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Policy Formulation in Global and Digital Economic Dynamics in Indonesia

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Abstract— **Digital transaction tax is one of the new types of taxes issued by the government to be able to capture potential taxes in the era of the digital economy. The complexity of the tax application and the lack of global consensus regarding the digital transaction tax are the main reasons for not implementing the digital transaction tax. Due to the complexity and uncertainty, the government, in this case the Directorate General of Taxes, as the fiscal institution of the Indonesian state, has two choices regarding the implementation of digital transaction taxes, namely waiting for global consensus or taking unilateral steps. In the decision-making process, one method that can be used by fiscal institutions in determining the next step is to use SWOT analysis theory. The results of the SWOT analysis are then used as a tool in conducting policy analysis so as to produce decisions in the form of waiting for global consensus. The whole series of policy analysis processes are summarized in the structure of the policy argument. This study was structured using a qualitative approach by triangulating the theory between the results of interviews with other secondary data that has been obtained.**

Keywords— Digital transaction tax, Post-Covid-19 Recovery, Economic Policy Analysis, SWOT Analysis Theory, International Tax.

I. Introduction

Since the announcement of the first Covid-19 case in Indonesia by President Joko Widodo on March 2, 2020, the shadows of economic disruption have emerged, especially when looking at countries that have experienced an increase in the number of Covid-19 outbreaks. Various forms of economic policies have been issued by all countries in the world to save the economy of their respective countries. This was also done by Indonesia after reflecting on other Covid-19 affected countries which have expanded policies related to their state finances as an effort to deal with Covid-19 and post-pandemic economic improvement.

The issuance of Law Number 2 of 2020 concerning the Stipulation of Perppu Number 1 of 2020 concerning State Financial Policy and Financial Stability for Handling Covid-19 is a form of concrete steps taken by the government in responding to the impact of the Covid-19 pandemic and post-pandemic economic recovery efforts. The government has prepared various policy plans and programs that will be implemented starting from the field of state finance, regional finance to the field of taxation. However, of all existing policies, there are several types of policies that need further study.

One of these policies is a policy related to tax treatment in Trading Through Electronic Systems (PMSE) activities. The program is in the form of imposition of Income Tax or digital transaction tax on Trading Through Electronic Systems (PMSE) activities carried out by foreign tax subjects who meet the provisions of significant economic presence.

The issue of taxation on PMSE activities is actually not a new issue for Indonesia. In fact, Indonesia and all countries in the world have discussed this issue first, and even became one of the points in the fifteen action plans in the Base Erosion and Profit Shifting (BEPS) Action Plan in 2015. This issue continues to arise because of the realization of tax imposition in 2015. digital transaction activities are still difficult to implement considering that this taxation will be contrary to international taxation standards that have existed since the beginning, namely "No PE No Tax" which means that the source country of income can only impose taxes on company profits from the country of domicile if there is BUT in the source country .

The term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on. (OECD, 2017). This means that a permanent establishment is a permanent place of business that carries out business activities through a company in part or in whole. Places of business that are categorized as permanent establishments are the domicile of management, branches, offices, factories, workshops; and mining, oil and gas wells, excavation sites, or natural resource extraction sites (OECD, 2017). Based on the definition of BUT, it is clear that PMSE activities cannot be taxed in the source country considering that there is no BUT formed so as long as the BUT concept does not change it will be difficult to apply taxation on PMSE activities.

In the same condition, apart from problems in defining BUT, the whole world is still faced with the uncertainty of reaching a global consensus driven by the OECD and G20 since 2015. The hope of reaching an agreement by the end of 2020 has also vanished.

On the other hand, in the midst of the process of achieving global consensus, several countries in the world have chosen to take unilateral steps. One of the steps they took was by creating a new tax scheme to avoid disputes with international tax principles. Under the same conditions, Indonesia as a member of the Inclusive Framework on BEPS has also issued policies related to the application of Income Tax on PMSE activities or digital transaction taxes through Law Number 2 of 2020 concerning Stipulation of Perppu Number 1 of 2020 concerning State Financial Policy and Financial Stability for handling Covid-19. The regulation is a legal umbrella for Indonesia to be able to impose taxes on Trade Operators Through Electronic Systems (PPMSE), especially for Foreign Tax Subjects.

The issuance of the digital transaction tax policy by the Indonesian government as a member of the Inclusive Framework in the midst of the condition that global consensus has not yet been reached, certainly creates a dilemma for the Indonesian government. Therefore, this study will discuss the prospects for the digital transaction tax policy and how to determine the appropriate steps related to the implementation of the digital transaction tax. To be able to find out the prospects of the policy and help provide decision recommendations, the author will conduct research based on policy analysis methods using swot analysis as a tool.

Policy analysis is the activity of creating knowledge about and in the policy-making process. (Dunn, 2014). The policy analysis methodology used in this study according to Dunn's theory is problem formulation, forecasting, and recommendations. In conducting policy analysis, the tool used is the SWOT analysis method. SWOT analysis is one of the analytical methods that is often used in strategic planning by identifying the strengths, weaknesses, opportunities, and threats of a project plan. SWOT analysis fits in well with theory and other strategic decision tools. (Gurel & Tat, 2017).

