesia) at micro, emergency, and levels one through four. Additionally, they encourage the public to adhere to health protocols, including mask-wearing, hand hygiene, social distancing, and avoiding gatherings ([Anshor & Muttaqin, 2020](#); [Ristyawati, 2020](#); [Thorik, 2020](#)). More recently, the government mandated a program aimed at building immunity (antibodies) in the population to prevent and minimize the spread of the Covid-19 virus ([Agustina et al., 2021](#)).

After approximately two years of government efforts to restrict public movement to contain the spread of the Covid-19 virus, it has become evident that these measures have had negative repercussions on various economic activities. Some of the economic impacts of the Covid-19 virus include a decrease in purchasing power among the population and a significant number of employees being furloughed or laid off, resulting in decreased company production. Furthermore, there has been a decline in the air, land, and sea transportation sectors; a decrease in foreign tourists visiting Indonesia; and adverse effects on the hospitality and restaurant sectors, among others, affecting both individual and corporate incomes ([Hafidz et al., 2023](#); [Nasution et al., 2020](#); [U. Surahman et al., 2022](#); [Yulianeu et al., 2020](#); [Zusmelia et al., 2020](#)).

The economic impact of the Covid-19 virus has also been felt in the government revenue sector. The data indicate that during the initial stages of the pandemic in 2020, there was a 17.80% decrease in national tax revenue, amounting to approximately IDR 280,875,074,016,380 compared with the revenue in 2019 (Ministry of Finance, 2020). The most significant decline was observed in income tax (PPH), which fell by 25.56%, equivalent to IDR 202,029,361,616,619, followed by a 15.21% decrease in value-added tax and a decline in other taxes. This implies that state tax revenue declined. This decline is attributed to the presence of Covid-19, which has left the government in a dilemma regarding policymaking. On one hand, if the government aims to increase tax revenue, it must intensify tax collection efforts from the public. However, on the other hand, due to the social distancing measures imposed on the public, the overall economy has suffered a downturn. This has resulted from weakened purchasing power during the Covid-19 pandemic, causing taxpayers to feel burdened by tax levies ([Salman & Safrina, 2021](#)).



In this regard, the government has adopted policies without neglecting the fact that taxation is one of the sources of state revenue, and the role of taxes is consistently included in the State Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Negara* abbreviated APBN in Bahasa Indonesia). The tax incentive policies implemented by the government aim to provide relief from the socioeconomic burden faced by taxpayers affected by Covid-19. These policies include a tax penalty waiver, reporting deadline extensions for asset transfers and investments, and a second tax bill (Daud & Mispah, 2022; Kartiko, 2020).

Tax policies in Islam, as per Imam Al-Ghazali and Imam Al-Juwaini, are a duty imposed by the government on the wealthy to collect what is deemed sufficient for the needs of the state and society when there are no funds available in the Baitul Maal. The application of taxes, known as *dharibah*, is performed under certain conditions. Notably, *dharibah* is collected only from wealthy Muslims. A wealthy individual is defined as one who possesses excess wealth beyond the basic and other essential needs of themselves and their family, as judged by the surrounding community's standards (M. Surahman & Ilahi, 2017).

The government has issued regulations regarding tax incentives to stabilize the national economy by generating tax revenue. During the Covid-19 pandemic from 2020 to 2022, several finance ministry regulations governing tax incentives were introduced, either as renewals or extensions. These regulations started with PMK Number 23/PMK.03/2020 regarding Tax Incentives for Taxpayers Affected by the Coronavirus Outbreak and continued with Number 82/PMK.03/2021 on Amendments to the Minister of Finance Regulation Number 9/PMK.03/2021 concerning Tax Incentives for Taxpayers Affected by the Covid-19 Pandemic (Amah et al., 2023).

Tax incentives are essentially a part of the tax facilities provided by the government to attract private investors and increase state tax revenue. There are at least four types of tax incentives: additions and reductions to the tax base, tariff reductions, and tax payment deferrals (Wantasen et al., 2021). Regarding tax incentive policies during the Covid-19 pandemic, Yon Arsal, an expert adviser to the Ministry of Finance, stated that tax incentives serve three primary purposes: preserving the purchasing power of the public, maintaining cash flow for businesses through ease and relief, reducing corporate tax rates, and facilitating the buying and selling of health equipment. Tax incentives are programs initiated by the government as part of the National Economic Recovery (PEN) program to mitigate the negative economic impact of the Covid-19 pandemic, which emerged in Indonesia in March 2020 (Darono, 2021).

