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AL-AMWAL

Sustainability of Public Finances During The COVID-19 Outbreak in Indonesia

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Abstract

This paper will describe the sustainability of public finances in the form of government policies in managing the budget for handling COVID-19 in Indonesia. The impact of this pandemic can cause an economic crisis in Indonesia so that the policies to be taken in the financial sector will determine the sustainability of public finance itself. The qualitative method applied in this paper by utilizing secondary data can provide analysis in the management of government finances for economic stimulus. Public finance which is the main source in achieving government goals for the welfare of the community is used to handle COVID-19 in the form of budget allocations to meet health infrastructure and various economic stimuli to ensure community survival, economic resilience in the industrial sector, and prepare for the continuation of current economic activities and after the pandemic ends.

***Keywords**: Sustainability, public finance, maqasid shariah, COVID-19, Coronaviruses, economic stimulus*

Abstrak

Artikel ini akan menjelaskan keberlanjutan keuangan publik dalam bentuk kebijakan pemerintah dalam mengelola anggaran untuk penanganan COVID-19 di Indonesia. Dampak pandemi ini dapat menyebabkan krisis ekonomi di Indonesia sehingga kebijakan yang akan diambil di sektor keuangan akan menentukan keberlanjutan keuangan publik itu sendiri. Metode kualitatif yang diterapkan dalam makalah ini dengan memanfaatkan data sekunder dapat memberikan analisis dalam pengelolaan keuangan pemerintah untuk stimulus ekonomi. Keuangan publik yang merupakan sumber utama dalam mencapai tujuan pemerintah untuk kesejahteraan masyarakat digunakan untuk menangani COVID-19 dalam bentuk alokasi anggaran untuk memenuhi infrastruktur kesehatan dan berbagai rangsangan ekonomi untuk memastikan kelangsungan hidup masyarakat, ketahanan ekonomi di sektor industri, dan mempersiapkan kelanjutan kegiatan ekonomi saat ini dan setelah pandemi berakhir.

Kata kunci: Keberlanjutan, keuangan publik, maqasid syariah, COVID-19, Coronavirus, stimulus ekonomi

INTRODUCTION

The whole world is currently being shaken by COVID-19. Not only health problems, but all areas of human life have experienced impacts that could cause a global recession, including the economy. Some facts show that the engine of world economic growth, such as China, the United States, and Europe is greatly affected. In the 1st quarter it is estimated that the contraction will reach -9 percent in China's GDP growth in 2020 and in the 2nd quarter there will be a -6 percent decline in US GDP growth in 2020; and in the fourth quarter would be far worse than the -2.2 percent growth recorded in 2008 (Bloomberg, 2020; Goldman Sachs, 2020).

COVID-19 with the effects of rapid and widespread transmission to the above countries will affect the entire economy globally. Reports from The Economist (2020) and CNN (2020) suggest that there has been a sharp decline in commodity prices since mid-February 2020, with oil prices falling to their lowest levels in 18 years, before recovering somewhat. In the end, most, if not all countries, throughout the world today have been hit by a pandemic. This implies direct costs related to morbidity, health care, and uncertainty and indirect costs associated with control and mitigation actions, such as reduction of labor, production capacity, and productivity.

This COVID-19 pandemic if not managed properly can result in a series of other crises, including financial crises (if bankruptcy is rampant and banks become illiquid or bankrupt), sectoral collapse (for example, in airlines, tourism, and hospitality services), and crisis macroeconomic (if mitigation costs turn out to be excessive considering a country's fiscal space and income level), with dire consequences for welfare and poverty alleviation (World Bank, 2013; Furman, 2020; Odendahl & Springford 2020; Galí 2020). Indeed, market size and policy uncertainty is higher now than at the height of the global financial crisis (Ahir, Bloom, & Furceri 2020; Baker, Boom, & Davis 2020). The COVID-19 outbreak that began in China shows that quarantine, social distance, and isolation of infected populations can contain the epidemic (Anderson et al., 2020) which then impacts on the economy.

The Indonesian government moved quickly to adopt a policy after the World Health Organization (WHO) announced that the 2019 Coronavirus Disease Outbreak (COVID-19) had become a pandemic. This outbreak has occurred in a wide geographical or spread globally. The number of cases worldwide reaches 120,000 and deaths have exceeded 4,300. The condition is urging governments all over the world to step up efforts to limit.