This research aims to provide decision results based on swot analysis and policy analysis, so that it can be a recommendation for the Directorate General of Taxes to determine the next step in implementing the digital transaction tax, namely whether to wait for global consensus to be reached or take unilateral steps as has been done by several countries in the world.

II. THEORITICAL BASIS

A. Digital transaction tax

This digital transaction tax at the international level is better known as the Digital Services Tax. According to (Lowry, 2019) the labeling of the Digital Services Tax was first introduced by several countries, especially in Europe by making this type of tax scheme a taxation scheme on income earned by multinational companies (MNCs) in the digital economy sector. The process of adopting the Digital Services Tax as one of these tax schemes has sparked several other countries in the world to form a new tax scheme that is able to levy digital companies.

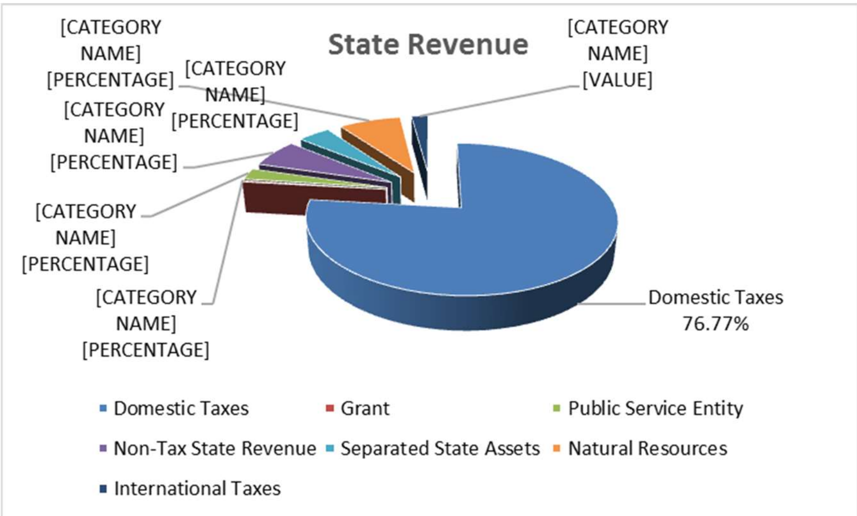
One of the countries that has also begun to introduce the concept of a digital tax which is almost similar to the Digital Services Tax, is Indonesia. In 2020, Indonesia officially issued a policy related to digital taxes which was submitted through Law Number 2 of 2020 concerning Stipulation of Government Regulation in Lieu of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the 2019 Corona Virus Disease Pandemic (Covid-19) and/or in the context of facing threats that endanger the national economy and/or financial system stability into law.

The concept of digital tax introduced by the Indonesian government is carried out using a new term, namely digital transaction tax. The term digital transaction tax is defined as a type of tax imposed on transactions on the sale of goods and/or services from outside Indonesia through Trading Through the Electronic System (PMSE) to buyers or users in Indonesia carried out by foreign tax subjects, either directly or through the Service Provider. Trading Through Electronic Systems (PPMSE) abroad. Therefore, based on this meaning, this type of digital transaction tax can be referred to as a backup for the Indonesian government in the event that the government cannot collect Income Tax (PPh) on a foreign digital company as a result of not fulfilling the BUT element due to the implementation of an agreement with the government of another country in order to avoid double taxation and prevent tax evasion.

Table 1 and Figure 1 show the percentage of state revenue. Indonesia's international trade tax still stands at 2.09%. Since the COVID-19 pandemic until now, the E-commerce sector has grown so rapidly that Indonesia must implement a digital tax to increase state revenues while at the same time restoring the Indonesian economy.

Table 1. Government Revenue

Government revenue	Precentage
Domestic Taxes	76.77%
Grant	0.28%
Public Service Entity	2.49%
Non-Tax State Revenue	6.35%
Separated State Assets	4.12%
Natural Resources	7.90%
International Taxes	2.09%



Source Url: https://www.bps.go.id/indicator/13/1070/1/realisasi-pendapatan-negara.html

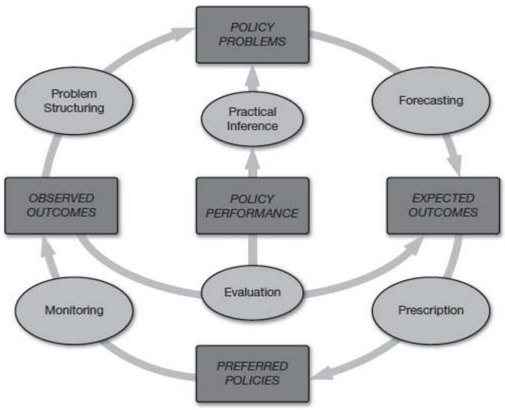
Picture 1. Government Revenue

B. Policy Analysis Theory

Analysis is a verb that describes an activity to analyze so that the word policy analysis can be born when there are key variables that act as objects to be worked on, namely policy. According to Leslie A. Pal in (Dr. Joko Widodo, 2021) policy is defined as "as a course of action or inaction chosen by public authorities to address a given problem or inerrelated set of problems." Which means policy as an action or inaction chosen by a public authority to deal with a particular problem or set of unrelated problems.

In line with the definition which states that policy analysis is a verb, (Dunn, 2014) states that policy analysis is the activity of creating knowledge about and in the policy making process so that it can be concluded that policy analysis is a series of activities carried out by policy makers starting from the preparation of , implementation, and evaluation of policies.

