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Fiscal Policy and Resilience of the Tourism Industry Against the COVID-19 Pandemic

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ABSTRACT

The tourism sector is encountering a global crisis as a consequence of the COVID-19 pandemic. This article aimed to identify and analyze the implementation and impact of fiscal policy on the resilience and sustainability of tourism industry businesses in Indonesia amid the COVID-19 pandemic. An exploratory descriptive qualitative method was used in this research through in-depth interviews with tourism sector business actors in Yogyakarta City, Sleman Regency, Bantul Regency, and Magelang Regency on the implementation of fiscal policy of tax relief for relevant tourism business during the pandemic. The results of the research identified the impact of implementing fiscal policy on business resilience in the tourism sector which is more befitting for medium and large business categories, while micro and small businesses could only take advantage of fiscal policy in the form of tax relief, which according to participants is transparent, easy to implement, and does not have a detrimental impact on future. This research contributes to theory, practice, and policy by providing an overview of the impact of environmental factors on the sustainability of tourism sector businesses, the government's response to the crisis, the impact of fiscal policy implementation on the resilience of tourism sector businesses, and input for the government in making future policy.

Keywords:
pandemic crisis, business sustainability, fiscal policy, tourism industry

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INTRODUCTION

The tourism industry significantly contributes to many countries. In Indonesia, this sector is one of the main drives of economic growth and development. Data in 2017 show that the tourism sector occupied the second largest position in the country's foreign exchange earnings grossing up to USD 15.20 billion or IDR 202.13 trillion from the target of IDR 200 trillion, a 12% increase from 2016. In 2018, Indonesia experienced rapid growth in the tourism sector, which was 12.58% compared to the world average growth of 5.6% and ASEAN of 7%. In 2019, the government projected the tourism industry to be a leading sector and generate the largest foreign earnings, reaching USD 20 billion. In 2020, the tourism sector was assumed to serve as the core economy for Indonesia and become the country's largest foreign earning source.

Government and society's desire was annihilated due to COVID-19 which attacked globally. The COVID-19 pandemic not only caused a health crisis but also developed into a global financial and economic crisis, and the tourism industry was the most affected sector. The tourism sector is driven by mobility and strong interactions between individuals, making it a major pandemic-related economic crisis recipient (Hao, Xiao, & Chon, 2020). The pandemic resulted in paralysis in this sector, thereby increasing unemployment and devastating economic losses for this industry (Verma & Gustafsson, 2020).

The outbreak of the Coronavirus or COVID-19 stirred the potential of the Indonesian tourism sector to lose a big opportunity to earn foreign earnings. This sector was threatened with a loss of income of up to US$ 2.8 billion or the equivalent of Rp. 38.2 trillion. Pressure on the tourism sector could be observed from the decline in the number of tourist visits, both domestic and international. In January-May 2020, the number of foreign tourist visits was recorded at 2.9 million. This number fell 53.36 percent from the same period the previous year, totaling 6.3 million tourists. This trend was the outcome of the lockdown policy that applied globally.

In the fiscal sector, the government established a budget reallocation policy to deal with the COVID-19 outbreak in all sectors. The government also issued a fiscal policy package to anticipate crippling economic development in the tourism sector. For international tourists, the policy provided counter-cyclical stimulus in the form of airline and travel agent incentives. For domestic tourists, the government dispensed subsidies, especially during the low season, such as incentives of 30% ticket discounts for 25% of seats per flight from 10 tourism destinations which were estimated rather affected by the declining tourism sector. Additionally, the government reduced hotel and restaurant taxes for 6 months in 10 Indonesian tourist attractions with aid of IDR 3.3 trillion, hence regional governments did not take more losses from their regional taxes.

This research aimed to identify and analyze the implementation and impact of fiscal policy on the resilience of the tourism industry. Understanding of the form, implementation, and impact of fiscal policy is explored through four research questions, namely:

RQ1: Was there a fiscal policy during the pandemic in the tourism sector?

RQ2: What is the fiscal policy during a pandemic in the tourism sector?

RQ3: How was the fiscal policy implemented in the tourism sector?

RQ4: Did fiscal policy affect the resilience of the tourism sector?