The impact of COVID-19 on the economic sector is certainly inevitable. World economic growth is projected to contract deeper and so will the Indonesian economy. To that end, the government is concerned with issues that require special policies by issuing a second economic stimulus to deal with the effects of the Coronavirus (Hartarto, 2020).

Some issues that are considered in making Indonesian government policy include the availability of food stocks and supplies that will affect food price stability; travel restrictions and worker mobility affecting the tourism and transportation sectors; disruption of production, distribution, and supply chains that affect the performance of the manufacturing sector and its derivatives; and falling world oil prices due to weakening demand and oil price wars between Saudi Arabia and Russia.

As a result of the COVID-19 pandemic, each government made changes in the management of state finances by diverting some of its activities and budgets to prevent and reduce the spread of the virus and provide assistance to economically affected community groups. This as a major part of the country's financial function, namely the rationalization of the role of government in the economic life of society as part of general norms and distributive justice (Rossen & Gayer, 2008: 2), performs the function of social welfare in accordance with the public authority (Salanie, 2000; Glazer & Rothenberg, 2001), and the interests of maximizing social welfare (Musgrave & Peacock, 1958).

The aspect of social welfare is a major issue in meeting the interests of the public amid the Coronavirus pandemic now. The development of the social welfare approach became a major part in the study of public finance, for example, the theory of taxation carried out by economists (such as Edgeworth, 1897; Ramsey, 1927; Pigau, 1951; and Samuelson, 1954), the theory of public goods and the application of social welfare functions in the economy the public which strengthens and develops optimal taxation problems (Winer & Hettich, 2004: 1-2), and important issues in public financial management which include a fiscal policy to improve economic stability and fiscal sustainability (Claeys & Nam, 2015).

As for expenditure, the biggest challenge in 2020 is preventing and stopping the spread of COVID-19 throughout Indonesia through expenditure policies that are efficient, quality, and sustainable by increasing productivity, effectiveness and efficiency of spending, and controlling risk appropriately. On the other hand, the effectiveness of government spending has challenges such as the pattern and rate of absorption that is not optimal, the accuracy of disbursement of subsidies in various fields affected by COVID-19, and the fulfillment of the budget in accordance with laws and regulations.

The role of the government in managing public finances is very important in paying attention to the social welfare of people affected by COVID-19, poverty is still felt by the people and even raises new poverty due to termination of employment, misuse of the budget on direct cash assistance and distribution that is not on target, to economic growth low budget, and anticipate budget deviations. This article aims to describe the sustainability of public finance by the government in preventing and managing the spread of COVID-19 in Indonesia.

LITERATURE REVIEW

1. Pubic Finance

Many definitions are given by experts about public finance. Public finance is the study of government economic activities as a whole (Musgrave, 1959: 7), the study of the use of funds by the government to meet payments for government activities, or public finance is an economic branch that studies taxation activities and government spending (Rossen, 2002: 1).

Therefore, the above definition makes the term public finance synonymous with the notion of state finance, the public economy, and the public sector economy. In Islamic economics, this term is known as Islamic public finance or Islamic social finance. An important issue in the study of public finance is not a financial problem although it is related to the financial aspect, the main problem related to real resources. Public finance studies use positive and normative analysis. The positive analysis emphasizes the problem of cause and effect, while normative analysis focuses on ethical issues in public finance.

In Islamic social finance, this aspect of income has religious legitimacy and emphasizes the voluntary aspect of society by setting aside part of its income to help or help others, either directly given by individuals or distributed by governments or institutions that have authority to those who need in his life. In this article, the authors use the terms public finance and Islamic social finance with the same meaning in the form of income aspects that are managed by the government or official institutions for the welfare of the whole community.

This public finance is related to the government's microeconomic function in the form of resource allocation and income distribution and the government's macroeconomic function related to the use of taxes, expenditure, and monetary policy in resolving unemployment and prices (Rossen, 2002: 1). This public finance focuses on government intervention in regulating the market (Rossen, 2002: 6) and public participation through political institutions and to achieve fiscal patterns and goals (Buchanan, 1967: 10-13).

