

BADAN PENDIDIKAN DAN
PELATIHAN KEUANGAN
KEMENTERIAN KEUANGAN
REPUBLIK INDONESIA

JURNAL BPPK



UNATTRACTIVE INCENTIVE: THE CASE OF TAX ALLOWANCE POLICY IN INDONESIA'S SHIPYARD INDUSTRY

Aditya Putra^a, Akhmad Solikin^b,

^a Center for State Revenue Policy, Fiscal Policy Agency, Ministry of Finance, Republic of Indonesia;
Email: putraditya91@gmail.com

^b Polytechnic of State Finance STAN, Finance Education and Training Agency, Ministry of Finance, Republic of Indonesia;
Email: akhsol@pknstan.ac.id

ARTICLE INFORMATION

ARTICLE HISTORY

Received
22 October 2018

Accepted to be published
18 December 2018

KEYWORDS:

*policy evaluation,
income tax incentives,
tax allowance,
shipyard industry*

ABSTRACT

Penelitian ini bertujuan untuk mengevaluasi kebijakan tax allowance pada industri galangan kapal Indonesia dengan menggunakan kriteria efektivitas, efisiensi, kecukupan, kesamaan, responsivitas, dan ketepatan. Penelitian ini juga menganalisis kebijakan pajak dengan menambahkan dua prinsip kebijakan pajak, yaitu kemudahan dan kepastian. Penelitian ini dilakukan dengan menggunakan pendekatan kualitatif dengan teknik pengumpulan data melalui studi literatur dan studi lapangan. Studi lapangan dilakukan melalui wawancara dengan pembuat kebijakan dan pelaku kebijakan tax allowance di bidang industri galangan kapal Indonesia. Hasil penelitian menunjukkan bahwa walaupun telah memenuhi kriteria kesamaan, namun kebijakan tax allowance pada industri galangan kapal belum efektif meningkatkan investasi karena belum ada industri galangan kapal yang menggunakan fasilitas tax allowance sama sekali. Beban waktu dan psikologi masih membebani pelaku industri yang membuat kebijakan ini belum efisien. Kebijakan ini juga belum memenuhi kriteria kecukupan, responsivitas, kemudahan, dan kepastian. Kebijakan tax allowance pada industri galangan kapal juga dinilai belum tepat karena hanya diberikan bagi industri skala besar, sementara industri skala kecil dan menengah yang lebih banyak di Indonesia tidak dapat menerima fasilitas tax allowance tersebut.

This study aims to analyze the achievement of policy objectives in terms of effectiveness, efficiency, adequacy, neutrality, responsiveness, and accuracy of income tax incentives in the form of tax allowances for the Indonesia's shipyard industry. This study also evaluate the achievement of the policy using two tax principles, namely simplicity and certainty. This research was conducted with a qualitative approach and qualitative data collection techniques through literature and field study. Field studies were conducted through interviews with policy makers and policy implementers of tax allowance facility policies in the shipyard industry in Indonesia. The results showed that although the tax allowance facility procedure has met the principle of neutrality, the facility had not effectively attracted investments because there is no shipyard industry using the facility. Perceived time cost and psychological burden still incurred by the taxpayers that made this policy inefficient. In addition, this facility did not meet adequacy, responsiveness, simplicity, and certainty criteria. This facility was also not appropriate for the shipyard industry because the tax allowance could only be utilized by large-scale industries, while small and medium-scale industries could not utilized the tax allowance facility.

1. INTRODUCTION

1.1. Background

Indonesia has long been known as a maritime country. Indonesia has coastlines on almost every island in Indonesia ($\pm 81,000$ km) which makes Indonesia ranks second after Canada as a country that has the longest coastline in the world (Hasbullah, 2016). With the conditions and the potential of the sea, the Government of Indonesia has a vision and mission to make Indonesia as the axis of the maritime world. To become a maritime country, the infrastructure between islands and along the coast in each island is to be built and developed. In addition, the inter-island routes must be truly realized to accelerate inter-island transportation in Indonesia. Successful implementation or whether the acceleration and expansion of Indonesia's economic development relies heavily on the strong degree of national economy connectivity, as well as international economic connectivity of Indonesia to the world market (Akbar, 2013).

Merchant marine can be as the supporting infrastructure for other industries, it can also be used as an indicator of maritime power. The availability and ownership of merchant fleet by a country indicates that the country has a strong position in the maritime sector. According to UNCTAD data in 2017, Indonesia's fleet ownership position is still relatively low compared to other countries, i.e. it is just under 1% of the total world fleet ownership and ranks 23rd out of 35 countries with the largest marine fleet ownership in the world. From the potential of marine fleets currently operating, data shows that more than 75% of the existing of marine fleets in Indonesia is relatively timeworn, i.e. over 20 years old (INSA, 2016).

Table 1. The Number of Indonesia's Marine Fleet and the Estimated Shortages in The Future

Type	Current Number	Shortages
General Cargo	1,388	800
Container	107	80
Bulk	46	30
Barge	1,408	500
Tug Boat	1,357	500
Tanker	233	132
Passenger	229	50
Ro-Ro	60	50
Total	4,828	2,142

Source: Ministry of Industry (2016)

At present, the need to increase the number of marine fleets are quite large based on the number of fleet shortages as presented in Table 1. The numbers of marine fleet that need to be built in domestic shipyards are 2,142 fleets, i.e. almost half of the total fleets currently owned. To meet the plan to add 2,142 units of marine in various types and capacities, the national

and private shipyards must prepare themselves by conducting revitalization and accumulation of supporting facilities for shipbuilding to enable them to construct and repair these marine fleets effectively and on time.

To meet the needs of marine fleet, Indonesia currently has approximately 250 registered shipyards with the production facilities of 160 units building berths and building docks, as well as 240 floating docks (Kementerian Perindustrian, 2013). National production capabilities reach 750,000 DWT each year for new buildings and 10 million DWT each year to repair the marine fleet. The number of shipyards has not changed much in the past five years. Approximately 80% among the shipyards has production facilities that are able to build a ship with a size of 1,000 Gross Tonnage (GT) or equivalent to 1,500 Dead-Weight Tonnage (DWT), while the machinery/ production tools are generally already old.

Marine fleet productions in Indonesia are still relying on import activities in meeting national marine fleet needs. From Table 2, it appears that from 2012 until 2017, Indonesia is still relies on imports. The highest import values occurred in 2012 of \$1,807 million and in 2017 of \$1,342.8 million. The export value of merchant marine in Indonesia is still very slight and tends to fall each year in the period of 2012-2017. Lack of export and the high value of import as well as the marine's components indicate the high of marine needs to serve national needs so it cannot produce to export activities. Therefore, it is worth the government's effort to encourage the production performance of the shipyard industry in increasing industry investment.

