



A Vacuum of Norm in the Extension of the 0.5% Final Income Tax Rate for MSMEs: A Legal Analysis of the Principle of Legal Certainty in the Taxation System

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Abstract

The Final Income Tax (PPh Final) policy of 0.5% for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia serves as a fiscal strategy aimed at simplifying tax administration and enhancing voluntary compliance. However, a legal issue has emerged approaching early 2025, when the validity period of the 0.5% final tax rate under Government Regulation (PP) No. 23 of 2018 expires, while its successor, PP No. 55 of 2022, does not provide any transitional mechanism or explicit extension clause. The absence of a normative framework to regulate this situation has resulted in a legal vacuum (*rechtvacuum*), creating legal uncertainty and potentially violating the principle of tax legality. This study aims to juridically analyze the legal vacuum in the extension of the 0.5% Final Income Tax rate for MSMEs and to evaluate its implications on legal certainty and taxpayers' rights protection. The research employs a normative legal method using statutory, conceptual, and historical approaches, supported by relevant primary and secondary legal materials. The findings reveal that the absence of transitional regulation has led to administrative confusion, unequal tax treatment, and a decline in public trust toward the tax authority. The inconsistency between public policy announcements and formal regulations indicates a weakness in normative control within Indonesia's tax system. Therefore, immediate regulatory intervention in the form of formal written rules is required to ensure legal certainty, prevent maladministration, and maintain the legitimacy of the national tax regime.

Introduction

The tax system is a key pillar in the administration of a modern state. In the context of a state based on the rule of law like Indonesia, tax collection must be based on the principle of legality, as affirmed in Article 23A of the 1945 Constitution, which states that "taxes and other compulsory levies for state purposes shall be regulated by law." This provision emphasizes that every tax policy must have a clear and valid legal basis to ensure legal certainty for the state and taxpayers (Demin, 2020; Sostenes & Saptono, 2025; Sujatmiko & Hoesein, 2025).

Since the enactment of Government Regulation (PP) Number 23 of 2018, the government has provided convenience for Micro, Small, and Medium Enterprises (MSMEs) through a Final Income Tax (PPh) rate of 0.5%. This policy represents a form of fiscal support for MSMEs, allowing them to have a lighter administrative burden and tax obligations, thereby expanding the tax base inclusively (Christmawan & Purwanto, 2021; Mutalib, 2025; Chibueze, 2024). The transition from the initial 1% rate in PP No. "The change from Law No. 46/2013 to the final rate of 0.5% in Government Regulation No. 23/2018 has significantly contributed to increased tax compliance among MSMEs" (Kumaratih & Ispriyarso, 2020). However, the

Government Regulation limits the application of this rate to only five years from the date of taxpayer registration. Therefore, for MSME taxpayers who registered in 2018, the 0.5% final rate policy will expire in 2025.

A problem arises when, as the end of this period approaches, there are no new regulations explicitly extending or re-establishing the final income tax rate for MSMEs. Meanwhile, the Directorate General of Taxes (DGT) only communicates the extension plan through public communication channels, but not in the form of a binding written legal norm (Wahyuni & Sumantri, 2023; Zamzam et al., 2022). This situation creates a legal vacuum (*rechtvacuum*) that creates legal uncertainty for MSMEs, especially those who still want to comply with their tax obligations.

Most research related to the final income tax rate for MSMEs focuses more on the aspect of taxpayer compliance. For example, Putra (2020) stated that tax rates, taxpayer knowledge, and tax system modernization significantly contribute to the level of compliance of MSMEs in Sleman Regency. Another study by Saffitri and Efriyenti (2023) also showed that perceptions of tax rates influence compliance, although this influence is not always dominant in the context of MSMEs in Batam. These studies illustrate the importance of designing effective and communicative tax rate policies.

However, these studies tend not to explicitly examine the legal dimension of the legal vacuum during the fiscal policy transition period. This is further reinforced by a study by Barus & Hermawan (2023), which shows that there are still weaknesses in the formal legal aspects and the recovery of regional tax losses due to the lack of norms, which poses a serious problem in ensuring the principle of tax legality in Indonesia. Positive legal studies on the absence of substitute norms in the MSME tax system are still very limited, creating a research gap that this study aims to fill.