In Indonesia, the term public finance is called state finance which studies expenditure and revenues by the government and the State, or a part of economics that studies government activities in the economy, especially regarding revenues and expenditures and their impact on the economy (Soetrisno, 1981: 7- 8). The term "public" broadly not only describes the activities of government, but also describes "utility" (which handles the needs or lives of many people), and also the activities of charitable associations. The term "public finance" in the strict sense is interpreted as "government finance" or "finance" which describes all the activities (of the government) in finding sources of funding and managing these funds to achieve government objectives.

Thus, the scope of public finances includes government expenditure, government revenue, state administration, and the effect of budget revenues and expenditures on the economy, government loans and debts, administration or engineering, a fiscal balance between the central government and regional governments, and fiscal policies that study the role and the influence of state finances on national income, national income distribution, employment, prices and also the efficiency of resource allocation (Rossen & Gayer, 2008: 2).

In theory, public finance is divided into positive and normative. "Positive" public finance is the study of facts, circumstances, and relationships between variables with respect to the government's efforts to find funds and use of funds, such as how the current tax system and tax structure, studies of the current state and budget system, etc., So, in "positive public finance", we try to describe, explain, and predict what happens in state finance.

"Normative" public finance is the study of state finance on ethics and value valuation, namely how state financial activities, taxation, expenditure, and the borrowing country can create efficient resource allocation, macroeconomic stabilization, equity or income distribution, etc. Thus, studies on "normative public finance" revolve more in the area of state fiscal policy issues. This is influenced by an ideological view, which is divided into two main approaches: the organic view of government and the mechanistic view of government (Rossen & Gayer, 2008: 2-5).

In this case, government policies relating to income and expenditure to improve economic stability need to be done in the form of fiscal policy as actions taken by the government in the form of revenues and expenditures of the state budget to influence the course of the economy (Soediyono, 1992: 95).

The function of government underwent changes in many activities such as direct supervision, social consumption of public goods, the stability of state finances and monetary policy, government production, and welfare spending (Samuelson, 2008). Therefore, mainstream economic theory provides a framework for public financial analysis. For example, rational theory can be used to assess public finance in the area of application of microeconomics within a normative framework of public finance that includes economic welfare. In this case, Rossen & Gayer (2008: 2) explained that focusing on economic welfare conditions where the allocation of economic resources reaches Pareto efficiency.

Rossen & Gayer (2008: 2-5) state that Pareto Efficiency is defined as "allocation so that the only way to make one person better is to make others worse". Pareto efficiency seems to be a reasonable normative criterion, if Pareto inefficient resource allocation, it is "wasteful" in the sense that it is possible to make someone better without hurting others. The amazing result of the welfare economy is that if two assumptions are fulfilled, an economy will achieve Pareto's efficient allocation of resources without government intervention.

This Pareto efficiency can certainly be tested through government policies in preventing and stopping the spread of COVID-19 with a series of economic policies through the fulfillment of medical devices, direct assistance, tax subsidies, and others for those who are economically affected. It aims to maintain social welfare and at the same time restore economic conditions after the COVID-19 outbreak.

2. COVID-19, Public Finance, andEconomics

A report released by the IMF (2020) states that the COVID-19 pandemic not only represents a public health emergency throughout the world but has also become an international economic emergency which, in its negative effect, can surpass the 2008-2009 global financial crisis. The large impact of COVID-19 could lead to a global recession in 2020. Anderson et al. (2020) describe that COVID-19 has developed into a pandemic, with small transmission chains in many countries and large chains resulting in the widespread distribution in several countries, such as Italy, Iran, South Korea, and Japan. The government will not be able to minimize deaths from COVID-19 disease and the economic impact of spreading the virus, so the priority of each individual is to keep the death rate as low as possible. The government must also have to take steps to improve the inevitable economic downturn.

Another study produced by WHO (2020), Wilson et al. (2020), and Wilder-Smith, Chiew, and Lee (2020) assert that COVID-19 combines two fatal characteristics: three to thirty times more deadly than seasonal influenza, based on the fatality rate of abusive cases, and at least ten times more infectious than SARS. So, the potential to wreak havoc on the health of people throughout the world is enormous, both in developed and developing countries. Atkeson (2020) conducted a special study that introduced a simple SIR model to economists about the development of COVID-19 in the United States over the next 12-18 months. The SIR model is a Markov model of the spread of epidemics in a population where the total population is divided into categories susceptible to disease (S), actively infected with the disease (I), and recovering (or dying) and no longer contagious (R). This research can predict the level of outbreaks, the state of the disease through social distance, and its development on the population, as well as the state of the health system, staff shortages that have an effect on the main finances, economic infrastructure, and cumulative burden of the disease for more than 18 months.