As a series of activities, policy analysis has several processes in its implementation. One of the theories that suggests the policy analysis process is the policy analysis theory proposed by Dunn. In the policy analysis process, according to policy analysis procedures, which consist of problem formulation, forecasting, recommendations, monitoring, and assessment, the scheme is as follows (Dunn, 2014).



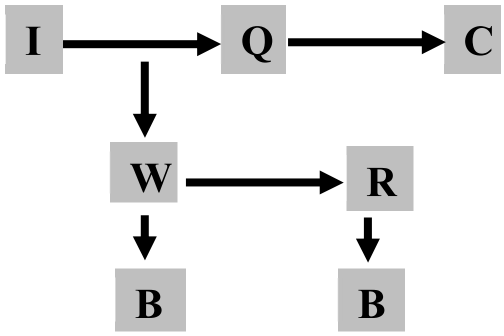
Source: Public Policy Analysis Fifth Edition, William N. Dunn
Picture 2. Integrated Policy Analysis Process

In the policy analysis procedure, the combination of the five procedures is the most commonly used process combination in the policy analysis process. The five procedures are divided into 3 types of analysis. The three initial procedures are the main stages in policy formulation, commonly referred to as pre-implementation, which consists of problem formulation, forecasting, and recommendations. The next type of analysis is the supervision procedure which is the stage of policy analysis during implementation and the last stage, namely evaluation which is the post-implementation analysis stage.

In accordance with the theme of the research being carried out, namely further reviewing the prospects for digital transaction tax policy, the policy analysis stage in this study will focus more on the policy recommendation stage. This recommendation stage provides information about the relative value or usefulness and consequences of a policy recommendation in the future as a problem solving.

To be able to convey policy recommendations, it is necessary to transform the information needed to support a claim on policy recommendations. Efforts to transform information to produce a conclusion on this claim are commonly referred to as policy arguments.

Policy arguments are a means for conducting debates on public policy issues so as to provide reinforcement for a policy recommendation (Dunn, 2014). The policy argument has 6 elements which are denoted by the following figure.



Source: Processed by the author from *Public Policy Analysis Fifth Edition*
Picture 3. The Six Elements in the Structure of a Policy Argument

I: Information (Policy-relevant information). This section is the starting point of a policy argument that is the result of information about policy issues, policy futures, policy actions, policy outcomes, and policy performance.

C: Claim (conclusion of a policy argument). This policy claim is a logical consequence of the information relevant to the policy that has been obtained.

W: Warrant (justification of the assumptions in the policy argument). Justification in the structure of policy arguments will be a bridge for policy analysts to be able to move from policy-relevant information to policy claims. This justification serves as a reason for accepting the claim. A justification can contain various kinds of assumptions, namely authorative, intuitive, analytic, causal, pragmatic, and value criticism.

R: Rebuttal (rebuttal). The rebuttal in the structure of the policy argument serves as the second conclusion.

B: Backing is an additional assumption used to support an unacceptable justification for the apparent value.

Q: Qualifier (qualification). This section is a sentence that is able to express to what degree a policy claim is acceptable. The term commonly used in conveying a conclusion is the language of probability in the form of "probably" or "very likely".

It is this structure of policy arguments that allows a policy analyst to be able to continue his steps from obtaining information to transforming information into beliefs about acceptable truth.

C. SWOT ANALYSIS THEORY

In conducting policy analysis, the author uses the SWOT analysis method as a tool to produce a policy recommendation. According to its definition, this SWOT analysis or strategic planning analysis can be used as an application of decision-making tools in the context of introducing new programs in the organization (Fatimah, 2016). SWOT analysis is widely used because the analysis process is quite basic so it is often used as a weapon in determining the best solution for an organization (Fatimah, 2016).

Basically, SWOT analysis is an acronym of 4 words, namely Strengths, Weaknesses, Opportunities, and Threats. The four instruments are used as a basis in the strategic planning process so that they can estimate the best way to determine strategic choices.

In using the SWOT analysis method, it is possible if each person makes a different decision. This is very reasonable to happen because the SWOT analysis is an analysis that will provide output in the form of direction, not a "magic" solution to a problem (Fatimah, 2016).

Of all the existing SWOT instruments, each instrument is categorized into two types. The first is internal factors, namely Strengths and Weaknesses, while Opportunities and Threats are external factors. The components in the SWOT analysis can be described through a matrix with four quadrant boxes.