This research applied an exploratory descriptive qualitative method through in-depth interviews with tourism entrepreneurs in Yogyakarta City, Sleman Regency, Bantul Regency, and Magelang Regency. The phenomenon observed in this research is the implementation of fiscal policies of tax relief established by the government for businesses in the tourism sector during the pandemic.

The research results show that the fiscal policy proposed by the Government for the tourism sector is more suitable for medium and large business classes, while the participants in this research are micro and small business actors because it is according to the choice of research settings. Therefore, the only fiscal policy they utilized was tax relief which according to participants is more transparent, easy to implement, and does not entail a detrimental impact in the future.

This research contributes to theory, practice, and policy. First, it provides an overview of how environmental factors have a major impact on business sustainability in the tourism industry. Second, it gives an outline of the government's response to the crisis in the tourism sector due to the COVID-19 pandemic. Third, it explains the impact of fiscal policy implementation on the business resilience of the tourism sector. Fourth, it proposes input for the government as a policy maker regarding the response of business actors in the tourism industry to the fiscal policies made by the government. These inputs can be applied by the government in creating future policies by overcoming negative impacts and taking advantage of the positive impacts of previous policies.

LITERATURE REVIEW

Resource Dependence Theory

The notion brought by Resource Dependence Theory is that all organizations critically depend on other organizations for vital resources supply and this dependence is often reciprocal (Drees & Heugens, 2013). This theory points out interorganizational interdependence to explain why formally independent organizations engage in various types of interorganizational arrangements (Pfeffer & Salancik, 1978). According to Oliver (1991), this arrangement will facilitate organizations overcoming dependency by empowering their autonomy or freedom to make decisions without other interference as well as legitimacy or conformity with social guidelines (Suchman, 1995).

The state's reliance on the tourism sector is mutual with this sector's dependence on the government as a regulator. The government's response takes the form of policies in the economic field, both monetary and fiscal, that modify the resilience of the country and the tourism industry. Resilience can be defined as the system's ability to anticipate and recover from shocks and crises as well as the capacity to change and reach a new normal (Folke et al., 2010; Walker et al., 2004). In a tourism-based economy context, Kim and Marcouiller (2015) report that stronger economies recover more quickly than weaker economies when affected by exogenous shocks.

Fiscal policy

Fiscal policy aims to direct the economy in a better direction, characterized by economic growth and social welfare (welfare economics). Fiscal policy will generate a fiscal multiplier (multiplier effect) for national output (Setiawan, 2018). Indonesia has issued various fiscal policies in the form of direct assistance to the public in different sectors actualized in tax incentives based on Law No. 2 of 2020, which is also known as tax expenditure. Tax expenditure is a reduction in tax obligations originating from preferential provisions in the tax law including tax exemption, credits, reduction, preferential rates, and tax deductions (Leachman et al., 2011).

Regional autonomy allows greater authority to local government in planning its development and determining regional priority sectors. The authority/affairs distribution among levels of government, as regulated in Government Regulation Number 38 of 2007 on the Distribution of Government Affairs between the Government, Provincial Regional Governments, and Regency/ Municipal Governments, states that cultural and tourism affairs are government affairs assigned between levels of government.

The division of affairs is assessed based on the criteria of externality, accountability, and efficiency by considering the amicable relationship between levels of government. According to this division, the tourism sector is a matter of choice for the local government. To finance this authority, Law Number 28 of 2009 on Local Taxation and Charges regulates that regional revenue sources are within the authority of its local government.

Regional governments are authorized to collect regional taxes and retribution, especially hotel, restaurant, and entertainment taxes. Revenues from the tourism sector will be able to increase regional revenue which eventually increases regional capabilities in improving the development of the sector while simultaneously doing so to community welfare, and reducing dependence on transfers from the central government.