The world pandemic caused by COVID-19 is quite different from the pandemic that has happened before. Research conducted by Bénassy-Quéré et al (2020), Gopinath (2020), and Furman (2020) found that COVID-19 caused a very large and highly contagious global shock which simultaneously occurred negative supply shocks and negative demand shocks. This shock results in reducing the ability of people to work and companies to produce, and it decreases incentives and possibilities for people to consume, and for companies to invest. The World Bank (2013) noted earlier that "global recession, in general, might disproportionately harm low and middle-income countries, because they tend to lack resources and capacity to deal with these shocks."

COVID-19 has enormous economic and social impacts including markets and financial institutions, which can be traced from the impact of other past events that are parallel with COVID-19, so those future investigations can be carried out (Goodell, 2020). The COVID-19 pandemic also requires mitigation measures by policymakers, such as minimizing morbidity and related mortality, avoiding the peak of the epidemic that floods health care services, maintaining impacts on the economy at a manageable level, and leveling the epidemic curve to await vaccine development and manufacturing in antiviral drug scale and therapy. Such mitigation goals are difficult to achieve with the same interventions, so choices must be made about priorities (Hollingsworth et al., 2011). Therefore, prevention and countermeasures are needed to limit the spread of the virus and save lives by increasing costs due to "shutdown" which means reducing economic activity (Loayza & Pennings, 2020).

The macroeconomic impact of the COVID-19 pandemic with this extreme speed requires indicators that must be made by policymakers through measures with real-time forward-looking uncertainty, such as stock market volatility, economic uncertainty, and subjective uncertainty in business expectations survey (Baker et al., 2020). A "lockdown" policy also needs to be considered in order to control deaths due to COVID-19 by minimizing economic output costs (Alvarez, Argente, & Lippi, 2020). The emergence of crises and economic recessions must be watched out, because social restrictions, self-isolation, and travel restrictions have caused a reduction in labor in all sectors of the economy and cause many jobs to be lost (Nicola et al., 2020).

METHODE

This study of the sustainability of public finances during COVID-19 in Indonesia uses a qualitative method using secondary data that aims to describe government policies in managing public finances that relocate budgets for handling COVID-19. The author takes the following steps: first, finding the problem of the impact of the spread of COVID-19 on an economy that is different from the previous economic crisis; secondly, collecting secondary data on the development of Indonesia's COVID-19, the economic impact caused, and the reallocation of government budgets obtained from scientific publications and information from ministries and institutions; third, compile answers by classifying and sorting data relevant to government financial management for handling COVID-19; fourth, analyzing the data by interpreting the main sections discussing the maqasid shariah, the sustainability of public finances, and budget reallocation for economic stimulus; and fifth, make conclusions for this paper.

RESULT AND DISCUSSION

Public Finance Management for COVID-19 in Maqasid Shariah Perspective

Indonesia has made great progress in establishing regulatory frameworks regarding public financial management by increasing transparency, for example, Law of the Republic of Indonesia Number 17 of 2003 concerning state finances. The Ministry of Finance of the Republic of Indonesia has also reorganized to improve its functions by compiling all laws and regulations in accordance with international financial classification standards, the establishment of a Treasury Single Account (TSA), and the incorporation of previously separate postal and routine development budgets. Nevertheless, several key indicators on government budget performance have not improved, especially indicators of budget realization. Realization of central government spending sometimes deviates from the original plan, subsidies and budget transfers to local governments are less effective in use which tends to result in excessive spending. There are three main reasons that can explain the difficulties in implementing budget efficiency: weak budget preparation, rigid budget implementation, and implementation obstacles.

The separation of the regular budget and the development budget was originally intended to emphasize the importance of development, but in practice has shown many weaknesses. First, the duplication between routine and development expenses due to the lack of traction in the separation between the organization's operational activities and projects, especially non-physical projects. Thus, performance is difficult to measure because the allocation of existing funds does not reflect actual conditions. Second, the use of "double budgeting" encourages dualism in the preparation of estimates of the output budget line (MAK, Line of Output Budget) because of the type of expenditure, MAK is made for routine MAK expenditure and there are other sets for development expenditure. Third, analysis of program expenses and costs is difficult because routine budgets are not limited to operating expenses, and development budget expenditures are not limited to investment expenditure. Fourth, projects that receive development budgets are treated the same as work units, namely as accounting entities, even though the project is only temporary (Ministry of Law RI, 2003).