	HELPING (Achievement Objectives)	**OBSTRUCTING** (Achievement Objectives)
INTERNAL FACTOR	**STRENGTHS**	**WEAKNESSES**
EKSTERNAL FACTOR	**OPPORTUNITIES**	**THREATS**

Source: Processed by the author from https://en.wikipedia.org

Picture 4. SWOT Matrix

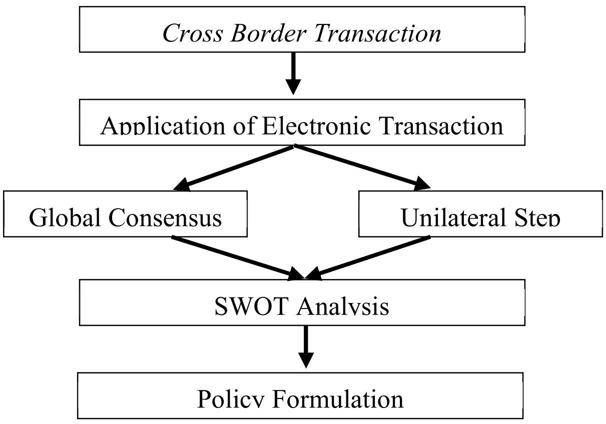
III. Research Method

This research was prepared using a qualitative descriptive analysis method. Qualitative research is research that is descriptive and tends to use analysis. Qualitative research utilizes existing theory as explanatory material, and ends with a “theory” or “model”. (Reinard, 2006). Sources of data used are data from interviews, secondary data from relevant state official websites, journals, theses, reports, news and regulations related to international taxation and taxation in Indonesia. On all the data that has been obtained then triangulated the theory.

3.1. Research Framework

In this study, the author will try to conduct a policy analysis of the planned implementation of the digital transaction tax which is one of the policies related to Cross Border Transactions and has been proclaimed by the government as stated in Law No. 2 of 2020 concerning Stipulation of Government Regulations in Lieu of Law No. 1 Year 2020 concerning State Financial Policy and Financial System Stability for Handling the 2019 Corona Virus Disease (Covid-19) Pandemic and/or In Facing Threats That Endanger the National Economy and/or Financial System Stability Becomes Law.

Regarding the digital transaction tax policy, there are two decision options that the Indonesian government can choose, namely waiting for the Global Consensus or taking unilateral steps. Both options will be analyzed by the author using the SWOT analysis method. The data used in this analysis process is data from literature studies and interviews. Then the results of the SWOT analysis will be used by the author to formulate policies so that a model of digital transaction tax policy formulation can be produced. Through this model, an argument for digital transaction tax policy will be obtained to determine the most appropriate steps that can be taken by policy makers in applying taxes on digital transactions so that the framework of thought is as follows.



Source: Processed by the author

Picture 5. Framework of thinking

IV. Results

This SWOT analysis was chosen as a tool used in the policy forecasting stage in policy analysis theory. The policy forecasting stage is carried out to formulate a policy decision. Based on the results of the literature and interviews that have been conducted, there are two options for the Indonesian government, especially the Directorate General of Taxes, to implement a digital tax policy, in this case, the digital transaction tax policy as stipulated in Law Number 2 of 2020.

The two options that can be chosen are the decision to wait for the results of the global consensus and the decision to take unilateral steps. The following is the result of the SWOT analysis that has been carried out by the author using the SWOT matrix. Conclusions from the results of this SWOT analysis will be used in determining government policy steps related to digital transaction taxes based on the theory of policy analysis according to William N. Dunn.

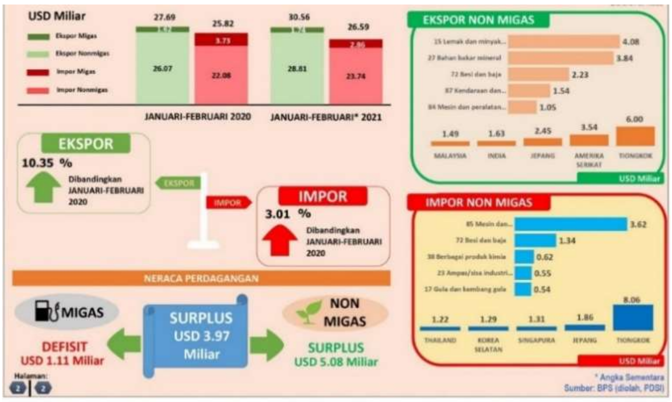
A. Results of SWOT Analysis on Decisions Pending Global Consensus

Table 2. Results of SWOT Analysis on Decisions Pending Global Consensus

Aspects	Hasil Wawancara	Pendukung Aspek
Strengths	"...if we then make implementing regulations, Law Number 2 can't work, because the criteria for the SEP do not yet exist, it can't automatically be applied, if for example Indonesia issues implementing regulations later in July to reach a consensus, like it or not, it has to be canceled so it's not effective right... (Source: BKF employee) "…the reason is that with global consensus it becomes simpler, that means technically with global consensus, it means that all jurisdictions will apply the same thing, right, by applying the same thing, it means that what is called a dispute solution is what The name is how to prevent it when there is a double taxation, right, the name is how to prevent base erosion there, right there is tax avoidance and it has been thought up to that stage. So from there, it will create problems related to tax treaties related to tax treaties and then related to non-taxation there it will not exist, so those problems will be erased…" (Source: DGT employee Dit.	Whereas the global consensus process in the Inclusive Framework is a process of law-making treaties, namely a convention implemented by involving many countries so that it is multilateral. Then the result of the agreement on the international forum is one of the products of international law whose enforcement has the basic binding power of each country. The strength of the results of international forums as a legal basis is in line with the theory of natural law (Kusumaatmadja & Agoes, 2018), which states that international law is binding because international law is not much different from natural law applied to the lives of people of nations. . The position of natural law is quite high in the National Law order.
	"…our position is as stated by the Minister of Finance at the IMF and then at the World Bank and then the G20 states that we really support, fully support the Global consensus…" (Source: DGT employee Dit. PI) "...Indonesia is not only a member of the inclusive framework, but also the G20, the point is that they are supporters of the BEPS	In line with the concept of world order law. The existence of Indonesia as a sovereign international entity should be able to create world peace and stability. This effort is part of the implementation of the world's legal order (responsibility of state).