During the pandemic, the local government established policies, such as an additional allocation of State Budget to the Ministry of Tourism and Creative Economy of IDR 298.5 billion; Incentives for airlines, travel agents, and joint promotion schemes; Domestic ticket discounts that domestic tourists can benefit of; Fostering incentives according to the association's proposal that the rate for hotel and restaurant taxes in 10 tourism destinations be deducted to zero; Government's aid

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or grants to regional governments affected through the reduction in regional hotel and restaurant tax rates of IDR 5.5 billion; IDR 147 billion Physical Special Allocation Fund of State Budget for tourism which has not been able to be exploited by the region; encouraging tourist movement by tourism promotion; promoting various activities such as music and sports, and efforts to attract potential MICE (Sugihamretha, 2020)

Previous Research

Faulkner (1999) highlights how chaos could quickly affect the tourism sector because of its vulnerability to external threats, such as natural disasters or socioeconomic crises (Espiner et al., 2017). However, this sector has high resilience and an important ability to adapt and recover from unexpected events and disasters (Romagosa, 2020). COVID-19 has resulted in an unprecedented crisis in tourism which threatens the sustainability of businesses. A resilient attitude from all interrelated components is pivotal to overcoming uncertainty regarding risks that may arise and are not fully acknowledged previously by relevant parties (Elmo et al., 2021).

The study of the relationship between resilience and complexity of the tourism sector in responding to the pandemic crisis focuses on the locus of environmental quality, transportation, destinations, innovation, technology, and business organizations (Elmo et al., 2021). Researchers have examined and provided empirical evidence about the level of resilience of various countries in conquering the crisis due to the pandemic (e.g. Okafor et al., 2022) and the policies of various countries to overcome the impact of the pandemic (e.g. Kuscer et al., 2022; Sengel et al., 2021).

Kuscer et al. (2022) explored how countries would deal with the COVID-19 pandemic and what to expect in the post-pandemic using a crisis management model developed based on interviews with 31 tourism organizations. The research results of Kuscer et al. (2022) help identify actions (policies) required to create resilience, emphasize responsibility and state interventions that can achieve tourism restoration, thus helping the state to choose the most compatible way to face the COVID-19 pandemic, overcome negative influences, and capitalize on the impacts the positive.

Sengel et al. (2021) examined the financial policies implemented by 220 countries to support the tourism industry during the pandemic using content analysis based on data published by the United Nations World Tourism Organization (UNWTO). The research results suggest that 220 countries supported the tourism industry's credit in financial and tax deduction in liquidity as well as reduced interest rates.

Okafor et al. (2022) analyzed a country's level of resilience to the COVID-19 shock in moderating the relationship between the size of the tourism industry and the country's economic policy response using data from 113 countries. The research results imply that countries with a large tourism sector (size) acted more aggressively through economic stimulus packages to minimize the impact of COVID-19. The impact on the tourism sector was moderated by the country's resilience to shocks.

Researchers analyzed the impact of the pandemic on tourism face in Indonesia. Pambudi (2020) probed Indonesian tourism at the end of 2020, and it was estimated by various experts only reached 4-5 million international tourists. It was presumed that the foreign tourist market would return normally in 2021 and be normal in 2023. The results of the analysis recommend that the review of tourism development planning emphasize general stimulus, MSMEs (Micro, Small, and Medium Enterprises) stimulus, arrangement of accommodation packages, transportation and access, tax stimulus, technical guidance, strengthening tourism diversification, as well as strengthening the demand and supply side of tourism. The government should improve Pentahelix's optimal collaboration strategy in managing COVID-19, comprising academic, business, government, community/customer, and media.

Purba et al. (2021) assert that COVID-19 had a negative and significant impact on tourism in Indonesia, tested using an air transportation and hotel accommodation data approach. Government spending increased significantly corresponding to the National Economic Recovery (NER) and policies for handling COVID-19. The research results also calculated the impact of the pandemic on the plummeted tourism sector and its implications on GDP which defeated the government due to the catastrophic event. The tourism sector's contribution to GDP plunged sharply by 16%. This condition shares a similarity with tourism in 2011, on other words, COVID-19 pushed back Indonesia for 10 years.

The government responded to the decline in the tourism sector due to COVID-19 through the Ministry of Tourism and Creative Economy by establishing policies to improve and restore the tourism sector and creative economy. One of the policies is to increase exports and digitalize the marketing of creative economy products which is expected to recover national tourism (Utami et al., 2021)

RESEARCH METHODS

Research sites

This second-year study continues the previous year's research. The previous year's research was carried out in three different sites in Indonesia, namely Lombok (Gili), Lampung (Pringsewu), and Banyumas (Serulingmas). This year, the research was conducted in 4 regencies/cities, which are the Special Region of Yogyakarta and Central Java, namely Bantul Regency, Sleman Regency, Yogyakarta City, and Magelang Regency. This area was selected because it was a crowded tourist destination before COVID-19, therefore it is intriguing to understand the fiscal policy taken by the regency/municipal government and its impact on local business actors.