The state budgeting system implicitly uses an integrated budget system, in which there is no separation between routine expenditure and development expenditure, so the economy will differ according to the previous classification. In this case, government expenditures based on economic classification are grouped into: compensation for employees, use of goods and services, fixed capital compensation related to production costs have been carried out by government organizational units, debt interest, subsidies, grants, social benefits, and other costs for transferring in the form of money or goods, and purchase goods and services from third parties to be sent to other units.

Budget management is very important to achieve economic development goals in the form of social welfare (Rossen & Gayer, 2008; Jaelani, 2018b). However, the management of public finances or state finances around the world is now diverted to resolve the global pandemic due to COVID-19 which could cause economic crises and recessions in each country. This public finance cannot be separated from the reality of the role of government to create prosperity for its people (Faridi, 1983).

Developments in the global and domestic economy also encourage the government to adjust economic growth targets. The development of the rupiah against the US dollar is also expected to contribute to the weakening. In addition, developments in world crude oil prices also drive changes in the price of Indonesian crude oil (ICP) on the international market. Especially now that the whole world is experiencing a COVID-19 pandemic which causes the Indonesian government to re-budget to prevent the spread of disease and economic activity to continue even though it is not normal.

Within the framework of regulating the accountability of state finances, there are several criteria developed for revenue sources: 1) criteria for obtaining funds and being well received to meet government needs; 2) criteria for fair and equitable distribution; 3) criteria for administrative ability, each type of acceptance is different in administration tools; and 4) the tax effect of economic criteria to record the effects on resource allocation and to encourage economic activity (Arsjad, et al., 1992: 45-52).

In Islamic economics, government revenue that goes to the state treasury will be kept in separate posts (systemic administration) and spent based on their individual needs. The distribution of the budget from the center to the regions is flexible by taking into account the situation of each and the level of priority needs. If income for financing has an advantage in a province, then the excess or central finance will be diverted to meet the budget for the province that has this deficiency (al-Mawardi, 1996: 215).

The sustainability of public finances can be seen from the wealth distribution system that is the responsibility of government financial institutions in managing government revenues and expenditures. Budget allocation for various types of government needs will have implications for existing financial conditions, thus requiring institutions that have the authority to distribute them in accordance with their respective goals (Jaelani, 2017). The most important part is the responsibility of financial institutions for state revenue should be distributed in the public interest or the welfare of the people (al-Mawardi, 1996: 213-214; Jaelani, 2018a).

In the management of public finances during the COVID-19 pandemic that has been declared by the government as a disaster emergency, the distribution of the budget is carried out based on a priority scale with established criteria to meet the needs of the people affected by the plague. Meeting these needs is mandatory for the government to fulfill them (Jaelani, 2016), especially for people who are actually experiencing difficulties and difficulties in meeting their daily basic needs. The sustainability of state finances will depend on the financial policies adopted during the current pandemic.

There are other criteria for public expenditure from state finances by observing shariah objectives (*maqasid shariah*) as principles that must be implemented to meet the welfare of the community with three main criteria: necessities (*daruriyat*), needs (*hajiyat*), and refinement (*tahsiniyat*) (see figure 1) (Rauf, 2015). The principles that must be protected by the government in managing state finances by distributing its budget include five things: protection of religion (*din*), protection of life (*nafs*), protection of intelligence (*'aql*), protection of descent (*nasl*), and protection of property (*mal*)) (al-Syatibi, 1975: 10). Management of the budget for emergencies during the COVID-19 period with due regard to the principles and principles of shariah goals that have a view for the good life of all humans.