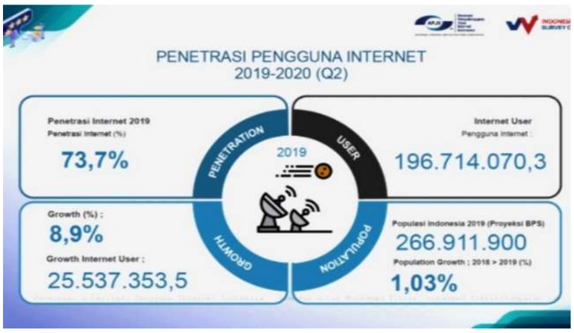
	action plan, so it's a bit difficult, so it's a bit difficult to be in a position to go forward, but what's the name, there's a concern like that..." (Source: PKN Lecturer. . . . . BOOTH)	
Weaknesses	"…In the context of that time, the meetings were still facilitated to meet in person, we didn't have to travel long distances like now, it's quite long, so it takes time, especially now that the conditions and situations of the pandemic are technically related, right, but in On the other hand, there may also be an influence from the pandemic, too, if we talk about the pandemic…" (Source: PKN STAN Lecturer) "...With the current conditions, it's not a normal condition, in one country with another, maybe the effects of the pandemic are also different, so continue and if we look at this, it will be a product that is actually multilateral in nature, so it can't be helped or not. right, the name is also facilitated so that as much as possible it is as effective as possible through the multilateral one even though the conditions of each country may be different, so maybe that's what it's called, the concern of each country maybe in the country will use that threshold it already meets but in other countries are different…"(Source: PKN STAN Lecturer) "…for effective implementation, once a consensus has been reached, it may still take another 2 years because you have to sign it first, then it must be adopted in a domestic regulation first, it must be ratified first. Now it can take 2 to 3 years to be really effective…"(Source: BKF employee) "It's been a long time, yes, if the PMK level is at the PMK level, it shouldn't take too long, maybe around a maximum of 6 months, but if later the level is at the level of the Law, it's like yesterday's omnibus, right, it must take a long time because we involve the MPR, DPR, right"(Source: DGT employee Dit. PI)	Referring to the theory related to the international treaty process as a source of internal law (Kusumaatmadja & Agoes, 2018) it is stated that in general the international agreement process as a source of law is divided into 3 parts, namely: 1. the process of making international agreements 2. agreement arrangement process 3. the process of extinction of treaties (but this section is limited to treaties entered into between countries). In the first stage, namely the process of making international agreements, it is explained that there are three stages, namely negotiation, signing, and ratification. According to (Sinaga, 2019), for international agreements that are multilateral in nature, the draft agreement does not directly have a legal effect, at that time it is commonly referred to as consent to be bound. After the consent to be bound period, usually you still have to wait a long time to be able to apply international agreements. This waiting time is to meet the minimum number of countries that must ratify international treaties.

Opportunities	"Why do we choose a global consensus apart from that we are an inclusive framework then apart from that there are political policies that need to be considered because Indonesia is one of the G20 members then we are also an emerging market country that must be considered and maybe one of them is maintain good relations with America. The political policies that are actually considered are the high level, if we look at the technical side, it is that the global consensus will be much better in the future because it will avoid problems related to double taxation and non-taxation" (Source: DGT employee Dit. PI) "…because if we look at our trade balance, we will export more to the US than the US exports to us…" (Source: BKF employee)	It illustrates how the position of the Indonesian economy in the world. Through Indonesia's trade balance data in Figure 5, it can be seen that for export activities, Indonesia has a fairly large export dependence on the United States. The United States ranks as the second largest export destination for Indonesia after China, which is $3.54 billion USD or at an exchange rate of Rp. 14,205, which is equivalent to Rp. 50,285,700,000,000 (Kemendagri, 2021). In economic activities, the United States is the market share of goods exports for Indonesia.
Threats	There is no data obtained from interviews, but there are other supporting data.	In fact, it can be seen that the current pandemic condition certainly has a lot of good impacts on digital companies, this can be seen through the increase in demand for needs related to digital goods and services. The demand continues to increase along with the implementation of social restrictions during the pandemic that are implemented in several countries. This increase in demand can be interpreted through data stated by (APJII, 2020) in figure 6, that the pandemic has increased internet penetration in Indonesia, in Q2 2020 it has increased to 73.7 percent of the population or the equivalent of 196.7 million users. This figure illustrates an increase of 8.9% or equivalent to 25.5 million internet users compared to 2018. This means that this pandemic has become an accelerator for companies providing digital goods and services.