Islam, as a religion, offers solutions to human life, including economic matters, by implementing and interpreting its vision as a merciful religion through an economic system known as Islamic economics. The aim is to create justice, prosperity, goodness, tranquility, and well-being not only for the entire universe, but also for humanity itself. This concept is often referred to as *falah*, which seeks to achieve well-being in both this world and the Hereafter. The implementation of the Islamic economic system can bring about benefits to the socioeconomic order of several underdeveloped countries,

providing a strong economic foundation for achieving economic well-being (Hayati, 2020).

The concept of taxation in Islamic economics remains a topic of debate. Some permit tax collection, such as Abu Yusuf in his book *al Kharaj*, Ibn Khaldun in his book *Muqaddimah*, Marghinani in his book *al Hidayah*, M. Umer Chapra in his book *Islam and the Economic Challenge*, and several other scholars. However, some forbid taxation, as Hasan Turabi from Sudan explains in his book *Principles of Governance, Freedom, and Responsibility in Islam*, where he argues that taxation is not valid in Islam. Regardless of these differences of opinion, what needs to be understood collectively is that taxation, or *dharibah* in the terminology of Islamic economics, serves a noble purpose: to create prosperity, income distribution, and the stability and continuity of a state. In Islamic economics, taxes should not be a burden on the public, especially for the poor. Taxes should only be levied on those with excess wealth (Kurniawati, 2009).

In Islamic economics, taxation is intended to provide societal well-being through government management. According to Chapra, in applying taxes, a state must prioritize justice. This justice should fulfill at least three criteria: taxes should not oppress or burden the public, tax burdens should be flexible and not rigid, considering the public's capacity, and taxes should be distributed fairly and equitably, in line with the purpose of taxation itself (Chapra, 1993). Moreover, the introduction of the Islamic economic system has facilitated human economic activities. Islamic economics requires policies that create benefits without imposing undue burdens, particularly during economic recessions in the midst of a pandemic that negatively affects almost every segment of society.

Given the aforementioned background, researchers are interested in examining and analyzing tax incentive policies during the Covid-19 pandemic from the perspective of Islamic economics, considering their objectives, impact, and concept of ease. This study aims to analyze and describe the Islamic economic perspective on tax incentive policies introduced by the government during the Covid-19 pandemic.

LITERATURE REVIEW

The discussion of tax incentives as a taxation facility is not new. Similarly, several previous studies have analyzed tax incentives during the Covid-19 pandemic has been explored by several previous studies. Therefore, the need to reintroduce some of the forefront research related to tax incentives, especially during the Covid-19 era, represents an effort to focus and redesign this research while providing a fresh perspective compared to previous studies.

M. Surahman & Ilahi (2017)' research indicates that, first, in the Islamic legal concept, taxation is a temporary obligation mandated by Ulil Amri as *dharibah* due to the depletion of *baitul mal* (the treasury of the Islamic state). It can be lifted when the *baitul mal* is replenished and imposed only on wealthy Muslims. It must be utilized for their benefit, not for the common good, as a form of *jihad* for Muslims to prevent greater harm if not carried out. There are two schools of thought regarding this matter. Some argue that taxation is permitted in Islam after the *zakat* obligation. Others contend that

taxation is not allowed in Islam because, in Islam, a Muslim's financial obligation is limited to zakat alone.

Indahsari & Fitriandi (2021) analyzed the impact of tax incentives on VAT revenue during the Covid-19 pandemic. The government hopes that tax incentives will boost the purchasing power and consumption of the public, thereby affecting VAT collection. This study employed a quantitative causal associative research approach. The findings indicate that tax incentives significantly affecting VAT revenue include Article 22, import VAT; Article 25, VAT; and Article 23, final income tax for VAT in 2018. Ginting & Irawan (2022) indicate that in 2020, tax revenue declined due to Covid-19 and the implementation of tax incentives. Tax incentives served to boost gross domestic product but reduced tax revenue, reaching only 76% of the target.