Table 2. The Export and Import Value of Marine Based on HS Code of Marine and Boat

Year	Import Value (billion USD)	Export Value (billion USD)
2012	1,807.63	818.58
2013	1,131.03	942.47
2014	1,212.74	714.46
2015	1,107.53	374.39
2016	990.34	492.29
2017	1,342.80	227.77

Source: CEIC Database (2017), processed

The government needs adequate capital in order to increase the domestic shipbuilding industry. For this reason, investment support is needed from both domestic and abroad. Investment is influenced by several factors, i.e. economic and non-economic factors (Bank Indonesia, 2007; Ismail, 2009). One of the factors that affect the investment is tax policy (Guimaraes, Figueiredo, and Woodward, 2004). The government in line with it, which has provided a tax

allowance for investors. The policy is regulated through Government Regulation No. 18 of 2015 as last amended by Government Regulation No. 9 of 2016 about Income Tax Facilities for Investments in Certain Business Fields and/or Certain Areas; which includes shipyard industry.

The types of facilities provided in the tax allowance program in Indonesia are:

- a. Net income reduction of 30% of total investment,
- b. The acceleration of depreciation and amortization,
- c. The imposition of income tax over the dividend paid to the subject of foreign tax of 10% or lower rates according to Tax Treaty (*Perjanjian Penghindaran Pajak Berganda* (P3B)) whenever applies, and
- d. Compensation for losses (loss carry over) of more than 5 years but not more than 10 years.

The investment requirements that are given reduction of income tax facilities related to marine industry must be invest amounting to Rp50.000.000.000 (fifty billion rupiahs) or more, or use the workforce of 100 (one hundred) workers or more. The requirements are set out in the Minister of Industry Regulation No. 1 of 2018.

1.2. Problem

Based on BKPM data, until 2016, there are several new investments in shipyard industry. However, based on the data of the Fiscal Policy Agency (BKF), Ministry of Finance, up to 2017, there has not been any investors who utilize the facilities of tax allowance. The lack of interest in the shipyard industry businessmen to utilize facilities of tax allowance raises a big question.

In fact, the government has changed the regulation as much as four times to make the fiscal incentive more attractive and suit to business interests. This is very different from the aim of establishing tax allowance facility that is expected to encourage the industry to do investment. The amendments that were made to the rules of tax allowance is still putting the shipyard industry as the recipient of facilities, but in fact there has been *no* shipyard industry to get tax allowance facilities.

Coordinating Minister of Economic Affairs in their study identified several factors responsible for low utilization of tax allowance. Their study assessed tax allowance in general, and was not directed to specific industry. The problems include low investors' knowledge, uneasy of tight monitoring for tax allowance recipients, and difficult to fulfill requirements (Kemenko Perekonomian, 2015).

Based on problems in the field, this research was conducted in order to evaluate the tax allowance policy on shipyard industry since the implementation of Government Regulation No. 18 of 2015. It aims at evaluating the fiscal policy based on policy evaluation and good tax policy criteria. Its novelty rests on evaluation of tax allowance directed toward specific industry, i.e. merchant marine, and not classified as a general tax allowance evaluation as did by *Kemenko*

Perekonomian (2015).

Several articles have done evaluation of tax allowance in other industrial sectors. For example, Maulidya and Putranti (2017) evaluate tax allowance in fishing industry in Indonesia using criteria of effectivity, similarity, and accuracy. Abiyunus and Solikin (2018) evaluated tax allowance in footwear industry in Indonesia using criteria of certainty, simplicity, transparency and visibility, accountability to taxpayers and responsiveness. This article is different from previous articles by evaluating the tax allowance in marine sector and by using different evaluation criteria, i.e. effectiveness, efficiency, adequacy, neutrality, responsiveness, accuracy, simplicity, and certainty. Primary data were collected through interviews with policy makers, industrialists, and academia.

This article consists of five parts. After this introduction, theoretical framework is explained in the second part. Third part discusses method for data accumulation and analysis. Fourth part explains and discusses results of interviews with resource persons. Lastly, fifth part concludes and offers several recommendations for policy makers.

2. LITERATURE REVIEW

The concept of policy making (decision-making) is considered as a field of study that is important for the country to address community issues and can also be used to determine the scope of the problems faced by the government so that the government can provide good policies for the community (Apriliana, 2012). The policy can be interpreted as individuals, groups, or governments, written or oral statements, which are general guidelines for acting in order to resolve problems and achieve goals (Sugiyono, 2017). The policy can also be understood as a guide to action, and then it means a policy is broader than a decision, and position of policy maker is higher than decision maker.

Policy implementation will produce output which can be used as a feedback from its policy implementation. Policy research focuses on how the policy problems are defined, how the policy agenda are made, policy formulations are made, and how policies are implemented, evaluated and modified (Sugiyono, 2017). Therefore, policy evaluation is an important step in the process of analyzing policy implementation. Policy evaluation research is one of methods used to evaluate a policy. A new evaluation can be done when a policy is already running enough time. The scope of policy evaluation research itself can be done on the area of potential and policy problems, results and policy outcomes.

Regarding policy to attract foreign direct investments, Indonesia must continually boost its attractiveness. In 2017-2018, Indonesia's global competitiveness index ranks 36 out of 137 countries, an improvement compared to 41 ranks in 2016-2018 according to World Economic Forum (Schwab, 2017). As shown in Table 3, several factors hamper

Indonesia's investments. As for tax policy, two of the factors, i.e. tax rates and tax regulations are listed as most problematic factors in doing business in Indonesia (Schwab, 2017). The two factors are not listed in top five, but nevertheless it indicate the importance of tax factors in investment decision.

This study aims to evaluate the tax incentive policy using the criteria which proposed by Dunn (2004), namely effectiveness, efficiency, adequacy, equity, responsiveness, and appropriateness. Some evaluation criteria that can be used are as follows (Dunn, 2004):

- a. Effectiveness is related to the achievement of results (consequences) which expected from an alternative or achieving the goal from holding action. This criterion is related to the achievement of the desired goals in advance.
- b. Efficiency is related to the amount of effort required to produce a certain level of effectiveness. This criterion is related to how much effort is required to achieve the desired results.
- c. Adequacy emphasized the strong relationship between policy alternatives and the expected results. Adequacy is also related to how far the achievement of desired results to resolve the problem.
- d. Equity refers to the distribution of the result and effort between different groups in the community.
- e. Responsiveness regard to how far a policy able to satisfy the needs, preferences, or the value of certain community groups.
- f. Appropriateness refers to the value or price of the program objectives and to the strength of the assumptions informing those goals. This criterion essentially to determine whether the goals of the program are appropriate for a community or group. This criterion is related to whether the desired results are really useful or valuable.