Source: Center for Data and Information Secretary General of the Ministry of Trade

Figure 6. Indonesia's Trade Balance, Foreign Trade Period: January-February 2021



Source: Buletin APJII Edition 74, November 2020

Figure 7. Survey of Internet Users for the Period 2019-Q2 2020 According to APJII

INTERNAL FACTOR	HELPING (Achievement Objectives)	OBSTRUCTING (Achievement Objectives)
	STRENGTHS	WEAKNESSES
	Achievement of effectiveness and efficiency in the process of implementing digital tax policy because it has a strong foundation	Uncertainty about the timing of digital tax application
INTERNAL FACTOR	OPPORTUNITIES	THREATS
	Indonesia's political and international relations with major countries in the world are still going well	Tax potential is getting eroded as it loses its best momentum when digital companies are at the top of the economy

Source: Processed by the author

Picture 8. Results of SWOT Analysis on Decisions Pending Global Consensus

B. SWOT Analysis Results Decision to Take Unilateral Steps

Table 3. SWOT Analysis Results Decision to Take Unilateral Steps

Aspects	Interview result	Aspect Support
Strengths	"...that with global consensus it becomes simpler, that means technically with global consensus, it means that all jurisdictions will apply the same thing, right, by applying the same thing, it means that the dispute solution is what it's called. how to prevent it when there is a double taxation, right, what is called how to prevent base erosion there, right there, tax avoidance has been thought up to that stage. So from there it will create problems related to tax treaties related to tax treaties and then related to non-taxation there will be nothing like that, these problems will be erased instead of us using unilateral measures…" (Source: DGT employee Dit .PI) "No, because all countries that have implemented interim measures or unilateral measures for example DST, Diverted Profit Tax, then Equalization Levy SEP must be terminated or canceled if global consensus is reached, that's the commitment of all countries that are members of the BEPS Inclusive Framework automatically if For example, Indonesia will issue its implementing regulations in July to reach a consensus, whether we want it or not, it must be canceled" (Source: BKF employee)	Reinforced by data related to the phenomena faced by India, France, and the UK when choosing unilateral steps in implementing digital taxes, namely: First, the phenomenon faced by India. After India introduced the EQL scheme and implemented it, India received many forms of criticism. Then on January 6, 2021, the United States Trade Representative (USTR) officially released a report on the results of the investigation. In (USTR, 2021) it is stated several points from the investigation that the application of EQL is discriminatory because it only targets digital service providers with non-resident status, the application of EQL violates international tax principles, the application of EQL does not have regulatory certainty and clarity, the application of EQL only adds to the burden taxes for certain digital companies, thus hampering digital trading activities and causing double taxation so that based on the results of the report, India finally stopped implementing EQL and it was decided to wait for the results of the global consensus Second, the phenomenon faced by France. After France introduced the rules of digital taxation with a term better known as "GAFA" (Google, Apple, Facebook, Amazon). Then, midway through the implementation of the DST, France actually received criticism from the Trump administration, resulting in economic tensions between France and the United States. Until finally on December 2, 2019 the United States Trade Representative (USTR) released a report on the results of its investigation. In (USTR, 2019) it is stated that the application of DST is considered discriminatory considering the tax term used, namely GAFA Tax, seems to illustrate that DST was formed only to target digital companies from the United States. In addition, the results of the investigation also stated that the application of DST had violated the applicable international taxation rules and its

		implementation actually hindered digital trade because it burdened digital companies. In addition to the results of the investigative report, France was also criticized by the US government for its plan to impose tariffs of up to 100% or nearly 2.4 billion USD on French goods entering the US such as champagne, cheese and handbags. The economic tension has the potential to trigger a trade war, so that at the end of 2020 the French government through French President Emmanuel Macron decided to postpone the planned tax collection of US digital companies. The US also responded to France's decision by delaying the planned increase in import duties on French leading commodities to 100%. The last is the phenomenon faced by England. After this country implemented a digital tax with a term commonly used by several countries in the world, namely Digital Services Tax or DST, the UK had to face an investigation process carried out by the United States Trade Representative (USTR) which had released its report on January 13, 2021. In (USTR, 2021) stated the same thing as the results of investigative reports from other countries which stated that the application of DST in the UK was considered to discriminate against digital companies originating from the US, besides that the concept of DST which was contrary to international taxation principles was inappropriate to be applied so that the the results of the report the UK chose to withhold the application of DST and await global consensus.
Weaknesses	"…may it have any effect on causing a double tax, it's clear because PTE is the same as EQL and DST is not income tax because it is imposed on turnover on gross income not net income, so it can't be called an income tax. The income tax is imposed on income where the income is net income, there is a reduction in costs…" (Source: PKN STAN Lecturer) "…the negative side is that it's a double tax, maybe yes, because if we talk about what is	The practice of Double Taxation is highly avoided by Indonesia considering the condition of Indonesia which is an investment importing country. Currently, Indonesia is also trying to attract as much investment as possible by implementing a strategy in the form of removing all forms of obstacles that hinder investment and creating all kinds of facilities that facilitate investment.