Research methods

The method used in this research is an exploratory descriptive qualitative research method. In this way, it will produce descriptive data of written or verbal results from participants and behavior observation (Moleong, 2009). This study aimed to describe the state of a phenomenon and did not test the designed hypothesis but to describe a variable, symptom, or situation (Arikunto, 2002). The phenomenon in this research is the fiscal policy of tax relief for tourism. In-depth interviews were carried out by asking flexible open-ended questions in order to obtain detailed information from informants. The technique for determining informants uses snowball and aims purposively, namely with certain considerations to achieve the research objectives. The criteria for informants are policymakers in the regency/municipal and several tourism entrepreneurs in the Sleman Regency, Bantul Regency, Yogyakarta City, and Magelang Regency. The research was conducted through four stages; data collection, data reduction, data presentation, and conclusion verification (Miles and Huberman (Sugiyono, 2012).

Research Data Source

The data source in this research is primary data or data obtained directly from research subjects, which are in-depth interviews with People Under Supervision who manage regency/municipal taxes, business actors in the tourism sector in regency/municipal, and several tourism actors in Sleman Regency, Bantul Regency, Yogyakarta City, and Magelang Regency. To investigate the fiscal policies determined by local governments, this research also explored secondary data in the form of fiscal regulations to relieve business actors facing the crisis due to COVID-19.

Data Collection Instrument and Technique

Based on the previous research data sources, the data collection technique is in-depth interviews. Interviews are an adequate data collection technique in research carried out using a qualitative approach. Not only can interviews enrich the information needed, but also be used as a tool to increase the objectivity of research data. For instance, the objectivity of the researcher's perception and interpretation of observation results can be confirmed through interview data. However, interviews must be conducted carefully so that researchers can differentiate between correct information and incorrect information, moreover, if the questions relate to the informant's behavior. Therefore, interviews should be prepared systematically and purposefully, that the data obtained suit the case studied.

For interviews to be carried out appropriately and focus on the problems, interviews should use the right tools. Among the interview tools used in this research are an interview guide, stationery, and a tape recorder. Apart from that, in-depth interviews greatly helped researchers to acquire accurate and objective information. This is understood as researchers could check each informant's answer with other questions from different perspectives

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Data analysis technique

Following the characteristics of the research design, this research data analysis was performed using analytical techniques based on a qualitative research approach. Principally, the data analysis techniques are appropriate to the research stages. At this stage, the research was completed using a qualitative approach. Therefore, research data analysis techniques at this stage were done using qualitative analysis techniques. Miles and Huberman (in Sugiyono, 2008: 338) offer two qualitative data analysis models, the interactive analysis model, and the flow analysis model. The analysis model in the preliminary study stage applied the interactive analysis model.

According to Miles and Huberman (in Sugiyono, 2008: 338), the interactive analysis model consists of three main components, namely (1) data display, (2) data reduction, and (3) conclusion. The three components of analysis are a logical consequence of the fact that the main purpose of data collection is for researchers to draw conclusions. However, practice-wise, some data can be immediately presented (data display) since it does not require interpretation so that conclusions can be drawn. On the other hand, some data cannot be presented directly so no conclusions are suggested. This type requires a data reduction process so that a researcher can draw appropriate conclusions. Data from in-depth interviews were coded for the reduction stage, then a thick description was carried out and narrated.