This research also added two principles of tax policy recommended by the American Institute of Certified Public Accountants (AICPA), i.e. simplicity and certainty. The principle of simplicity can overcome the need to make tax policy simplification. Tax regulation must be simple, so that taxpayers can understand the rules and obey it properly and cost efficient. Simplicity in the tax system is to reduce taxpayer errors and to increase compliance. The certainty criteria are met when the taxpayer has no difficulty in calculating taxes. If the tax policy relies on a subjective interpretation, principle of certainty is likely will not be reached. Certainty is important for the tax system because it can increase compliance with those systems. Certainty results from regulations and administrative provisions that are easily understood by taxpayers.

In theory, developing countries apply tax incentive policy with the aim of attracting capital into the country and of supporting economic growth (Brodzka, 2013). Tax incentives are often considered

as offsetting on the investment disincentive as the impact of tax policies that generally apply in a country. Tax incentives are considered able to cover potential losses experienced by investors, such as lack of infrastructures, a long and complicated legal process, as well as weak bureaucratic and administrative systems.

Table 3. Most Problematic Factors for Doing Business in Indonesia (2017-2018)

Factor	Score
Corruption	13.8
Inefficiency government bureaucracy	11.1
Access to financing	9.2
Inadequate supply of infrastructure	8.8
Policy instability	8.6
Government instability	6.5
Tax rates	6.4
Poor work ethic in labor force	5.8
Tax regulation	5.2
Inflation	4.7
Inadequately educated workforce	4.3
Crime and theft	4.0
Restrictive labor regulation	4.0
Foreign currency regulation	3.3
Insufficient capacity to innovate	2.5
Poor public health	1.8

Source: Schwab (2017)

Tax incentive could be categorized in five broad terms, i.e. tax holiday, investment allowances and tax credit, timing difference, tax rate reduction, and administrative discretion (Holland and Vann, 1998). The second category of the tax incentives includes investment allowance or frequently called the tax allowance as explained by Holland and Vann (1998) as *"Investment allowances and tax credits are forms of tax relief that are based on the value of expenditures on qualifying investments"*. Both of these incentives provide tax and depreciation benefits more than allowed for such assets. Tax allowance is used to reduce the taxable income of the company; and the tax saving could be further used to finance investments (Coen, 1968). Tax credit used to reduce taxes directly from the amount of tax that must be paid.

Tax allowance gives a package of facility to company in form of taxable income deduction that calculated in some percentage of initial investment value. The deduction would minimize the amount of income that imposed in tax payment. The objective of the incentive is to enhance company productivity that will maintain the economic growth as well. According to UNCTAD (2000), tax allowances offer taxable income deduction based on the amount of company initial investment spending. The more net income

reduction rate will give more benefit received by company.

3. RESEARCH METHOD

The method that used in this research is a qualitative method, which means researchers trying to explain the problems by collecting data in the field through some of data collection techniques to explain the problem that occurs according to the theme chosen by the researchers. The data is processed and analyzed to answer the question through data analysis method. Data that has been collected is qualitative data obtained in two ways, i.e. the study of literature and the field study. This research used case study method to explore in depth of a case (Creswell, 2014), in this study a tax allowance program implemented in shipyard industry in Indonesia. Field studies were conducted through interviews with policy makers and policy implementers of tax allowance facility policies in the shipyard industry in Indonesia.

Literature study was conducted by studying some literature in the form of books, articles, journals and related regulations both of print and electronic media. The field studies used purposive sampling technique in interviews with 13 (thirteen) respondents related to the formulation and implementation of tax allowance policy in the shipyard industry. The study took 3 months to interviews with one or two representatives in each institution. Respondents came from Coordinating Ministry for Economic Affairs (*Menko Perekonomian*), Directorate General of Taxes (DJP) Ministry of Finance, Fiscal Policy Agency (BKF) Ministry of Finance, Investment Coordinating Board (BKPM), Directorate of Maritime Industry, Transportation Equipment and Defense Equipment (IMATAP) Ministry of Industry, Research and Industrial Development Agency (BPPI) Ministry of Industry, Indonesian Association of Ship and Offshore Industry Companies (Iperindo), Association of Indonesian Youth Entrepreneurs (HIPMI), businesses (PT PAL Indonesia and PT Yasa Wahana Tirta Samudera), and academics Institut Teknologi Sepuluh Nopember and Association of Indonesian Tax Consultant (IKPI)). Each interview took about thirty minutes.

The data collected from interviews were analyzed using five stages of analysis, namely familiarization, identifying a thematic framework, indexing, charting, and mapping and interpretation (Srivastava and Thomson, 2009). In the coding, evaluation of the tax allowance policy in the shipyard industry were done using the evaluation criteria by Dunn (2004) and the principle of tax policy according to the AICPA (2001) as previously explained.

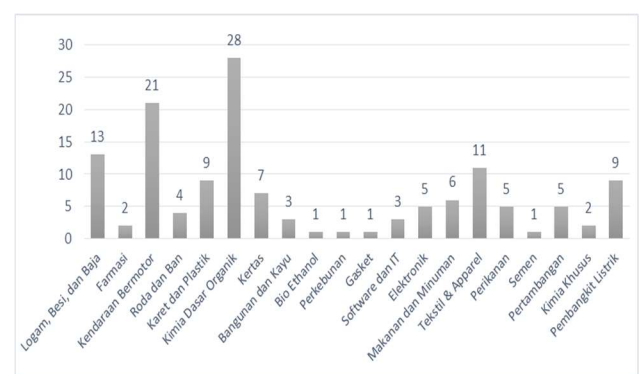
4. RESULTS AND DISCUSSIONS

According to respondents, some criteria are met, while some are not met. Further discussions follow.

4.1. Effectiveness

Effectiveness criteria are used to see whether the desired results of a policy have been achieved. If related to tax allowance policy, the main purpose of this facility is to encourage investment, the competitiveness of industry, and increase employment. Tax policy is one of the factors for attracting investment (Bank Indonesia, 2007; Guimaraes, Figueiredo, and Woodward, 2004). Although the tax policy is one of the factors for investment, tax policy is not a major factor in investing capital. The purpose of providing tax allowance facility in the shipyard industry is to be utilized shipyard businessmen in Indonesia to attract investments and increase the industry competitiveness. The government hopes that the tax allowance can be used in the shipyard businesses and attract investments to the addition of shipyards both new and expanded. However, looking at the BKF data as shown from Graph 1, so far the companies of the shipyard industry have not yet utilized the tax allowance facilities at all. It is in sharp contrast to the expectations of the government of Indonesia.

The government hopes that the tax allowance can be used in shipyard businesses and attract investments to the addition of shipyards both new and expansions. Data from BKPM as shown in Table 4 shows that investors who invest their capital in a new shipyard are still very few. Even between 2010 until 2017 there were no investors who invested in a new shipyard. In early 2018 there was an investment for the construction of new shipyard which comes from domestic investment (*Penanaman Modal Dalam Negeri*, PMDN).