Abdullah et al. (2018)'s research analyzes the impact of tax amnesty policy on taxpayer compliance and to assess it from a Shariah maqasid perspective. This study utilized a normative approach based on primary and secondary data. The findings indicate that tax amnesty does not affect taxpayer compliance. The tax amnesty policy increased compliance with tax return submissions. The tax amnesty policy fulfilled the maqasid al-shariah as it created significant benefits through tax incentive policies. Ramadhan (2020)'s research shows that tax facilities, such as tax amnesty, when viewed from the perspective of *maqasid al-shariah*, are considered as *rukhsah* (concession) aimed at providing ease for the community to recover economically.

Comparing this research to previous studies, one notable difference is the focus on tax incentives from an Islamic economic perspective. However, several commonalities exist, such as the impact of tax incentives, economic recession as a backdrop for economic recovery, and tax amnesty as a form of tax facility provided by the government. The innovation in this study lies in the perspective of Islamic economics regarding the objectives, impacts, and concept of ease in tax incentive policies implemented by the government during the Covid-19 pandemic.

METHOD

This research is juridical-normative in nature, wherein it examines a legal issue concerning tax incentives through a literature review, whether it originates from legal comparisons or the historical evolution of positive law. The data employed in this research were secondary data, which were subsequently analyzed using qualitative analysis methods. The data are derived from policy regulations issued by the government through the Ministry of Finance and the Directorate General of Taxation relating to tax incentives during the Covid-19 pandemic, which are then scrutinized in conjunction with the literature on Islamic economics and literature relevant to the study.

RESULTS

Tax Incentives During the Covid-19 Pandemic

Tax incentives are a tax policy measure provided by the government to taxpayers. The inception of tax incentives originally aimed to attract investors to invest. Having tax

incentives in a country can reduce tax costs compared to other countries. This reduction in tax costs increases investors' interest in injecting capital, thus boosting the country's productivity and providing additional income for people. Ultimately, this leads to an increase in gross domestic product and population welfare (Indahsari & Fitriandi, 2021).

During the Covid-19 pandemic, experienced by almost all countries, including Indonesia, significant impacts were felt at both micro and macroeconomic levels. It did not just affect household economies but also the national economy. Regulations minimizing public mobility to curb the spread of the virus have led to decreased economic activity (Widodo, 2021). To maintain national economic stability, the government implemented tax incentive policies for taxpayers affected by the Covid-19 virus (Indahsari & Fitriandi, 2021). The tax incentives provided by the government include the removal or reduction of nominal taxes, extended deadlines, and simplification of reporting. These policies have been adopted to stimulate economic circulation in society and to increase purchasing power and production. Moreover, these tax incentives aim to facilitate taxpayers, encouraging them to fulfill their tax obligations willingly (Dewi et al., 2020).

The following are some of the tax incentive policies issued by the government during the Covid-19 pandemic through the Minister of Finance Regulations (*Peraturan Menteri Keuangan* abbreviated PMK in Bahasa Indonesia), starting with PMK Number 23/PMK.03/2020 regarding tax incentives for taxpayers affected by the Coronavirus Outbreak, up to PMK Number 82/PMK.03/2021 regarding Amendments to Minister of Finance Regulation Number 9/PMK.03/2021 concerning Tax Incentives for Taxpayers Affected by the Covid-19 Pandemic:

a. Income Tax Article 21 Incentive

Income tax Article 21 is derived from income received by taxpayers, whether from employment, services, or any other source within the country. Under normal circumstances, taxpayers are responsible for paying this tax, which is deducted from their incomes. However, during the Covid-19 pandemic, through PMK Number 23/PMK.03/2020, the government provided a tax postponement facility for Article 21 income tax, also known as the DTN facility. According to this regulation, if an individual has a Taxpayer Identification Number (NPWP), an annual gross income not exceeding 200 million, works for, or is an employee of a business classified under specific field classifications, and fulfills other conditions specified in this regulation, the government will cover the taxpayer's tax liabilities using the state budget.

b. Import Income Tax Article 22 Incentive

Income tax Article 22 is derived from import activities conducted by the state and collected by the Directorate General of Customs and Excise or authorized banks when taxpayers import goods. Article 22 of the import tax incentive provided by the government consists of a tax exemption with conditions such as having a specific field classification (KLU) code, as listed in the Klasifikasi Lapangan Usaha (KITE) system, applying for a letter of tax exemption through the relevant Tax Office where the taxpayer

is registered, obtaining a letter of tax collection exemption, and meeting other requirements specified in PMK Number 23/PMK.03/2020.