Based on the interactive model, drawing a research conclusion is an interaction between the three main components of the interactive analysis model. This interactive process should be carried out continuously until a proper or satisfactory conclusion finally can be derived. The interactive analysis process can be achieved from data collection to conclusions through data presentation or data reduction

RESULTS AND DISCUSSION

Fiscal Policy in the Tourism Sector

Data collection was carried out in four regional governments (Sleman Regency, Bantul Regency, Yogyakarta City, and Magelang Regency), all of which did not establish fiscal policies specifically for the tourism sector. This statement is according to the results of interviews with the Regional Apparatus Organization which manages taxes in the regency/city as well as the results of document analysis of regional regulations. Likewise, from the results of in-depth interviews with six tourism business participants, none of the participants mentioned that they knew about the fiscal policy in the tourism sector. Participants revealed that as business actors in the tourism sector who were very significantly affected, they were disappointed with the unwritten policies in their area. The fact is that the Regional Apparatus Organization continues to emphasize paying taxes as if the pandemic had not occurred. Apart from that, their knowledge of fiscal policy was on a national scale and not resulting from regional regulations. This policy should be regulated autonomously in the regions although it refers to national regulations but is adapted to regional conditions, which entail different variations though both are priority tourist areas.

> *"In March 2020, restaurant and hotel taxpayers planned to be exempted from tax until September 2020, but the pandemic continued, so we followed the national incentive policy because there were no visitors at that time. After visitors started coming, we paid retribution as per usual although the turnover had dropped. Entertainment opened in 2022, yet it still hasn't returned to normal unlike before the pandemic" (Participant 2)*

> *"Several facilities can be used to deduce taxes. There is a hotel tax exemption from March 2020 to September since Yogyakarta is among the 10 tax-exempt tourist destinations. However, strict verification from the Regional Government disrupts us from taking advantage of incentives. In several months, we still pay hotel and restaurant taxes even though turnover has dropped drastically" (Participant 3)*

> *"There should be better special incentives in tourism not only in 2020-2021, but currently we are still starting to get back on our feet and still need to be provided with special incentives in the tourism sector" (Participant 1)*

If there is a fiscal policy that specifically regulates the tourism sector, proper outreach and education should be carried out. However, all business participants in this research were not aware of the specific fiscal policies for tourism businesses and were even disappointed with the government which did not address this sector which was advertised to be a national priority. Based on the expressions of Participant 1, needs were not only incentives when the pandemic occurred, but when the business restarted, business actors required incentives that would ease them during reopening.

Fiscal policy is an adjustment policy in government expenditure and revenues to improve economic conditions. In other words, fiscal policy is an economic policy in order to bring economic conditions in a better direction by alternating government revenues and expenditures (Rahayu, 2014). According to Ibrahim (2013), fiscal policy is government policy related to regulating economic performance through government revenue and expenditure mechanisms.

According to Nopirin (1987), the instruments in fiscal policy are government revenues and expenditures which are closely related to taxes.

1. State expenditure/expenditure (G = government expenditure)
2. T = taxes

Fiscal policy is deemed as one of the most important macroeconomic policies in the context of:

1. Minimizing fluctuations in the business cycle
2. Maintaining sustainable economic growth, high employment opportunities
3. Liberating from high or volatile inflation

Fiscal policy theory states that this policy is important to maintain economic growth. Fiscal policies that focus on specific sectors do not include the tourism sector. Such fiscal policy is stipulated in Presidential Regulation Number 49 of 2021 on Amendments to Presidential Decree Number 10 on the Investment Business Sector. These changes were made to limit the implementation of investment as well as control and supervision of beverages containing alcohol. However, the list of priority business fields still refers to Presidential Decree Number 10 of 2021. Referring to Article 4 Section 1 of Presidential Decree Number 10 of 2021, priority business fields are business those that meet the criteria below:

1. National strategic programs/projects
2. Capital intensity
3. Labor intensity
4. Advance technology
5. Pioneer Industry
6. Export-oriented, and/or
7. Research, development, and innovation-oriented activities

Investors in industries that meet these criteria are entitled to fiscal incentives. The specific meaning of fiscal policy in the tourism sector is indeed nonexistent, but the business actors who participated in this research are still able to survive and operate without any obstacles. This suggests that special fiscal policies in the tourism sector are not a factor in the survival of tourism businesses in Sleman Regency, Bantul Regency, Yogyakarta City, and Magelang Regency through an in-depth interview approach conducted.