Graph 1. Tax Allowance Recipients by Business Sector (2007 to 2017)

Source: Fiscal Policy Agency (2017), processed

The results of research showed that the utilization of the tax allowance facility by the shipyard industry was still not effective. This could be seen from shipyard businessmen who utilized tax allowance facilities were not exist yet. Tax allowance facilities were not attractive to encourage the competitiveness of the national shipyard industry.

From the results of interviews, businessmen and shipyard associations agreed that the provision of tax

allowance facilities were still not effective. The ineffectiveness of the tax allowance facility was caused by four problems that caused the low utilization of tax allowance by the shipyard industry. First, the lack of socializing by the government and lack of understanding tax allowance facilities by the shipyard industry.

In the words of a resource person from Coordinating Ministry of Economic Affairs, he stated:

"Cannot be said as effective yet. Because for now, no shipyard has utilized this facility. This possibility was due to a lack of socialization to them."

The limitations of the information received to make it ineffective. Second, the administrative process in filing tax allowance which was burdened the shipyard industry. Third, the requirements in filing tax allowance were high and did not correspond to the business processes in the shipyard industry. Fourth, the inconvenience of the shipyard industry to the possibility of inspection by the DGT regarding the utilization of tax allowance facilities. The absence of new investors who utilized the income tax facilities indicated that the policy of tax allowance facilities were ineffective.

Table 4. Number of New shipyard Investment Projects in Indonesia

Year	Number of Project	
	International	Domestic (PMDN)
2000	3	-
2001	2	-
2002	1	1
2004	2	1
2005	1	-
2006	2	1
2007	3	-
2008	5	1
2009	13	1
2018	-	1

Source: BKPM (processed by authors)

4.2. Efficiency

The efficiency criterion involves how much effort is needed to achieve the desired results which are then elaborated into the concept of tax efficiency, namely regarding the cost of taxation as well as ease of administration. Efficiency can be achieved when tax costs are low, which means that the costs incurred by tax subjects in complying with their tax obligations are kept to a minimum (Rosdiana and Irianto, 2013).

Businessmen in their efforts to utilize the tax allowance facility will pay costs related to the application for tax allowance facilities, including compliance costs. These costs can be quantified in monetary and non-monetary forms. Compliance costs

consist of fiscal costs, time costs and psychological costs (Rosdiana and Irianto, 2013). Fiscal costs incurred by investors in fulfilling their tax obligations include transport costs, meeting costs with Capital Investment Coordination Board (Badan Koordinasi Penanaman Modal), performance reporting costs, annual tax filings, etc. In addition, the companies need also to pay no small to hires tax consultant to assist them in the process of filing the tax allowance.

In terms of fiscal costs, the application of tax allowance facilities can be said to provide high cost efficiency. To offer a glimpse for fiscal efficiency, a simulation is carried out for a real project plan from an active shipyard. The project is planned to disburse Rp82.2 billion, which is eligible for tax allowance. Assume normal corporate income tax 25%, 10 year depreciation period, and a tax allowance in terms of net income reduction of 30% of total investment; then the company may save Rp4,1 billion per annum for 6 year (Rp82.2 billion x 5%). In total, the shipyard may save about Rp6.38 billion.

As for fiscal incentive, the money saved is substantial. However, other related costs also include time costs for investors, given the long application process. In addition, there are psychological costs associated with anxiety and uncertainty experienced by investors while waiting to receive decisions about their applications of the tax allowances.

This research does not try to quantify time costs and psychological costs. However, both of these costs are clearly stated by respondents and had a significant influence on the decision of businessmen to use the tax facility. They assume both of these costs were inefficient compared to the benefits obtained. Resource person from Iperindo also added that both of these costs were very much considered by the businessmen, including in decision-making. Anxiety is also part of the burden of psychology. Resource person from academics assessed that tax facilities should provide high financial efficiency. Companies can save on tax costs early in the year. However, the efficiency assessment also needs to look at time costs and psychological costs.

In the words of a resource person from Institut Teknologi Sepuluh Nopember, he stated:

"Efficiency should meet the cost-benefits criterion. It apparently meets the financial efficiency, because of the tax deductions and also do not need a big amount of management fees. However, the company assesses the time and psychological costs as being inefficient. In my opinion, that two types of expenses are inefficient. It could be that uncounted unit of money would become inefficient, as the fact that [they] burdening the company so much."

In general, compliance costs in terms of fiscal costs are assessed as efficient by companies to provide high tax savings. However, compliance costs for time costs and psychological costs are still considered

inefficient by businessmen in order to utilize the tax allowance facilities.

4.3. Adequacy

Adequacy criteria emphasize on how strong the relationship between policy alternatives with the expected results (Dunn, 2004). This criterion analyzed the relationship of policies that have been taken with the problem that occurred and how far the policy was able to resolve the problem.

From the results of interviews, the shipyard businessmen consider that the provision of tax allowance facilities is insufficient for the development of the shipyard industry. Four forms of income tax facilities offered to the shipyard industry through tax allowance were considered by businessmen would not been able to resolve the current problems. Businessmen assessed that shipyard business model which is characterized by uncertain contract in each year makes tax allowance incentives not enough to boost the shipyard's financial capability. Tax allowance facilities in the form of a reduction in net income, accelerated depreciation, the reduction of dividend tax rates, and the loss compensation are considered insufficient to resolve the problems in the shipyard industry.

From four facilities offered, only some of facilities can be used. The facility of accelerating depreciation assets is considered by shipyard business as unattractive. The shipyard businessmen are actually asking for the depreciation to be longer than current regulation so that they can distribute the costs over a longer time period. The facilities of reduction of dividend tax do not affect their decisions since many small and medium businesses in the shipyard industry are family businesses that no dividend is distributed. In addition, facilities of extended losses compensation cannot be used optimally due to additional requirements that are not possible to be fulfilled by the shipyard business model. The addition of losses compensation requires tough requirements to be met by the shipyard businessmen.

The results of the research found that form of tax allowance facilities were still lacks sufficiency and did not met the needs of shipyards. Resource person from Ministry of Industry considers the need for additional facilities to attract the interests of shipyard industry businessmen to use the tax allowance facility. Tax allowance facilities were only took effect during six years, whereas in the shipyard sector, especially for the new shipyard it took a long time for industrial development. It should be given a longer period for deductions. The provision of tax facilities at the beginning of industrial development were considered insufficient.

The tax allowance incentives for corporate income tax are considered good but the shipyards need other tax incentives outside the income tax. In addition to the income tax incentives, they assess the need for additional facilities as well from the marine

transactional side such as VAT facilities and import duties over the component. The main problem of the current shipyard is the need for high imports of raw materials because the raw materials for marine are mostly obtained through imports. Businessmen expect those facilities can be added into the government's tax allowance policy package in the future.

Resource person from government agencies said that the tax allowance facilities cannot be assessed whether adequate or not in general. The government believes that each sector has its own need and the level of adequacy over tax facilities is in accordance with the character of their respective businesses. The large number of sectors, other than shipyard industry, that utilize the tax allowance can signal that the form and level of adequacy for tax allowance facilities are different in each sector.