The urgency of this study is further strengthened given that taxation is not merely administrative but also a manifestation of citizens' constitutional obligations that must be strictly regulated by law. Legal uncertainty in the context of tax policy has the potential to erode public trust in the state's fiscal authority. This situation not only weakens the legitimacy of tax administration but also has serious implications for the principle of due process of law in the national legal system. When tax regulations lack clarity of norms or certainty of implementation, the principle of legal certainty, one of the main pillars of the rule of law (*rechtstaat*), risks being ignored (Wahyuni, 2023). Legal uncertainty in the tax system poses a fundamental challenge to achieving fiscal justice and has the potential to hamper the principles of fiscal transparency and accountability, which in turn could undermine public trust in the tax authorities as implementers of the state's fiscal mandate.

Therefore, this study aims to examine the legal vacuum (*rechtvacuum*) arising from the lack of legislation explicitly extending the 0.5% final income tax rate for MSMEs. Furthermore, this study aims to analyze the extent to which this legal vacuum impacts the implementation of the principle of legality (*nullum tributum sine lege*) and the principle of legal certainty, which are the foundation of the national tax legal system. Through a normative legal approach, this research is expected to provide theoretical contributions to strengthening the principles of the rule of law and, in practice, serve as a reference for policymakers in developing tax regulations that promote certainty, justice, and legal protection for taxpayers.

Methods

This research is a normative legal research, namely a research method that relies on a systematic review of written positive legal norms, legal principles, and doctrines that develop in legal practice (Soekanto & Mamuji, 1995a). The normative approach was chosen because

the problem being studied is closely related to the legal norm vacuum (*rechtvacuum*) in the taxation system, particularly regarding the provisions for extending the 0.5% Final Income Tax (PPh) rate for Micro, Small, and Medium Enterprises (MSMEs) (Nurhayati et al., 2020). This method is relevant to explore the norm vacuum (*rechtvacuum*) in the extension of the 0.5% final PPh rate for MSMEs (January 2025 to present). This research focuses not only on the Final Income Tax rate itself, but also on the existence or absence of legal norms that explicitly extend this rate policy, particularly after the expiration of the validity period as stipulated in Government Regulation (PP) Number 23 of 2018. Amidst the enactment of PP Number 55 of 2022, which partially replaces the previous provisions, no explicit norms have been found that consistently guarantee the continuation of special rates for MSMEs. This condition underlies the assumption of a legal vacuum that impacts the principles of legality and legal certainty.

To support analytical clarity, this research uses several approaches as follows: First, the Statute Approach. This approach is used to examine laws and regulations that directly or indirectly regulate Final Income Tax rates for MSMEs, such as Government Regulation Number 23 of 2018 and Government Regulation Number 55 of 2022. The aim is to determine the substance of the norms, their applicability, and the hierarchical relationships between relevant regulations. Second, the Conceptual Approach. It is used to analyze fundamental concepts in tax law, such as the principle of legality, the principle of legal certainty, and the absence of legal norms. This approach is essential for developing normative arguments based on sound legal doctrine. Third, the Historical Approach. This approach aims to trace the background and evolution of the Final Income Tax rate regulation for MSMEs, from the initial policy to the revised or extended policy, as a basis for understanding the current normative context.

The legal materials used in this research consist of primary, secondary, and tertiary legal materials. This classification refers to the opinion of Marzuki (2019), who states that primary legal materials include laws and regulations that are the main object of study, while secondary legal materials consist of legal literature, journals, and the opinions of legal experts. Meanwhile, tertiary legal materials include legal dictionaries and encyclopedias used to clarify concepts and terms in legal analysis. This approach aligns with the normative legal research methodology developed by Soekanto & Mamuji (1995) and Nurhayati et al. (2020).