Principally, fiscal policy aims to influence the total amount of public expenditure, economic growth, total public production, the number of job opportunities and unemployment, general price levels, and inflation, as well as stabilizing the economy by controlling interest rates and the amount of money in circulation. The objectives of fiscal policy according to John F. Due are:

1. To increase national production (GDP) and economic growth or improve economic conditions.
2. To expand employment opportunities, reduce unemployment or create opportunities (reducing unemployment), and maintain general price stability.
3. To stabilize the prices of goods in general, especially to overcome inflation.

This research focuses on the first target, and it obtained that without specific policies in the tourism sector, business actors could operate. If explained using business behavior theory, especially in MSMEs, innovation is an important factor in maintaining a business.

> *"I don't know about tourism specifically, but all I know is tax incentives during the pandemic. If there were one, in my opinion, there would be no special need for tourism because everyone during the pandemic was hit economically. We were still able to innovate and continue to sell food for take away, frozen and not a dine-in ones, even though turnover was down, at least the company was still maintaining the number of existing employees" (Participant 5)*

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The code was carried out by the research team about fiscal policy in the tourism sector and the findings obtained that there was no fiscal policy and business actors were not aware of it. They only understood the tax incentives issued by the central government dispensed to all business sectors, and some participants took advantage of them. International fiscal policies are considered more transparent and easier to access. This is different from incentives, in which taxes are managed by the local government.

> *"I took advantage of tax incentives during the pandemic that apply nationally, such as reductions in PPh 25 and PPh 21 DTP (Income Tax Incentives borne by the government) as well as reductions in corporate income tax rates. It was more well-disseminated than regional tax incentives. Apart from that, I feel that the regional government didn't really care about the current pandemic conditions. Still, it chose to pursue the regional tax rates handsomely. In fact, they also knew that economic conditions were declining. Often, there was no clear line regarding regional regulations, it was difficult to get definite information. So, I chose not to take tax incentives that will cause problems in the future because they are not clear" (Participant 3)*

Forms of Fiscal Policy in the Tourism Sector

The results of in-depth interviews with the Regional Apparatus Organization in three regencies and one municipality as well as document analysis of existing regulations, the fiscal policy for the tourism sector was implemented in hotel and restaurant tax exemptions in the period March - September 2020. This policy was issued prior to the first confirmed positive patient in Indonesia announced. After a patient was confirmed positive for COVID-19 on 15 March 2020, all fiscal policies were general for all businesses except the health sector and applied nationally.

Tourism sector stimulus or incentives were one form of assistance from the government to tourism industry players so they could survive the situation. As we know, to prevent the spread of the Coronavirus, it was necessary to limit visits on a scale. Meanwhile, the tourism sector relied heavily on income from visitors and service users. The beginning of the year was the low season as well because the holiday season ended and visitors returned. Therefore, the tourism industry was greatly in need of help from the government in order to survive and get through this time.

The tourism sector incentives have several types of assistance provided to tourism industry players. The first is assistance of funds (grants). Providing stimulus funds from the government to the tourism sector has been implemented since 2020. In 2020, the grant provided by tourism was 70% of the 2020 NER absorption for the hotel and restaurant sector. In the same year, grants in 2021 NER reached 3.3 trillion rupiah.

The second assistance is interest subsidies. This subsidy assistance is provided to MSMEs (Micro Small and Medium Enterprises) in the tourism and hospitality sector by providing cheap credit facilities. The interest rate relief provided by the government reaches minus 6% which applies to MSMEs and medium-sized entrepreneurs. The capital system calculation is planned to be between IDR 10 – 75 billion, a 3-to-5-year term with a reduced interest rate of 6%.

The third assistance is credit restructuring. To date, credit restructuring that has been issued for tourism and the creative economy has reached IDR 124 trillion. This has also been approved by the Financial Services Authority regarding restructuring bank loans. Besides, the government has also provided multi-finance credit restructuring and leasing to tourism. The assistance that has been provided to date has totaled IDR 3.1 trillion. For other aspects, tourism actors would also be given the convenience of applying for bailouts from the Association of State-Owned Banks (*Himpunan Bank Milik Negara* abbreviated as Himbara). Loans that may be applied for bailouts are those under 10 billion. The final financial assistance is incentive assistance for areas included in tourist villages. Business actors in the tourism and culinary sectors may apply for financial assistance of a maximum of 200 million rupiah.