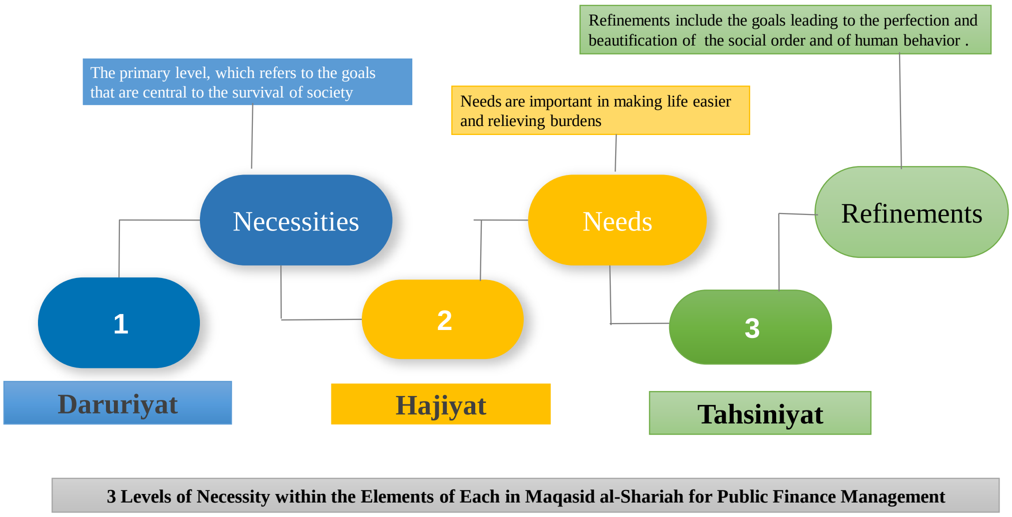

Figure 1. 3 Levels of Need in Maqashid Shariah for Public Finance Management

Other instruments of government financial income or other institutions for handling COVID-19 can be obtained through Islamic social finance that is obtained from the community voluntarily, such as zakat, donation, and alms (ZIS). In Islamic social finance, this ZIS is a financial instrument used for public expenditure as part of a source of government revenue that can be spent on overcoming COVID-19 outbreaks and distributed to affected communities. There is a fiqh rule regarding the management of Islamic social finance: "every reduction in public wealth is to increase state income, and every decrease in state wealth is an increase in public wealth" (al-Mawardi, 1983: 266-267). Thus, public spending is an effective tool to divert economic resources, or it implies an increase in overall community income (Jaelani, 2018). Thus, government spending to resolve the impact of COVID-19 is part of improving community welfare.

In managing public finances, there are five sharia maqasid principles that must be considered during the COVID-19 outbreak which can be illustrated in the following figure 2:

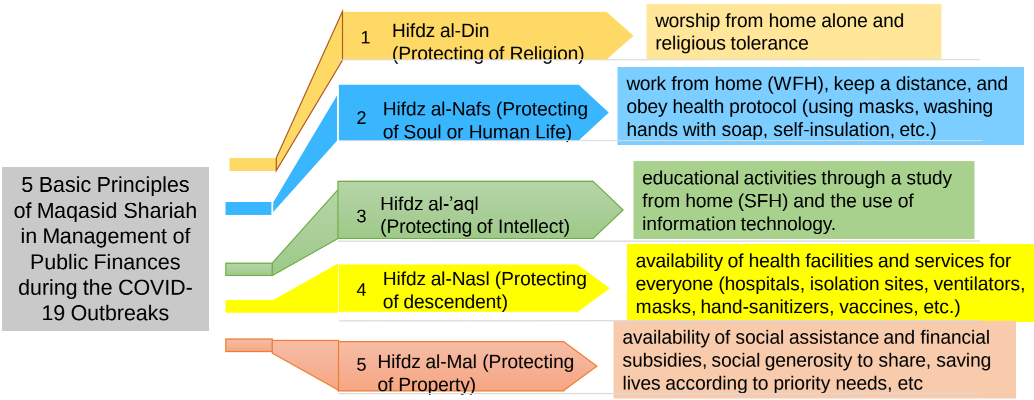

Figure 2. 5 Basic Principles of Maqasid Shariah in Public Finance Management during the COVID-19 Outbreaks

Public Finance and Economic Stimulus for Handling COVID-19 in Indonesia

Handling of COVID-19 in all countries needs to carefully consider the effectiveness and socio-economic consequences of social restrictions and mitigation policies as part of preventing the virus that spreads very quickly while trying to avoid adverse consequences for the community. Therefore, economic policies in the short term should focus on providing emergency assistance to vulnerable people and affected businesses with the aim of avoiding mass layoffs and bankruptcy. As for the medium term, macroeconomic policies must move to recovery measures, which usually involve monetary and fiscal stimulus (Loayza & Pennings, 2020).