The collection of legal materials was carried out through several techniques, namely: (i) Inventory of laws and regulations related to the object of study; (ii) Identification of norms and analysis of fiscal authority policy documents; (iii) Library study of related literature and jurisprudence; and (iv) Observation of official DGT practices and statements through publications in online media and official institutional documents (Hoecke, 2011). All legal materials were analyzed using the deductive method, namely a way of thinking that starts from general legal rules or norms to be applied to specific problems, namely in the context of the legal vacuum related to the extension of the 0.5% Final Income Tax rate for MSMEs. This deductive approach allows the analysis to be carried out systematically and argumentatively, in line with applicable legal principles.

Results and Discussion

Final Income Tax Tariff Policy Configuration for MSMEs: A Normative Review

The Final Income Tax (PPh) rate policy for taxpayers with a certain gross turnover, particularly in the Micro, Small, and Medium Enterprises (MSMEs) sector, represents a simplification of the tax system and a fiscal strategy that upholds the principle of distributive justice. The Indonesian government has implemented the Final Income Tax (PPh) rate policy since the issuance of Government Regulation (PP) Number 46 of 2013, which set the rate at 1% of gross turnover. The legal subjects of this policy are Individual Taxpayers and Corporate Taxpayers

with a gross turnover not exceeding IDR 4.8 billion per year. However, this provision was later revised with the issuance of PP Number 23 of 2018, which reduced the rate to 0.5% as a form of fiscal incentive that is more lenient for MSMEs (Sianipar & Sitompul, 2022).

Government Regulation Number 23 of 2018 came into effect on July 1, 2018, revoking Government Regulation Number 46 of 2013. The legal subjects of this policy are individual taxpayers and corporate taxpayers (such as CVs, firms, cooperatives, and limited liability companies) with gross annual turnover not exceeding IDR 4.8 billion. This provision is enforced for a limited period: seven years for individual taxpayers, four years for business entities in the form of CVs, cooperatives, or firms, and three years for limited liability companies (Wuri & Widodo, 2024).

The 0.5% tax rate policy has two main benefits. First, from an economic perspective, the low rate encourages informal businesses to enter the tax system (tax formalization). Second, from an administrative perspective, the imposition of a final, turnover-based tax simplifies calculation, payment, and reporting for MSMEs, which generally have limited bookkeeping capacity (Aliyya, 2023). This reinforces the principle of efficiency in tax collection as stipulated in the principles of modern taxation.

However, Government Regulation Number 23 of 2018 is limited because the timeframe provisions do not include an automatic extension mechanism or clear transitional provisions after the expiry date. This is particularly important for taxpayers whose useful life will expire in 2025, such as individual taxpayers registered in 2018. From a tax law perspective, the absence of a replacement norm or extension provisions creates a legal vacuum.

At the end of 2022, the government enacted Government Regulation Number 55 of 2022 as part of the national tax system harmonization and consolidation program. Article 60 paragraph (1) of this regulation reinstates the 0.5% rate for taxpayers with a certain gross turnover, for the same timeframes (7 years, 4 years, and 3 years). This regulation revokes Government Regulation Number 23 of 2018 and establishes a new basis for regulating tax incentives for taxpayers with a certain gross turnover. Although Government Regulation 55/2022 still stipulates a final income tax rate of 0.5%, in practice, this regulation no longer includes provisions regarding the continuation of this benefit for taxpayers whose benefit period has expired. The articles in Government Regulation 55/2022 apply only prospectively, creating a new, unregulated legal situation, a legal vacuum.

Government Regulation No. 55 of 2022 only stipulates that the 0.5% final rate is valid for 7 years for individual taxpayers and 3–4 years for corporate taxpayers, depending on their legal form. This provision is calculated from the year the taxpayer is registered or from the enactment of Government Regulation 55/2022. However, it makes no mention whatsoever of taxpayers whose benefit period expired in the previous tax year. In practice, in early 2025, there will be a wave of MSME taxpayers whose rights to this final rate will expire. If no new legal norms are enacted, then theoretically, these taxpayers are required to revert to the general taxation mechanism (for example, Article 25 Income Tax with a bookkeeping system or net calculation norms).

To facilitate understanding regarding the development of the Final Income Tax rate policy for MSMEs, the following is a chronological summary of regulatory changes from PP Number 46 of 2013 to PP Number 55 of 2022, along with the main points that are legally relevant.