The fourth assistance is People's Business Credit (*Kredit Usaha Rakyat*, abbreviated as KUR) for tourism. KUR for tourism has been helping since August 2018. This program was established as an effort to strengthen capital while expanding access to financing for MSME players in the tourism sector. Tourism MSMEs may propose for credit with a low interest of 7% per year. The amount is divided into 2, for micro KUR the amount reaches IDR 25 million per debtor, while for small KUR is between IDR 25 – 500 million. Some conditions must be fulfilled to be able to be eligible, namely part of a productive and viable MSME for the following six months. Credit assistance can be accessed through channeling banks (BRI, BNI, Mandiri). Through the facilitation of KUR, it is expected that tourism actors will have “higher class” so that the welfare of the general public increases in the tourism sector as well.

Implementation of Fiscal Policy in the Tourism Sector

Fiscal policy is a national design to support the tourism sector. This policy, which aims to increase economic growth, is challenging to implement. The results of data collection show that participants did not utilize special facilities in the tourism sector. The lack of outreach and explanation of the positive and long-term impacts of the policy was not delivered, so that business actors in the tourism sector did not realize and felt disappointed instead with the government. Moreover, many of the policies designed were in the credit area, whereas not all business actors used capital from bank loans. Also, errors in debt management such as restructuring might result in bankruptcy if a comprehensive analysis is not carried out. Other than that, the bank also did not facilitate for the tourism sector to access this policy.

> *“We didn’t take advantage of specific incentives from regional governments, but national incentives and it was very easy because they were accessed online via DJP online. Easy, effective, and very helpful” (Participant 2)*
>
> *“ MSMEs tax really helped me, the method is easy, but it was only difficult at the beginning, then I got used to the format and it’s easy because it’s online” (Participant 4)*
>
> *“Currently, even though we are in the recovery phase, there is still no change in the payment process, entrepreneurs are still being demanded to pay even though conditions remain difficult, and the Regional Government assumes turnover according to its own calculations without using real-time data” (Participant 1)*

The results obtained from data collection and coding show that fiscal policies related to reducing central taxes helped taxpayers in its implementation. However, this was not the case with local taxes which tourism business actors perceived as very burdensome because there were no special policies.

If one is eager to increase or at least maintain economic growth, the policies must be easy to implement and well-disseminated, followed by long-term impacts from the use of these facilities, so that the policies hit the target.

Impact of Fiscal Policy on the Tourism Sector

The results of data collection carried out in three regencies and one municipality show the reason why tourism sector business actors survive and continue to operate today is innovation, and obviously leave out the advantage of existing fiscal measures. Even during a pandemic, these business actors considered continuing to operate regardless of all limitations. Even though business actors take advantage of fiscal policies, this does not bring an impact on the resilience of their businesses.

When observing the design of the tourism sector’s fiscal policy, it is more acceptable for medium-scale businesses, not small and micro businesses. Meanwhile, the research object yielded respondents’ data in Yogyakarta and Central Java provinces which are notably dominated by MSMEs, thus business actors as participants had not taken advantage since it did not suit their needs.

The main indicator according to the existing code is that tourism business actors could survive due to innovation, and they emphasized that it was not because they took advantage of fiscal policy because four participants were not aware of it and two participants did not take advantage of fiscal policy as well as tax relief.

CONCLUSION

The fiscal policy created by the Government for the tourism sector is more suitable for medium and large business classes. Meanwhile, the participants in this research are micro and small businesses because it is following the research location. The fiscal policy they took advantage of was tax relief which according to participants is more transparent, easy to implement, and will not have a detrimental impact in the future. An easy and online reporting system is an important factor for business actors to access existing incentives.

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Further, innovation is essential for tourism sector businesses, so that business sustainability is more fundamental and is established independently by the founder.

Fiscal policy should follow the initial objectives created and be socialized well so that it aims proper target. When fiscal policy becomes a disappointment for society, the policy will not function well and will result in national economic failure.

The limitations of this research are the selection of participants who are less varied in their knowledge of fiscal policy and variations in the scale of the business they own. Also, the locations that only take place in the Yogyakarta and Central Java areas make the business characteristics homogeneous. Future research should study more heterogeneous participants in terms of scale, business characteristics, and location.

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