It should be noted that form of tax allowance facilities offered is a derivative of the existing Income Tax Law No. 36 of 2008 in article 31A. The form of such facilities cannot be changed anymore and are cumulative. Apart of resource person from the BKF, other resource person government agency i.e. BKPM also said similar things. Adequacy of tax allowance facilities cannot be generalized including the shipyard industry. BKPM also said that many businessmen felt the reduction of 30% was still considered inadequate for the industry.

Form of tax allowance facilities offered by Indonesia is indeed still laggard compared to several other countries. Vietnam provides a reduction of income tax for industrial investment using tariff preference up to 10% (Oxfam, 2016). The tariff preferences can be used for 10 to 15 years. The time period is longer than Indonesia which is only 6 years. In anticipation of the accelerated depreciation facilities that in fact are not used by industries, the Indonesian government could follow Vietnam step in the mechanism of accelerated depreciation facilities. Vietnam provides accelerated depreciation facilities since the company earned taxable profits, not in the beginning of the company's production.

Moreover, South Korea provides tax exemption facilities for the first 3 year and a reduction of income tax of 50% in the next 2 year (Deloitte, 2017). The Indonesian government could learn from South Korea government experience which also added the tax exemption facility such as acquisition, registration taxes, and property taxes. Those incentives may add attractiveness to induce foreign direct investments. South Korea provided a range of incentives in their efforts to attract investment since early 1960s as an integral part of their industrial policy. The incentives were provided in terms of tax deduction, tax exemption, investment tax credit, preferential depreciation allowance and tax holiday which contributed to increase investment in manufacturing (Ilcheong and Mkandiwer, 2014). Furthermore, study by Anwar and Mulyadi (2012) found that Indonesia's

tax incentives were fall short compared to those of Malaysia and Singapore.

The explanation above shows that existing forms of tax allowance facilities offered to the shipyard industry have not been enough to resolve the problem in the shipyard industry. Other additional facilities to support current forms of tax allowance facilities are still very necessary to sustenance the development of shipyard industry in Indonesia.

4.4. Neutrality

The fourth criterion used is the criteria of neutrality or also often called equity. The criterion of equity is closely related to legal and social rationality and refers to the distribution of result or outcome between different groups in a society (Dunn, 2004). Equity criterion guides that outcome or results are equally distributed. This criterion assesses policies over the equitable distribution of opportunities, costs and policy benefits. Used in this research, this criterion inquires whether the benefits from a tax allowance policy can be distributed equitably or not. This may refer to the distribution of results or can be seen also as the distribution of access or opportunity (Gruber, 2012) to get the tax allowance.

The tax allowance facility for industry which is included in Annex I in the Government Regulation No.18 of 2015 will get equal treatment in all regions of Indonesia. All shipyard industry in Indonesia has equal opportunity and can take advantage of tax allowance if it has fulfilled the requirements stated in the regulations. This requirement was considered reasonable since it provides parameters for businesses that want to acquire the facility. The tax allowance facility does not limit taxpayer who investing capital in certain areas. Facilities will be provided as long as they meet the requirements that have been set in the regulations. The regulation applies for all investors, irrespective of their country of origin.

In the words of a resource person from Coordinating Ministry of Economic Affairs, he stated:

"There should be no difference at all. As long as the sector is included in Appendix I, the tax allowance facility for the industry will apply equally in all regions of Indonesia. No difference in treatment, old or new company, as long as new business expansion. Indeed, there are requirements and that is reasonable".

Basically he said that it should be indifference in treatment as long as the industrial sector is included in the Annex I of Government Regulation No. 18 of 2015, the facility is similar in all Indonesia. No different treatment between new or old taxpayer as long as there exists new expansion. The requirements to get tax allowance are considered as normal.

The distribution opportunity for applicants of tax allowance facilities can be considered the same for the shipyard industry businessmen in all regions of

Indonesia. Both the shipyard in Batam, and outside the area can apply for tax allowance facilities as long as they meet the stated requirements.

4.5. Responsiveness

A responsiveness criterion is related to how far a policy able to satisfy the needs, preferences, or values of a particular society. The first thing from this criterion is the response from shipyard businessmen. In terms of tax allowance facilities, many shipyard businessmen that feel this policy have not yet satisfied their needs. Many shipyard businessmen answered an unfavorable response when hearing a tax allowance facility. The response of the shipyard businessmen were disapproving due to the lack understanding of tax allowance. According to the businessmen, the regulation of tax allowance is still too complex to understand. Besides a description of limitation terms height making industries does not provide a good response. In addition, the high requirements makes these facilities are not in accordance with their wishes. In addition, poor response of shipyard businessman is due to lack of understanding regarding the eligibility criteria and the negative perception of the complexity in the administrative process.

In the words of a resource person from Ministry of Trade, she stated:

"They had a lack of responses. They considered tax allowance to be less attractive to their business. Besides, the response was bad, as I observed, they did not understand the fulfillment of the requirements in the tax allowance."

Shipyard businessmen do necessitate facilities in the form of reduction of income tax, but their perception of constraints in the administrative process make them less able to accept these facilities properly. In addition to poor understanding of the tax facilities and perceived burdensome administrative processes, the shipyard businessmen also need regulation that does not interfere with their business models. Shipyard businessmen respond less favorable when looking at the process of requesting tax allowances that are not appropriate and difficult to implement for their business processes.

Determination of Point to Start Production (*Saat Mulai Berproduksi* (SMB)) takes along problems in the implementation of tax allowances. DGT requires the application of tax allowances is submitted before the production activities at the shipyard. But in fact, this is impossible because in the process of preparing new shipyards marketing activities have taken place from the beginning. Marketing activities of the company have started running very early to look for marine consumers. The marketing process results in marine projects contract that occurs before the shipyard is fully completed. Thus, by start of marketing, the uncomplete shipyard may not be able to meet the required minimum investment value. A contract that is

signed is usually accompanied by an advance payment as a sign of the contract deal in merchant marine pre-production.

The tax allowance facility implementation process should be done before the shipyard started to produce a ship (SMB). The point of starting to produce (SMB) is specified when the goods are sold or used for own consumption. The point of starting to produce (SMB) can also be determined when the existence of a delivery of good by the taxpayer or the first time receiving income. It was revealed from interviews that marketing activities by the shipyard businessmen were done early in the development process without waiting for the construction of the shipyard completed and investment value reaching the planned value. This activity can be considered as a SMB by DJP even though the construction of the shipyard has not been completed or reached the planned investment value in order to obtain a tax allowance facility. The difference in determination of SMB is crucial, and thus different interpretation by company and DJP is a potential problem.