c. Income Tax Article 25 Installment Incentive

Income tax Article 25 allows individuals and entities to prepay their tax obligations, helping taxpayers avoid the burden of paying a large tax liability when the tax notification deadline is reached. Article 25 of the tax installment incentive provided by the government, through PMK Number 23/PMK.03/2020, involves a reduction of tax liability by up to 30% for one year. Subsequently, with the following regulation PMK Number 110/PMK.03/2020, an additional facility allows for a maximum 50% reduction in tax liability within one year.

d. VAT Incentive

Value-added tax (VAT) arises from the addition of value to goods or services through transactions or distribution from producers to consumers. The VAT incentive provided by the government to VAT taxpayers comprises refunds for overpaid VAT or expedited restitution. This applies to low-risk taxpayers operating in specified business sectors, as defined by PMK Number 82/2021.

The government's policies to implement tax incentives to increase tax revenue deserve recognition. Realization data on state revenue, especially in the tax sector, which experienced a decline at the beginning of the Covid-19 pandemic in 2020, witnessed an increase in 2021 (Siahaan, 2021). The tax revenue table released by the Ministry of Finance in 2021 indicates an increase in tax revenue received by the country, showing a growth of 19.54%, or approximately IDR 253,329,745,518,050, in 2021 compared to tax revenue in 2020. However, this increase in revenue is still overshadowed when compared nominally to the decrease in the previous year, which amounted to IDR 280,875,074,016,380 when compared to revenue in 2019. Nevertheless, the increase in tax revenue in 2021 shows that tax incentive programs implemented by the government had a positive impact on state revenue.

Based on the objective of tax incentive policies to increase state revenue from the tax sector, the government's policies are considered successful, albeit not yet significant, compared to the decline in tax income that occurred from 2019 to 2020. The fact that the state received tax revenue indicates an improvement in society's economic recovery. Furthermore, tax incentives have a positive impact on taxpayer compliance in paying taxes. The Minister of Finance stated that tax incentives are in line with national economic recovery and financial policies to address the threat of the Covid-19 pandemic and threats that could harm the national economy. Taxpayers have utilized tax incentives to address the Covid-19 pandemic, with 47% in the trade sector, 19% in the industrial management sector, and 7% in the construction sector (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2021).

Tax Incentives in the Perspective of Islamic Economics

To this point, the study of taxation in Islamic economics remains an intriguing topic, regardless of the differences in opinion regarding whether taxation is allowed in Islamic

economics. However, considering the purpose of taxation as support for the sustainability and income of the state, managed properly and justly, the implementation of taxation in a country should not be problematic, aligning with the objectives of Islamic economics.

Broadly speaking, the objectives of Islamic economics are to create *maslahah* (public welfare) through the maqasid of sharia (objectives of Islamic law), ultimately aiming for *falah* (well-being) in both the worldly and hereafter sense. However, when examined more specifically, the objectives of Islamic economics include creating economic prosperity guided by moral norms, fostering brotherhood and justice, equal distribution of income, and individual freedom within the context of social welfare (Akram Khan, 1991; Choudhury, 1983; Mohammad & Shahwan, 2013; Zaman, 1984).

The objectives of tax incentives during the Covid-19 pandemic are aligned with Islamic economic goals. In Islamic economics, government policies should prioritize the welfare of the population through mechanisms that ensure fair economic distribution. Owing to the adverse effects of the Covid-19 pandemic on the national and public economy, it has become imperative for the government to implement policies to stabilize the national economy (Susyanti & Askandar, 2019). These policies were designed to alleviate the financial burden of the public. The government's facilitative measures, in the form of tax incentives during the Covid-19 pandemic, including tax abolishment, reduction, and relaxed tax collection, represent a fair policy aimed at fostering well-being among the population.

From the perspective of promoting economic welfare while adhering to moral norms, the government's policy of implementing tax incentives during the Covid-19 pandemic aims to stabilize the country's economy amid the hardships experienced by the public. Tax incentives provide relief to taxpayers in making tax payments during periods of economic difficulty due to the Covid-19 pandemic. Those who benefit from tax incentives are expected to enhance their purchasing power (Onesha et al., 2021; Sari et al., 2021; Widodo, 2021).