	called global consensus, global consensus is more in the context of income tax, actually, if we talk about EQL or DST, it's not income tax, they actually claim it as yes. Our taxes are not on income, so when it was adopted the tax on electronic transactions, right there in the wording in the Perppu, it was also stated, if for example there was a conflict with P3B then the one that went forward was PTE, so it was formulated so that it was not a tax on income so there will be no conflict with what is called P3B, only the issue is double taxation…" (Source: BKF employee) "…because the idea in this case is unilateral measures, each country has needs, and later it will be more complicated, yes, that there may be a double taxation, the possibility of non-taxation will cause many problems because each country or each jurisdiction will determine or stipulate different provisions related to digital tax…" (DGT employee Dit. PI) "…The problem is, if you can't get credit, maybe later it might burden the entrepreneur and it might affect investment, it's not friendly because right now, in this pandemic period, the tendency is for us to provide facilities, we provide convenience…" (Source: BKF employees)	Unilateral steps will clearly cause weaknesses in the form of double taxation practices, in which the issue of double taxation is the point that is most opposed at the international level so that it has the potential to cause new problems between Indonesia and other countries. This is in line with the opinion (Richter, 2019) that If expenditures on digital services are taxed and the practice of taxing the profit from the remote supply of services in the seller's country of residence is maintained, double taxation is the result. This means that if the activities of providing long-distance digital services between countries are taxed, then double taxation will definitely be created.
Opportunities	"Let's say maybe there have been 3 years, yes, the 2016 EQL, it's been a long time, right, so what they get is enough, yes, I'm sure I've earned enough from what is called Equalization Levy" (Source: PKN STAN Lecturer)	Taking unilateral steps such as that taken by India is a quite appropriate step, especially when looking at the results of the implementation of the EQL which is considered sufficient to add to the pockets of state revenue, considering that the implementation of EQL has been running since 2016 so that it is considered quite commensurate with the efforts made by India.
Threats	"Moreover, there is a risk of retaliation from the US, I have read about a lot of them, USTR has investigated 10 countries, one of which is Indonesia. The reports have been released from seven countries, including Indonesia, which did not report because we have not done it, so the reports have been released from 10 7	It has been explained in the Strengths section that the implementation of unilateral measures poses a threat in the form of potential retaliation which is marked by the investigation by USTR of countries that have implemented digital tax policies unilaterally. In 2021, the

	countries investigated. That's because they have been treated even though they haven't been billed for 2020" (Source: BKF employee) "Because we also learned from France, that the issue was protested against by America and in the end they stopped, right. That's France's class, right, especially Indonesia, the term is that France is already a developed country, if Indonesia is still a developing country, it's very dependent on America, whether we want it or not, we still depend on it, in fact, we must be like France in the end, that's what happened, right? That's actually a lesson for us" (DGT employee Dit. PI)	total reports that have been released by USTR are 7 out of 10 countries that were investigated. This of course can be dangerous if unilateral steps are also taken by the Indonesian government. In addition, realizing that Indonesia is also one of the countries under USTR supervision, every form of policy issued by the Indonesian government will be monitored by the US so that the threat of retaliation for Indonesia becomes increasingly real.

	HELPING (Achievement Objectives)	**OBSTRUCTING** (Achievement Objectives)
INTERNAL FACTOR	**STRENGTHS** Tend to have no power	**WEAKNESSES** Generate double taxation
EXTERNAL FACTOR	**OPPORTUNITIES** Increasing state revenues, especially in the effort to improve the post-pandemic economy	**THREATS** Retaliation by the US or rejection from several countries