According to respondents, the requirement to achieve a certain investment value (Rp50 billion) before production activities is impossible to fulfill. The results of this research found that the determination of the SMB to wait until achieving threshold investments value was very burdensome for businessmen. Following the tax allowance facility scheme will incur loss from the shipyard because obtaining for marine orders is not easy, especially if companies should wait for the investment value to be planted as a whole. Shipyard businessmen also explained that the contract process runs in parallel with the infrastructure construction process. Businessmen cannot survive if they have to wait and look for ship building contract only after the shipyard infrastructure is ready according to the investment value.

In the interviews, respondents suggested that determination of the point of starting production (SMB) needs to be adjusted so that it does not impede the opportunity for businessmen to utilize the tax allowance facility. Shipyard businessmen want facilities that are easily understood and applied. In addition, they also want the bureaucratic process in the government does not require a long time to accomplish and does not interfere with their business processes. In general, it can be concluded that the provision of tax allowance facilities does not meet the responsiveness criteria because it has not been able to accommodate the preferences of shipyard businessmen. The business people aspire to be given tax facilities that in accordance with the characteristics of the shipyard industry. Among the aspirations is relaxing the regulation to defer SMB to delivery of goods rather on the date of contract.

4.6. Accuracy

Accuracy criterion emphasizes on issue whether proper or improper the tax allowance facility policy is

given to the shipyard industry. This criterion is used to assess the appropriateness of provision tax allowance to the shipyard industry as seen from the specified terms related to policy objectives. The fiscal incentive policy in terms of corporate income tax facilities was designed so that Indonesia can boost economic growth by increasing investment in intermediate and downstream industries. The shipyard industry included in the tax allowance facility policy is part of the government roadmap in cultivating the maritime industry.

The tax policy in attracting investment in the maritime sector started from providing incentives for the shipyard industry. The government program in the procurement of sea tolls (*tol laut*) requires a lot of merchant ships, so it needs additional production capacity in shipyards. To support the increase in production capacity, the government issued the income tax incentive policy as stipulated in Government Regulation No. 18 of 2015 and incorporated the shipyard industry into the list of policy recipients. The tax allowance facility for the shipyard industry is a step in strengthening the maritime sector. The tax allowance facility provides tax relief for shipyard industry companies. The facility is expected to be able to assist shipyard businessmen in increasing their production capacity.

Regarding the vision to increase maritime economy, the provision the income tax facility for the shipyard industry is suitable. However, it would be inappropriate due to the special requirement that the shipyard construction should obey a minimum limit of Rp50 billion investments and 100 people of the employees. By adding the minimum requirements, it could be counterproductive to the government aspiration of to increase investment in the shipyard sector, because this sector does not have yet a high market. The shipyard market Indonesia currently is dominated by small and medium enterprise. The government is considered inappropriate if it only provided tax allowance facilities for businesses with an investment of Rp50 billion or more for new buildings and as well as for factory expansion.

The main purpose of the provision of the income tax facilities is to increase the investment in the marine industry with big capital. From that goal, it appears that the government has the desire to provide facilities to the shipyard with large scale. However, the reality on the ground shows that actually what is needed by the shipyard sector is not that form of incentive.

In Indonesia, the shipyard industry is classified into three broad classifications. First, the classification of *Besar III* (B3, Big III) to dock of small class with capacity of less than 3,000 DWT. Second, *Besar II* (B2, Big II) to the medium dock with the capacity of 3,000 DWT up to 10,000 DWT. Third, *Besar I* (B1, Big I) to categorize large dock with the capacity of 10,000 DWT and beyond. The sector that the government wants to develop through installing investment limit of Rp50 billion is class B1 (large dock) with capacity above

10,000 DWT. Meanwhile, marines or vessels needed in Indonesia in the future are small to medium-sized vessels. Most of the needs of Indonesian vessels at present and in the future are small sailing ships (*kapal pelayaran rakyat*). This type of vessels has an average capacity of 800 DWT to 1,000 DWT, which is produced by B3 shipyard.

Indonesia currently needs more docks with small and medium capacities. Government should support production capacity improvements in these two levels of the shipyard. According to interviews results, shipyard industry businessmen consider that the government cannot only think of attracting high value investment in category B1 shipyard because the shipyards will certainly only produce large ships. In addition, shipyard businessmen consider the government need to encourage all types of shipyards in Indonesia irrespective of small, medium, or large category.

Respondent from the Ministry of Industry also considers it inappropriate if the government only gives tax incentive to large shipyards that practically do not use the facility. Currently the much-needed ship is fishing boats and vessels which have a limited carrying capacity but which are really needed in the marine sector. In accordance with respondents from the Association and the Ministry of Industry, the academicians also assess the inaccuracy of regulations if they provide facilities only for companies with higher investment. The policy direction could create idle capacity for the shipyard industry since the market needs more small ships but government gives incentive to big shipyard. In addition, to build large shipyards also takes quite a long preparation, whereas currently exists pressing needs to supply ships.

Policy directions that are not right on target will create industrial development ineffective and inefficient. If the investment value can be reduced and relaxed from Rp50 billion to a lower value, it is likely the provision of income tax facilities would be more effective in encouraging investment. When the tax facility is more effective it could be expected that the incoming investment would be increasing. With more incoming investment it means the aim to improve the industrial investment in the intermediate and downstream level can also be reached. Therefore, overall, the provision of tax allowance facilities to the processing shipyard industry is less precise.

4.7. Simplicity

The simplicity principle is also closely related to efficiency and also influences the effectiveness as discussed in the previous sub-chapter. According to the AICPA (2001), tax policies must be able to make all parties fulfill their tax allowance efficiently. Every institution involved in provision of approval for tax allowance facilities such as BKPM, DGT, and the Ministry of Industry must carry out its role and all of their respective responsibilities in accordance with regulated rules and procedures. Each relevant

institution will have a standard operating procedure (SOP) with a time limit for handling tax allowance applications.

In addition to requiring a time limit for the provision of tax allowance facility, procedures for the provision of tax allowance has also been simplified by the formation of One-Door Integrated Service (Pelayanan Terpadu Satu Pintu (PTSP)) of the Capital Investment Coordination Board (BKPM). With the formation of PTSP, the investors who are interested in filing a tax allowance facility are only required to come with the required documents to the PTSP office of the Investment Coordinating Board. The government hopes that PTSP will help and simplify the process of authorization tax allowance facilities by creating a mechanism of one-door system. The mechanism is expected to reduce time needed to acquire the tax facility.

The government expectation to reduce the time constraint of the tax allowance facility has not succeeded in making it simple for businessmen. Shipyard businessmen still consider the complexity of preparing documents and other obligations. The first reason complained by the shipyard businessmen is that long written regulations of tax allowance make them difficult to understand the meaning of the regulations. Understanding tax regulation is identified as a problem for micro, small, and medium enterprises as documented in the case of Surabaya city (Putri and Satyawati, 2016) and in the case of Sidoarjo (Ningrum, Handayani, and Mayowan, 2016). The second reason is related to separate accounting administration or bookkeeping between old and new investments.