The government's tax incentive policy is embodied in PMK Number 23/PMK.03/2020 concerning tax incentives for taxpayers Affected by the Covid-19 Coronavirus Disease, which was further refined based on various inputs with Regulation Number 86/PMK.03/2020. This policy is beneficial to all layers of society, both those in the middle to upper-middle economic strata and those in the lower-middle economic strata, especially the taxpayers affected by Covid-19. The government's tax incentive policy is a manifestation of the principle of justice. Justice, in this context, means that if someone belongs to the lower-middle class, their tax burden will be minimal, whereas if they are in the upper-middle class, their tax liability will be greater, given that tax rates are calculated as a percentage of nominal income. This ensures that taxpayers can experience the benefits of taxation regardless of their economic status. Equity is one of the principles of Islamic economics that must be present and adhered to (Derigs & Marzban, 2008; Iqbal & Mirakhor, 2017; Nagaoka, 2012).

Before the Covid-19 pandemic, tax policies concerning income tax were governed by Law Number 36 of 2008, which was the fourth amendment to the original tax law. In

addition, tax implementation is regulated by the Minister of Finance Regulations and regulations from the Directorate General of Taxation. These policies are intended to finance expenses related to state development and interest. Apart from being a source of state revenue, taxes are used to fund state expenditure. During the Covid-19 pandemic, the government sought to provide tax relief by issuing tax incentive policies aimed at people affected by the Covid-19 pandemic (Kumala & Junaidi, 2020; Sitindaon & Bandiyono, 2021; Wijaya & Buana, 2021).

Tax incentive policies that positively impact state revenue facilitate government budget management. The more revenue the state generates, the easier it is for the government to allocate tax income to various state-spending sectors, especially physical development and regional human resources (Selvi & Ramdhan, 2020). The existence of tax incentives in the form of tax payment subsidies is expected to help society increase purchasing power. The government's policies on tax incentives, VAT rates, and subsidy wages applied to provide support to the public during the Covid-19 pandemic have a positive impact on people's purchasing power during the crisis (Sulastri & Kholis, 2022).

The data on expenditure distribution per capita for 20% of the population with high expenditures in 2015–2021 indicate a decrease from 2015 to 2019, reaching its lowest point at 45.48 percent, a decline of 2.77 percent, which was attributed to the decrease in the national purchasing power, coupled with the outbreak of the Covid-19 pandemic. An increase is noticeable in 2020, showing a value of 45.49 percent, which is a 0.1 percent increase compared to the previous year. This percentage further increased in 2021, reaching 45.87 percent. This increase is the result of improved consumption levels and purchasing power of the population during the Covid-19 pandemic (Jayani, 2021; Robbi, 2022).

Several factors, including taxes, affect the purchasing power of the population. If taxes are excessively high, people will reduce their spending; conversely, if taxes are low, people will increase their consumption to meet their daily needs. In this context, the implementation of tax incentives, VAT rates, and subsidy wages is one of the governments' efforts to enhance the well-being of the population during the COVID-19 pandemic. These policies have a significant impact on increasing the purchasing power of the population (Sulastri & Kholis, 2022).

Furthermore, the results or consequences of the implemented tax incentive policies have also had a positive impact, namely, the increase in state income through the tax sector and the recovery of the community's economic activities. The Covid-19 pandemic has had a significant impact on the economy of both the population and the country, leading to a decline in economic activity. The tax incentives provided by the government to the population represent a form of relief or ease to prevent burdensome people from paying taxes (Andreansyah & Farina, 2022; Lahay et al., 2022; Lestari et al., 2021).

In addition to providing convenience for the population and increasing their purchasing power, the implementation of tax incentives aligns with the principles of taxation in Islam, as described by Ibn Khaldun in the book "Mukaddimah," specifically

the principle of tax relief. In this context, tax relief refers to providing comfort to taxpayers in fulfilling their tax obligations. The comfort of taxpayers lies in the low tax rates borne by the population. Low tax rates increase the enthusiasm of the population to pay taxes, thereby promoting economic development within a country. In this case, tax incentives, tax rates, and subsidy wages are policies established by the government to make the population feel comfortable and not burdened, especially during the COVID-19 pandemic, aligning with the principle of comfort described in the book "Mukaddimah" (Ibn Khaldūn, 2015).