Table 1. Development of Final Income Tax Rate Policy for MSMEs in Indonesia

Year & Regulation	Tax Rate	Gross Turnover Threshold	Utilization Period	Important Notes
Government Regulation No. 46 of 2013 (Effective July 1, 2013)	1 percent of gross turnover	≤ IDR 4.8 billion per year	Not time limited	Initial Final Income Tax policy for MSMEs aimed at simplifying tax administration.
Government Regulation No. 23 of 2018 (Effective July 1, 2018, revoking GR 46 of 2013)	0.5 percent of gross turnover	≤ IDR 4.8 billion per year	7 years for individual taxpayers, 4 years for CV, firm, cooperative, 3 years for limited liability company	Lower rate introduced as a fiscal incentive. Article 5 stipulates a time limit without an automatic extension mechanism.
Government Regulation No. 55 of 2022 (Effective December 20, 2022)	0.5 percent of gross turnover	≤ IDR 4.8 billion per year	7 years for individual taxpayers, 4 years for CV, firm, cooperative, 3 years for limited liability company	Does not contain transitional provisions for taxpayers whose benefit period ended under GR 23 of 2018, potentially creating a legal vacuum.

Source: processed by researchers, 2025

Normatively, this creates a legal vacuum (*rechtvacuum*) in the tax system. This vacuum occurs not because there are no regulations, but because the existing regulations do not address the new legal situation that has emerged, namely the unclear legal status of tax rates that were previously final, low, and affordable (Kusufiyah & Anggraini, 2024a). In a state governed by the rule of law, this situation is problematic because it touches on the principle of legality in tax collection. The *nullum tributum sine lege* principle, as stipulated in Article 23A of the 1945 Constitution, stipulates that there may be no levies without a legal basis (Barus & Hermawan, 2023).

The absence of further norms in PP 55/2022 creates a legal vacuum (*rechtvacuum*) that gives rise to excessive discretion by fiscal authorities. Rosdiana et al. (2023) emphasize that formal legal refinements are necessary to ensure legal certainty, while Tama & Sarnawa (2023) show that normative vacuums are often the root of tax disputes. Furthermore, an analysis of tax sanction norms reveals a lack of clarity (*vague van norm*), which can lead to uncertainty and unfairness in the implementation of tax policy.

Furthermore, in the context of tax law, the principle of *lex specialis derogat legi generali* is recognized, which states that special regulations (such as PP 23/2018 or PP 55/2022) override general regulations (such as the Income Tax mechanism under Article 17 in conjunction with Article 25). However, when these special regulations expire and are not extended, the general regulations reapply. This is the situation that MSMEs will experience in early 2025, where they will be forced to return to the general tax scheme, despite previously being treated with lower and simpler final rates (SFA, 2025).

On the other hand, the Directorate General of Taxes (DGT), which announced the extension plan through public channels without issuing official regulations, actually exacerbates legal

uncertainty. When policies are presented only in the form of press releases or verbal statements, they cannot be considered legal norms that taxpayers can rely on. This contradicts the principle of predictability in good fiscal governance, which requires the government to be transparent, consistent, and ensure regulatory certainty.

Thus, the configuration of the Final Income Tax rate policy for MSMEs, which was originally a cornerstone of fiscal convenience, has now become a critical point from a tax law perspective. The absence of explicit norms regarding rate extensions after the expiry of the useful life has placed MSME taxpayers in a legally and administratively vulnerable position. Therefore, the next section of this discussion will further examine the legal vacuum phenomenon during the transition period of the Final Income Tax rate policy, including its implications for the principles of legality and legal certainty.

Legal Vacuum (Rechtvacuum) during the Transition Period of the Final Income Tax Policy

In a national legal system that upholds the principle of the rule of law (*rechtsstaat*), the existence of legal norms is an absolute requirement for the validity of any government action, including tax collection. In the context of the 0.5% Final Income Tax policy for MSMEs, Government Regulation (PP) Number 55 of 2022 does not explicitly regulate the extension of the right to utilize the final rate for taxpayers whose benefit period has expired, particularly those who commenced their tax obligations since PP Number 23 of 2018 came into effect. While PP Number 55 of 2022 does normatively regulate the time limit for utilizing the 0.5% Final Income Tax rate based on the taxpayer's legal form, there is no provision explicitly providing a scheme for extension, transition, or transfer of rights for MSME taxpayers who have used this rate for the maximum period (3, 4, or 7 years).