In the words of a resource person from PT PAL Indonesia, he stated:

"to understand the rules is so difficult. Yes, this regulation is very complicated. Here no one is able to take care of this. Very troublesome, for example assets, to separate bookkeeping is a hassle and adds more burden for company."

The application procedure that takes days for decision is considered too long. Although it was stated in SOP that clearance 28 days, however, to submit documents until complete was not easy. Many businessmen should visit PTSP many times to get their application documents are declared correct and complete. This situation arises because the businessmen consider the submitted documents are correct and complete but BKPM considered the documents are less complete and/or incorrect.

According to respondents from the government side, the administrative process in the provision of tax allowance also is assessed as still complicated. The process of acquiring a tax allowance in Indonesia is still unattractive compared to neighboring countries. A respondent from BKPM assesses that many companies have difficulties in compulsory of bookkeeping separation because many companies do not have the

good accounting and legal teams. A respondent from Ministry of Industry also said that there are still many businessmen who were burdened by the separation of taxable assets. The long administration mechanism makes it takes long time to finish the application process.

The government has tried to provide simplicity to businessmen in the provision of tax allowance facilities by establishing PTSP in BKPM and the implementation of the SOP. However, the facts from the field it can be observed that the length of the process and mechanism of filing tax allowance facility is still burden the businessmen. In general, respondents assessed the complexity of filing tax facilities caused by the initial document preparation process and the separation of accounting for assets being used for new investments.

4.8. Certainty

The principle of certainty is related to how clearly, when, and how taxes should be paid and also how much the amount of tax that must be paid (AICPA, 2001). The certainty does not occur if the taxpayer encounters difficulties in determining the tax base or determining the transaction. Certainty can also be seen as the level of confidence by taxpayer that her calculated tax had been correct.

Based on interviews, businessmen viewed that in utilizing the tax allowance facility; there is presence of a potential constraint in determining when to start getting allowance and by how much tax is reduced. Many shipyard businessmen who see the process of managing tax allowance facilities have a high level of uncertainty. Shipyard businessmen expect certainty at the beginning when building shipyards.

As for uncertainty in the "how clearly, when, and how", the characteristic of the shipyard business which is long-term with unpredictable contracts and revenues collides with tax allowance uncertainty in turn adds to the burden of projection and planning by the industry. Shipyard businessmen become more risk averse due to uncertainties; as they already spent substantial money and time for preparation of tax allowance.

As for uncertainty in terms of "how much", there is potential uncertainty in determination of the investment value that can be proposed to acquire the tax allowance facilities. Businessmen already reported their new assets and the assets have been clarified by the Ministry of Industry and BKPM. However, inspection from DGT can change the investment value that finally declared to be eligible to get tax allowance facilities.

In the words of a resource person from Ministry of Trade, she stated:

"Often happens that things like clarification were clearly settled, also the investment value which is considered as fixed asset has been determined by how much. But, it turns out that when the audit of the DGT team was conducted

the value did not match what was decided during the trilateral discussion."

Certainty is an important factor for businessmen in the fulfillment of tax obligations. The process of filing a tax allowance facility still provides the potential uncertainty in the implementation. For businessmen, it is considered as very burdensome because for them the certainty of a business is essential for planning their business activities.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusion

The shipyard industry was included as a priority industry to be developed by the government. Tax facilities provided by the government is an effort to encourage industrial development, namely in the form of tax allowance. Tax allowance was expected to boost industrial competitiveness, investment, and employment opportunities. Tax allowance could provide tax savings for the shipyard industry so that the financial saving could be converted into business development. Based on interviews from field studies, the shipyard industry had not been able to utilize the tax allowance facility for several reasons.

From the interviews during the field, it could be concluded that the provision of tax allowance in the form of income tax facilities are unattractive and less effective in increasing investment and competitiveness in the field of shipyard industry. The provision of tax allowance facility provides efficiency in the financial side of the company, but it was not efficient in terms of time and psychological costs. In addition, this form of tax allowance facility offered to the shipyard industry had not been adequate to resolve the problem at the shipyard industry. The shipyard industry in Indonesia still needs supports in the form of other facilities such as VAT and customs incentives.

Moreover, the provision of tax allowance facility had met the criteria of equity where the distribution of opportunities for applicants of tax allowance facilities had been the same for the shipyard industry in all regions of Indonesia. However, the provision of tax allowance facility could not meet responsiveness criterion because it could not accommodate the preference of shipyard businessmen to give simple taxation in support of the national development of shipyard industry.

The terms specified in the provision of tax allowance in the form of income tax facilities were not appropriate in achieving the policy objectives, namely increasing investment and competitiveness of the shipyard industry. The length and complexity of the administrative processes of filing the tax allowance facilities made the principle of simplicity and certainty were not met. Many of the businessmen complained about the complexity of the submission process and requirements. In addition, the process of filing the tax

allowance facility is still plagued by potential uncertainty in the implementation.

5.2. Recommendations

One problem identified from interviews with respondents is shipyard companies do not utilize tax allowance because they simply have little knowledge about the regulation. Therefore, direct socialization to the potential users of the tax incentive may warrant try. DGT could also add to socialization to make it clear for entrepreneurs that tax allowance audit is different from general tax audit. The latter socialization may be able to lessen psychological costs of businessmen who afraid of using tax allowance because of fear of tax audit. Government should provide information on regulation, procedures in complete, simple, and easy to understand, preferably through online media.

Moreover, since many respondents raise issues on tight application requirements, the government may reconsider whether requirement of Rp50 billion investment and 100 jobs are appropriate. From interviews it is shown that under current regulation, only big shipyards may be eligible to apply for tax allowance, while in reality majority of shipyards are small and medium players. It is also worth to consider that the requirements differentiate between new and expansion investments with different minimum investment and job creation.

In addition, it is also emerge from interviews that the time/point of starting production (*saat mulai berproduksi*, SMB) is crucial in determining tax allowance. Taken into account special characteristic of shipyard industry, it may useful if SMB rule is relaxed for shipyard industry. The relaxation may in terms of SMB for shipyard industry is in time of delivery of merchant marine to buyer, and not usual date of contractual agreement. The relaxation may decrease uncertainty regarding tax allowance and hopefully will increase tax allowance utilization.

As for simplification criterion, the government should streamline administration process for application of tax allowance. One simplification feature may get rid of pre-audit and change it to post-audit. This policy may simplify and adds certainty to the policy.

Further research could revise evaluation criteria that suit with policy evaluation in question. In addition, future research may use focused group discussion consist of policy makers and policy implementers, rather than using interviews, in order to directly clarify some misunderstanding and misinformation between stakeholders regarding the policy on question.

BIBLIOGRAPHY

Abiyunus, Y. F. and A. Solikin. 2018. *Assessment of Tax Allowance Policy: The Case of Footwear Industry in Indonesia*. Paper presented at Eastern Regional Organization for Public Administration (EROPA)

Conference, Nusa Dua Bali, 16-20 September 2018.