On the other hand, the concept of ease in tax obligations provided by the government to the population is similar to the concept of ease in Islam known as "*rukhsah*." In Islam, *rukhsah* is part of the opportunities, ease, and relief that Allah SWT grants to His servants within the framework of fulfilling their obligations. This relief is subject to certain limitations and conditions in its application (Permana & Yanthiani, 2020). For example, *rukhsah* can only be used for good purposes, not for sinful activities. Moreover, *rukhsah* is limited to certain situations including necessity, pressure, burdensome status, and other similar conditions. In short, the design of *the rukhsah* can be applied as part of the ease of worship, but within the boundaries and limitations determined by Sharia law.

CONCLUSION

Based on the analysis conducted in this study, it can be concluded that the government's policy of providing tax incentives during the Covid-19 pandemic had a positive impact on economic development in Indonesia. The ease of tax payments has resulted in an increase in state tax revenue, although not yet significant. Moreover, the increase in the population's purchasing power provides an indication of the recovery of the Indonesian economy. When viewed from the perspective of the objectives, consequences, and ease of tax incentive policies during the Covid-19 pandemic, it aligns with Islamic economics. This alignment is evident in the objectives of tax incentives, which aim to benefit both the state and population, reflecting the same goals as Islamic economics. Furthermore, the impact of tax incentives on increasing state revenue and population's purchasing power is in line with Islamic economics. Additionally, the ease provided by the government in tax incentives, as viewed through an Islamic lens, is a form of *rukhsah*, a condition that provides ease and relief to individuals owing to specific pressing circumstances.

The research paper offered in this study offers substantial contributions to the advancement of theoretical investigations on macroeconomic policy within the framework of Islamic principles. This study critically analyzes the issue of tax incentives and emphasizes the significance of integrating Islamic ideas into the formulation of macroeconomic policies. This study utilizes Islamic teachings as a foundation to offer valuable perspectives on how policymakers might develop tax incentives that align with Islamic values and beliefs. The findings of this study have the potential to provide valuable insights for policymakers and government entities regarding the importance

of incorporating Islamic principles into the formulation of macroeconomic policies, particularly during periods of economic turmoil.

Furthermore, this study can serve as a valuable reference point for governmental entities in the implementation of tax incentives during comparable periods of crisis. This study investigates the effects of tax incentives on economic performance and emphasizes the necessity of a well-rounded strategy for crafting tax incentives that foster both economic growth and development. The findings of this study have the potential to provide valuable insights for policymakers on optimizing tax incentives to enhance their influence on economic performance. This measure has the potential to facilitate the government's adoption of a proactive stance in addressing economic crises by strategically implementing tax incentives that effectively stimulate economic growth, while remaining in accordance with Islamic teachings.

This study is particularly significant for Indonesia because of its status as the country with the largest Muslim population globally. The study's distinctive contribution lies in its integration of Islamic principles into the realm of macroeconomic policymaking, thus enhancing the body of knowledge in Islamic macroeconomic studies within the country. This statement underscores the significance of incorporating Islamic finance concepts and economics into the formulation of robust macroeconomic policies that foster economic growth and development. The findings of this study can inform the formulation of successful macroeconomic policies and strategies that embrace Islamic principles and ultimately contribute to Indonesia's economic development.

Author Contributions

Conceptualization	A.T., A.S., & M.M.B.	Resources	A.T. & A.S.
Data curation	A.T., A.S., & M.M.B.	Software	A.T. & A.S.
Formal analysis	A.T. & A.S.	Supervision	A.T. & A.S.
Funding acquisition	A.T. & A.S.	Validation	A.T., A.S., & M.M.B.
Investigation	A.T. & A.S.	Visualization	A.T. & A.S.
Methodology	A.T. & A.S.	Writing – original draft	A.T., A.S., & M.M.B.
Project administration	A.T., A.S., & M.M.B.	Writing – review & editing	A.T., A.S., & M.M.B.

All authors have read and agreed to the published version of the manuscript.

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Informed Consent Statement

Informed consent was not required in the study.

Data Availability Statement

The data presented in this study are available on request from the corresponding author. The data are also publicly available.

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Conflicts of Interest

The authors declare no conflict of interest.

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