This situation creates a legal vacuum, or legal vacuum, where there are no norms that address a real legal need. Utrecht (1999) defines it as the absence of regulations regarding factual circumstances requiring legal certainty. It's important to distinguish between legal vacuum and vague norms; the former implies a complete absence of regulations, while the latter implies regulations exist but their formulation is unclear. In this case, the problem is the absence of explicit norms governing the transition for MSMEs that have already used the final rate up to the maximum limit.

Legally, this contradicts the principle of *nullum tributum sine lege*, which states that there can be no tax collection without a valid and written legal basis (Directorate General of Taxes, 2024). According to Manan (2004), the principle of legality in tax law requires that all forms of state levies be based on legally binding laws or regulations. No taxes or levies may be based solely on administrative policies that lack norms. Jimly Asshiddiqie (2006) affirms a similar view, stating that in a state governed by the rule of law, all state administrative actions must be based on written laws that are definitive and free from multiple interpretations.

The Directorate General of Taxes (DGT) announced plans to extend the Final Income Tax rate for MSMEs in early 2025 through public communication channels. However, this announcement was not accompanied by the issuance of derivative regulations or revisions to government regulations as a formal legal basis. This means that policies communicated verbally or in press releases cannot be legally binding (Rosdiana et al., 2020). The absence of this transitional norm raises three main problems: (i) a lack of legal basis for taxpayers regarding the applicable rate after the expiry of the tax benefit period, (ii) administrative uncertainty that risks differential treatment between tax offices (KPP), and (iii) a weak legal position for taxpayers facing potential tax disputes.

This fact is reflected in a report by Media Indonesia (Yuliani, 2025) and an analysis by the Tax Academy (2025), which show disparities in treatment in the field: some KPPs reject SPT submissions with a 0.5% rate for MSMEs whose tax benefit period has expired, while others still accept them. This situation demonstrates the potential for fiscal discrimination and contradicts the principle of equality before the law, a fundamental principle of the rule of law. When a specific norm (PP 23/2018) loses its validity without a replacement norm, the general regulation reappplies, namely the Income Tax Article 17 scheme in conjunction with Article 25 of the Income Tax Law. However, without transitional guidelines, this creates room for free interpretation that risks harming taxpayers. Satjipto Rahardjo (2000) emphasized that the law should be responsive to the needs of the community, not leave them in limbo.

Referring also to Article 23A of the 1945 Constitution and Article 5 letter a of Law Number 30 of 2014 concerning State Administration, every action by a government agency or official must be based on statutory regulations. Oral policies or press releases from fiscal authorities do not meet the requirements of legal norms and cannot serve as a valid legal basis for tax collection. In other words, in the context of state administrative law, oral statements or public information cannot be considered binding legal norms and cannot serve as a basis for tax collection (Rosdiana et al., 2020).

The norm vacuum phenomenon in tax law has specific characteristics. First, the absence of legal norms that address actual legal needs. Second, the absence of certainty for taxpayers regarding the status of their tax obligations. Third, the weak legal standing of the public vis-à-vis the state during fiscal policy transitions. Satjipto Rahardjo (2000) explains that the law should be responsive to the needs of the public, not leave them in uncertainty. Meanwhile, Arifin et al. (2020) emphasized that public policies not built on a strong legal foundation tend to create legitimacy problems and weaknesses in implementation. This demonstrates that the norm vacuum in tax law is not merely an administrative issue but also touches on the philosophical aspects of how the state formulates responsive, fair, and professional policies.

In the case of the Final Income Tax policy, the disorderly submission of policy extension plans through informal channels without following written norms exacerbates the legal vacuum. When specific norms (such as PP 23/2018) lose their enforceability and are not immediately replaced, general norms reapply, namely the Income Tax Article 17 and Article 25 schemes. However, this transition lacks clear normative guidelines, creating room for free interpretation that risks harming taxpayers. Therefore, the legal vacuum during the transition period of the Final Income Tax policy must be viewed as a serious issue that touches on the very foundations of the rule of law. The government is obliged to immediately establish new legal norms that are not merely administrative in nature but also possess legal certainty, enforceability, and legitimacy to ensure justice and protect citizens' rights.