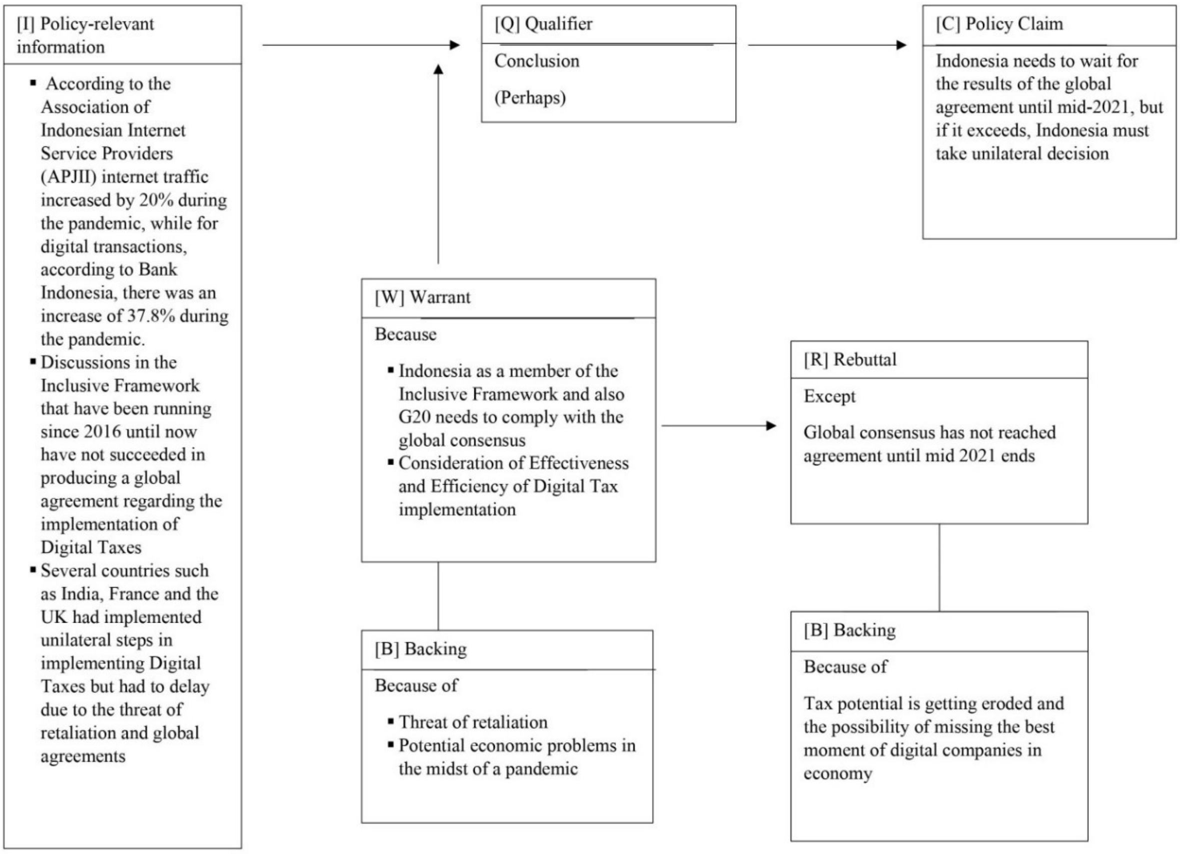
Source: Processed by the author

Picture 9. SWOT Analysis Results Decision to Take Unilateral Steps

C. Policy Argument

This policy argument is a tool used to test the validity of statements in the form of decision recommendations so that a recommendation has the power to be believed by readers as a rational basis for the existence of the recommendation statement. The policy argument is described in the form of a structure.

With considerations of efficiency and fairness, the election awaits global consensus as a decision regarding the implementation of digital taxes in Indonesia is considered the most appropriate to be taken compared to the choice to take unilateral steps. So that the structure of the digital transaction tax policy argument is as attached in the appendix.



Source: Processed by the author

Figure 10. Structure of the Digital transaction tax Policy Argument

IV. Conclusion

Based on the results of the literature analysis and interviews conducted by the author as well as the entire process of SWOT analysis, policy analysis and closed with the preparation of the policy argument structure, it can be concluded that:

1. Results of the SWOT analysis process:

a. On the choice of waiting for the global consensus resulted in:

1) Strengths in the form of achieving effectiveness and efficiency in the process of implementing digital tax policies. This happens because the results of global consensus will become a strong basis for all countries in the world in implementing digital taxes so that when all countries in the world have implemented digital taxes, the potential for disputes between countries will be reduced.

2) Weaknesses or weaknesses in the form of uncertainty when applying digital taxes. Considering that the process of implementing the global consensus has been extended several times and exacerbated by the pandemic conditions which will certainly hinder the consensus process from a technical point of view, the hope of reaching an agreement in the consensus forum is uncertain. Coupled with the process of adopting regulations from consensus results into domestic regulations, which generally take a long time.

3) Opportunities or opportunities in the form of the creation of good political and international relations between Indonesia and the big countries in the world. Referring to the condition of the Indonesian economy, through its trade balance it is shown that

Indonesia still has a fairly large dependence on major countries in the world which are also the home countries of many digital companies operating in Indonesia, such as America and China. So by realizing this reality, it will certainly be a good opportunity for Indonesia if Indonesia chooses to wait for the results of the global consensus to be able to implement digital taxes.

4) Threats in the form of further erosion of the potential for state revenue due to the possibility of losing the best momentum when digital companies are at the peak of the economy. When Indonesia chooses to wait for global consensus and realizes that the long process of waiting for consensus results to the adoption of domestic regulations, the potential for state revenue will be further eroded and the moment when digital companies are at the peak of the economy during this pandemic can also be passed.

b. While the SWOT analysis process on the choice of taking unilateral steps results in:

1) Does not have the element of Strengths or strength. The results of the analysis are concluded based on the results of benchmarking with 3 countries that have implemented unilateral steps, namely India, France, and the UK which finally had to stop the application of digital taxes because their implementation actually triggered a lot of potential economic tensions, especially with the United States.

2) Weaknesses or weaknesses in the form of the emergence of Double Taxation. This weakness becomes a necessity from the implementation of a digital tax without considering the results of the global consensus. This happens because if countries in the world choose unilateral steps, each country will of course have its own tax scheme so that a digital company will be very possible if it has to pay taxes more than once in each different country and will not get the opportunity. tax credit.

3) Opportunities or opportunities in the form of increasing state revenues, especially in efforts to improve the post-pandemic economy. This opportunity is created if a unilateral step is taken by Indonesia with reference to India, which since 2016 has implemented a digital tax even though India has finally had to stop implementing its digital tax. However, the results of the tax collection that has been running for more than 2 years have succeeded in increasing the coffers of the country's money.

4) Threats in the form of retaliation by the US and potential rejection by other countries in the world. The threat arises based on the phenomenon faced by India, France and Britain which have taken unilateral steps. It is known that the steps of India, France and Britain have triggered an investigation by the US through the USTR, and have created economic tensions between the three countries and the US, so this can certainly be a threat to Indonesia if it takes unilateral steps.

2. The policy analysis process carried out by the Indonesian Tax Authority resulted in a recommendation in the form of a conditional decision, namely that the decision pending global consensus is the most important decision. However, in the event that the consensus process has not reached an agreement until mid-2021, it is urgent to take unilateral steps by Indonesia.

This is done because it sees the main goal of global consensus, which is to produce a set of competing international standards so that efforts to shift the consensus-based framework towards neutral action.

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