COVID-19 is a global shock that requires international coordination in its handling, especially economic policy, health care, and science, and detention and mitigation efforts. Critical times require well-designed government action and effective public service delivery. The impact of this pandemic has caused schools to be closed and the demand for commodities and manufactured products has declined, but the need for medical supplies has increased significantly. The food sector is also facing increased demand due to panic buying and hoarding food products (Nicola et al., 2020).

The research reported by Coibion, Gorodnichenko, & Weber (2020) shows that the labor market is affected by the COVID-19 outbreak. This can be proven by the fact that job losses are significantly greater than new unemployment, those who have lost their jobs are not actively seeking new jobs, and participation in the labor force has decreased by 7 percentage points to beat the cumulative decline from 2008 to 2016. On the other hand, government policy on public health needs to map gender aspects in terms of the number of cases, disease vulnerability, number of medical personnel, and others (Wenham, Smith, & Morgan, 2020).

In handling COVID-19, the government can issue policies that can prevent everyone from experiencing economic destruction such as starvation that can cause anarchist actions and encourage social obligations to help others for those who need it as a result of the plague. Therefore, the government must provide the infrastructure needed for economic development and prosperity together with regulating and financing expenditures needed by public services (al-Mawardi, 1996: 245). However, if the government budget experiences a deficit to meet the public interest (handling COVID-19), a new tax can be set, an increase in public payments on certain financial instruments, lending to the public, while simultaneously providing economic stimulus. If the policy is difficult or even more difficult for people's lives, the government can make loans to other countries. All of these policies are carried out by taking into account the basic needs of the economically affected people and the provisions of existing laws and regulations.

To deal with COVID-19, the Indonesian government issued economic stimulus in the form of fiscal and non-fiscal with the aim of keeping the real sector moving and maintaining people's purchasing power to boost domestic economic performance, as summarized in table 1 below:

Table 1. Economic Stimulus for Handling COVID-19 in Indonesia

No	Forms of Economic Stimulus	Stimulus Type	Stimulus Description and Purpose
1	Fiscal stimulus	Relaxation of Income Tax, Article 21 (Income Tax, Article 21)	- Relaxation is provided through the Article 21 Government Borne Income Tax (DTP) scheme of 100% of the income of workers up to Rp 200 million in the manufacturing sector. - Given for 6 months (April-September 2020). - Purpose: Workers need to earn extra income to maintain purchasing power.
		Relaxation of Income Tax, Article 22 Imports (Income Tax, Article 22 Imports)	- Relaxation is given through the exemption of Article 22 Import PPh exemption scheme for 19 certain sectors, KITE Taxpayers, and IKM KITE Taxpayers. - Given for 6 months (April-September 2020). - Purpose: provide industry cash flow space as compensation for switching costs (costs related to changes in the country of origin of imports).
		Relaxation of Income Tax, Article 25 (Income Tax, Article 25)	- Relaxation is provided through a scheme of reducing the Income Tax Article 25 by 30% to 19 certain sectors, KITE Taxpayers, and KITE-IKM Taxpayers. - Given for 6 months (April-September 2020). - Purpose: the industry obtains cash flow space as compensation for switching costs (costs related to changes in the country of origin of imports and export destinations), and changes in export destination countries to increase exports.
		Relaxation of Value Added Tax (VAT) refunds	- Relaxation is provided through the acceleration of VAT refunds (preliminary returns) for 19 specific sectors, WP KITE, and WP KITE-IKM. - Given for 6 months (April-September 2020). - Purpose: Taxpayers can be more optimal in maintaining liquidity.
2	Non-Fiscal Stimulus	Simplification and reduction of the number of prohibitions and restrictions for export activities	- Health Certificate and V-Legal documents are no longer a document of export requirements unless required by the exporter. - Purpose: to increase export smoothness and competitiveness.
		Simplification and reduction of the number of prohibitions and restrictions for import activities, especially raw materials.	- This stimulus is given to companies with status as producers and in the initial stages will be applied to steel products, alloy steel, and products, then to strategic food products such as industrial salt, sugar, flour as raw materials for manufacturing industries. - Purpose: To improve the smoothness and availability of raw materials.
		Accelerating the export and	- In principle, companies with a good reputation will be given additional incentives in the form of accelerating