Legal Implications of the Principle of Tax Legality

The legal vacuum (*rechtvacuum*) described in the previous subchapter not only creates administrative uncertainty but also has the potential to violate the principle of tax legality (*nullum tributum sine lege*). This principle is a constitutional principle affirmed in Article 23A of the 1945 Constitution: "Taxes and other compulsory levies for state needs are regulated by law." The principle of "*nullum tributum sine lege*," meaning there can be no tax levy without a legal basis, is a manifestation of the principle of legality in tax law. This principle not only stands as a constitutional norm but also reflects the fundamental values of justice and legal certainty. In practice, this principle requires that all forms of tax obligations, both general and specific, such as the 0.5% Final Income Tax rate for MSMEs, be legitimized through written regulations that are valid and legally accountable.

Without clear and explicit norms, tax collection can lead to administrative violations, create uncertainty for taxpayers, and undermine the principle of legal protection that should be guaranteed by the state (Kusufiyah & Anggraini, 2024b; Tanudjaja et al., 2025). In tax law doctrine, the principle of legality encompasses four main elements: (i) a valid written legal basis, (ii) certainty of the tax object (what is taxed), (iii) certainty of the tax subject (who is taxed), and (iv) certainty of the tax rate and collection procedures. Without these four elements being met, tax collection loses its legal legitimacy.

The principle of legality, or *nullum tributum sine lege*, in the Indonesian context applies not only as a constitutional norm but also as a fundamental principle in all tax legislation. This means that all forms of tax collection can only be carried out if there are legal norms that clearly regulate the object, subject, rate, and collection procedures. Sahal Hanafi (2023) emphasized that without legal certainty and a valid normative basis, tax collection risks violating citizens' constitutional rights. Therefore, when the Directorate General of Taxes (DGT) announced its plan to extend the 0.5% Final Income Tax rate for MSMEs without being accompanied by a revision of the legislation, it could not be legally considered a valid basis for tax collection. This action has the potential to create legal uncertainty because it places taxpayers in a situation of ambiguity between compliance with the policy's intent and the absence of binding norms.

In the doctrine of state administrative law, every government action of a government agency must have a clear legal basis. This is in accordance with the provisions of Article 5 letter a of Law Number 30 of 2014 concerning State Administration, which requires public administration actions to be based on law. As emphasized by Ilyas (2011), the Directorate General of Taxes (DGT), as part of the tax administration, does not have the authority to establish normative tax policies without delegation from statutory regulations. Even inter-agency MoUs, such as between the DGT and the Police, are not legally binding but merely moral. Therefore, DGT statements or publications, whether press releases or internal circulars, cannot be used as a legal basis for determining taxpayers' tax obligations. This is further reinforced by Rosdiana et al. (2020), who highlight that the modern tax system in Indonesia requires adaptive legal instruments while remaining compliant with the formal legal framework to avoid counterproductive to the spirit of good governance and voluntary compliance. When tax collection is carried out without a written legal basis, it violates the principle of legality and due process of law. According to Ilyas (2011), criminalizing or imposing sanctions on taxpayers without a legitimate administrative mechanism can create unrest and contradict the tax function as a source of state revenue. This will actually weaken the legitimacy of the tax authority in the eyes of the public. In the fiscal legal system, failure to provide clear norms can lead to violations of taxpayers' administrative rights, such as the right to know, object, and appeal on a valid legal basis. Sahal Hanafi (2023) added that the idealization of tax law enforcement should emphasize the use of administrative sanctions as a form of financial coercion (*bestuursdwang*) that is reparative, not repressive.