AICPA. 2001. *Guiding Principles of Good Tax Policy: A Framework of Evaluating Tax Proposals*. New York: American Institute of Certificate Public Administration, Inc.

Akbar, M.F. 2013. *Evaluasi Kebijakan Perpajakan pada Industri Galangan Kapal Nasional dalam Mendukung Masterplan Percepatan dan Perluasan Pembangunan Ekonomi Indonesia (MP3EI)*. Unpublished undergraduate thesis. Depok: FISIP-UI.

Anwar, Y. and M. S. Mulyadi. 2012. Analysis of income tax incentive in Indonesia. *Global Business and Economic Research Journal*, 1, No. 2: 81-92.

Apriliana, Arrum D. 2012. *Analisis Implementasi Kebijakan Insentif Pajak Penghasilan untuk Industri Petrokimia Berbasis Migas dalam Rangka Peningkatan Daya Saing Industri Petrokimia Nasional*. Unpublished undergraduate thesis. Depok: FISIP-UI.

Bank Indonesia. 2007. *Survei Faktor-Faktor Non-Ekonomi yang Mempengaruhi Iklim Investasi di Sulsel*. <http://bi.go.id> (accessed on 1 Maret 2018).

Brodzka, Alicja. 2013. Tax incentives in emerging economies. *Business Systems and Economics* 3, No. 1: 26-36.

Coen, R. 1968. Effects of tax policy on investment in manufacturing. *The American Economic Reviews*, 58, No. 2: 200-211.

Creswell, J. W. 2014. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, 4ed. California: Sage.

Deloitte. 2017. *Taxation and Investment in Korea 2017*. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-koreaguide-2017.pdf>, (accessed on 31 Juli 2018).

Dunn, William N. 2004. *Public Policy Analysis: An Introduction Ed. 3*. New Jersey: Pearson Prentice Hall.

Gruber, Jonathan. 2012. *Public Finance and Public Policy*, 4ed. New York: Worth Publisher.

Guimaraes, Paulo, Octavio Figueiredo, dan Douglas Woodward. 2004. Industrial location modeling: Extending the random utility framework. *Journal of Regional Science*, 44, No. 1: 1-20.

Hasbullah, M. 2016. Strategi penguatan galangan kapal nasional dalam rangka memperkuat efektifitas dan efisiensi armada pelayaran domestik nasional 2030. *Jurnal Riset dan Teknologi Kelautan*, 14, No. 1: 103-112.

Holland, David dan Richard J. Van. 1998. Income tax incentive for investment. In Thuronyi, Victor (Ed.). *Tax Law Design and Drafting, Volume 2*. Washinton: International Monetary Funds.

Ilcheong, Y. dan T. Mkandawer. 2014. *Learning from the South Korean Developmental Success: effective Development Cooperation and Synergistic Institutions and Policies*. United Kingdom: Palgrave.

- Ismail, Normaz Wana. 2009. The determinant of foreign direct investment in ASEAN: A semi-gravity approach. *Transition Studies Review* 16, No. 3: 710-722.
- INSA. 2016. *Menggali Potensi Industri Perkapalan*. Berita Industri. <http://www.kemenperin.go.id/artikel/4115/menggali-potensi-industriperkapalan>, (accessed on 1 Maret 2018).
- Kemenko Perekonomian. 2015. *Kajian Efektivitas Fasilitas Pajak Penghasilan untuk Penanaman Modal di Bidang-Bidang Usaha Tertentu dan/atau Daerah-Daerah Tertentu*. Laporan Akhir. Jakarta: Kementerian Koordinator Bidang Perekonomian.
- Kementerian Perindustrian. 2013. *Kebijakan Pemerintah Pusat dalam Rangka Meningkatkan Daya Saing Industri Perkapalan untuk Menghadapi ASEAN Economic Community 2015*. Presentasi. Dalam Rapat Koordinasi Industri Maritim di Surabaya, 13 November 2013.
- Maulidya, F. and T. M. Putranti. 2017. Evaluation of the tax allowance facility in the Indonesian fish processing industry. *Development and Society Journal*, 46, No. 3: 489-504.
- Ningrum, Y.M., S. R. Handayani, dan Y. Mayowan. 2016. Implementasi Peraturan Pemerintah Nomor 46 Tahun 2013 tentang Penghasilan yang Diperoleh Wajib Pajak sektor UMKM (Studi pada Kantor Pelayanan Pajak Pratama (KPP) Sidoarjo Selatan. *Jurnal Perpajakan (JEJAK)*, 10, No. 1: 1-7.
- Oxfam. 2016. *Assessing Vietnam's Tax Incentive Policies*. Research Report. Hanoi: Oxfam International.
- Putri, L. N. dan M. D. Satyawati. 2016. Evaluasi kendala ekstensifikasi wajib pajak usaha mikro kecil dan menengah di Kecamatan Gubeng Kota Surabaya Sesudah Pemberlakuan Peraturan Pemerintah Nomor 46 Tahun 2013. *BAKI: Berkala Akuntansi dan Keuangan Indonesia*, 1, No. 1: 35-49.
- Republik Indonesia. Undang-Undang Republik Indonesia Nomor 17 Tahun 2008 tentang Pelayaran.
- Republik Indonesia. Peraturan Pemerintah Nomor 69 Tahun 2015 tentang Impor Dan Penyerahan Alat Angkutan Tertentu Dan Penyerahan Jasa Kena Pajak Terkait Alat Angkutan Tertentu Yang Tidak Dipungut Pajak Pertambahan Nilai.
- Republik Indonesia. Peraturan Pemerintah Nomor 9 Tahun 2016 tentang Perubahan Keempat atas Peraturan Pemerintah Nomor 1 Tahun 2007 tentang Fasilitas Pajak Penghasilan untuk Penanaman Modal di Bidang-Bidang Usaha Tertentu dan Daerah-Daerah Tertentu.
- Republik Indonesia. Peraturan Menteri Keuangan Nomor 103 Tahun 2016 tentang Pemberian Fasilitas Pengurangan Pajak Penghasilan Badan.
- Rosdiana, H dan Irianto, E.S. 2013. *Pengantar Ilmu Pajak: Kebijakan dan Implementasi di Indonesia*. Jakarta: Rajawali Press.
- Schwab, K. 2017. *The Global Competitiveness Report 2017-2018*. Geneva: World Economic Forum.
- Srivastava, A. dan S. B. Thomson. 2009. Framework analysis: A qualitative methodology for applied policy research. *Research Note*, 4, No. 2: 72-79.
- Sugiyono. 2017. *Metode Penelitian Kebijakan*. Bandung: Alfabeta.
- UNCTAD. 2000. *Tax Incentives and Foreign Direct Investment: A Global Survey*. New York: United Nations Publication.