		import process for reputable traders, namely companies related to export-import activities that have a high level of compliance	the export and import process: the application of auto-response and auto-approval for the prohibition and restriction process, both export and import as well as the deletion of surveyor reports on mandatory commodities. - Purpose: to accelerate the export and import process
		Improvement and acceleration of export-import process services, and supervision through the development of the National Logistics Ecosystem (NLE)	- NLE is a platform that facilitates information system collaboration between government and private agencies to simulate and synchronize the flow of information and documents in export/import activities at ports, and trade/distribution of domestic goods through data sharing, business process simulations, and elimination of repetitions, and duplication. This NLE is to improve national logistics efficiency by integrating government services with operational logistics platforms. - Purpose: to accelerate the export and import process services.
3	Financial Sector Stimulus	Countercyclical policy through OJK Regulation (POJK) concerning the national economic stimulus	The Financial Services Authority (OJK) issued several policies as a countercyclical impact of the spread of COVID-19.
		Bank policies that support economic growth stimulus for debtors affected by the spread of COVID-19	- Assessment of the quality of credit/financing/provision of other funds by banks based only on the prompt payment of principal and/or interest for loans up to Rp10 billion; and restructuring for all loans regardless of credit limit or type of debtor, including MSME (UMKM) debtors. - For MSME debtors, credit quality/financing/other fund provision assessments are based on the accuracy of paying the principal and/or interest; and credit/financing restructuring. - Other incentives for workers in the form of relaxation in the Program of the Employment Social Security Agency (Jamsostek) by supporting financial relaxation for the business world and providing stimulus.
4	Food Policy	The government guarantees the availability of key and strategic food supplies for the population at affordable prices	- 11 main and strategic food commodities: rice, corn, shallots, large chili, cayenne pepper, chicken meat, chicken eggs, and cooking oil (domestic products), and garlic, beef/buffalo, granulated sugar (imported products). - Speed up the process of issuing recommendations for imported commodities that are affected by COVID-19 globally - Within a period of 6 months (March-August 2020).

Based on the above economic stimulus, the government only issued taxation policies on economic stimulus due to the impact of COVID-19 which was only given to the manufacturing and manufacturing industries, while other industrial sectors did not receive tax incentives even though earlier they were economically affected, such as the tourism sector, hospitality, aviation, and agency. Stimulation can be done by creating categories of employees and non-employees for all industrial sectors affected by the plague. In this case, there are two policy considerations: economic stimulus for all industrial sectors which has the consequence of adding to state revenues or prioritizing protection to the public.

In the context of maqasidshariah, protecting everyone affected by COVID-19 must take precedence over other considerations. In the rules of fiqih it is stated that "dar’ al-mafasid muqaddamun ‘ala jalb al-masalih" (preventing damage or danger comes first rather than seeking benefits or goodness). Therefore, the economic stimulus is focused on meeting the basic needs of the community, for example in order to avoid the danger of hunger, so that to meet this, the government can implement a budget efficiency policy from all ministries and institutions, as well as an expenditure budget from other activities that can be postponed in the next fiscal year, such as infrastructure development.

Important government policies are also related to the implementation of the national economic recovery program in order to support the country's financial policies for handling the 2019 Corona Virus Disease (COVID-19)pandemic.This policy was issued by the government to deal with threats that endanger the national economy and/or financial system stability and save the national economy. The National Economic Recovery Program is a series of activities for the recovery of the national economy which is part of the country's financial policies implemented by the government to accelerate the handling of the COVID-19 pandemic and/or face threats that endanger the national economy and/or financial system stability and rescue national economy (Kementerian Hukum dan HAM, 2020; Oktavira, 2020). In implementing this the National Economic Recovery Program program, the government can carry out state investment, placement of funds, government investment, and/or guarantees.

CONCLUSION

The rapid spread of the COVID-19 pandemic could have an economic impact that could lead to a recession and a global economic crisis. The Government of Indonesia has issued a policy in handling this epidemic through the management of public finances that are diverted in the form of fulfilling health infrastructure and economic stimulus that can help the community to survive, as well as economic activities, can be carried out to meet their main and strategic needs. Along with policies to reduce the spread of disease, the government has relocated public budgets in the form of fiscal and non-fiscal stimulus to meet the needs of the community by taking into account the main needs and strategies aimed at making this outbreak well-managed and the community can survive to return to work in meeting their needs after this outbreak ends.

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