A further implication is the potential for maladministration, which can be classified as a violation of the principle of legal protection in the state administrative legal system (Kusufiyah & Anggraini, 2024b). Within this framework, the Directorate General of Taxes is obliged to ensure not only fiscal justice but also legal certainty by establishing timely and publicly accessible regulations before policies are implemented. As a concrete example, the transition from Government Regulation 23 of 2018 to Government Regulation 55 of 2022 demonstrates how the absence of transitional norms has caused confusion among MSME taxpayers whose 0.5% final tax rate has expired. Some taxpayers continued to use the final rate based on the old policy assumptions, while others switched to the general tax rate scheme due to the lack of

regulatory guidance. This created disparities in fiscal treatment and opened up the potential for tax disputes.

Furthermore, in the fiscal legal system, failure to provide clear norms can lead to violations of taxpayers' administrative rights, such as the right to information, the right to file an objection, and the right to pursue legal remedies in the form of an appeal. Administrative sanctions in the tax system must adhere to the principles of proportionality and transparency. The absence of clear norms can lead to arbitrary actions by the tax authorities, thereby violating legal protection for taxpayers (Ratmono, 2014). Furthermore, Utami (2024) explains that unclear norms in the implementation of tax sanctions often lead to violations of taxpayers' rights, particularly when sanctions are imposed without access to official documents or adequate notification. As a result, taxpayers struggle to pursue objections or appeals.

A further implication is the existence of abuse of authority. When fiscal authorities interpret unclear norms subjectively, abuse of authority occurs, which can lead to legal uncertainty and violations of the principle of legality (Suharsono, 2023). In several cases at the Primary Tax Service Office, tax returns (SPT) were rejected using the 0.5% rate because they were deemed no longer valid, despite the absence of new regulations governing an alternative. This situation reflects real legal uncertainty in the field and is a strong indication of a violation of the principle of administrative legality. Therefore, any action to collect or enforce sanctions must be based on concrete written norms and be legally verifiable to comply with the principle of legal protection in tax administration.

Legal Uncertainty and Its Impact on MSME Taxpayers

Legal certainty is a fundamental principle in modern legal systems, including in the realm of taxation. This principle not only guarantees citizens' rights and obligations but also serves as the foundation for public trust in the legitimacy of state action. In the context of taxation, legal certainty means that every fiscal obligation must be clearly regulated, written, and understandable to the intended legal subjects. The absence of explicit legal norms regarding the continuation of the 0.5% Final Income Tax rate for MSMEs after the expiration of the useful life as stipulated in Government Regulation No. 23 of 2018, and the lack of follow-up with transitional norms in Government Regulation No. 55 of 2022, has created a significant area of legal uncertainty (*rechtsonzekerheid*). This situation not only makes it difficult for tax authorities to carry out their legitimate duties but also directly impacts the legal standing of taxpayers, particularly MSMEs, which have limited access to information and the capacity to interpret fiscal regulations.

Practical Impact on MSMEs: Doubts in Reporting and Payment

Legal uncertainty arising from the lack of explicit regulations regarding the continued application of the 0.5% Final Income Tax rate since the expiration of Government Regulation No. 23 of 2018 has raised significant doubts among MSMEs. Taxpayers face a dilemma: whether to continue using the previously applicable 0.5% final rate or switch to the general taxation scheme based on Income Tax Articles 17 and 25. This confusion arises because Government Regulation No. 55 of 2022, which normatively replaces the previous regulation, does not provide guidance on the transition or extension of this rate facility.

This situation is reflected in media reports stating that as of mid-March 2025, the government had not issued further regulations regarding the Final Income Tax rate for MSMEs. The Chairman of the Indonesian Tax Consultants Association (IKPI), Vaudy Starworld, stated that many individual taxpayers are still unsure about which rate to use, and some have even not yet paid their taxes due to concerns about choosing the wrong legal basis (Yuliani, 2025). This is reinforced by a Tax Academy analysis (2025), which shows that many taxpayers are still unsure

whether they can still use a Certificate of Tax (Suket) or must comply with the general rate. Furthermore, reports from Matasigma and Pajak.io revealed that several Primary Tax Service Offices (PTAs) are rejecting SPT submissions with a 0.5% rate for MSME taxpayers who have passed their useful life. This rejection occurs despite the absence of any new, legally binding provisions to replace the previous ones. As a result, there is a variation in administrative treatment and widespread confusion in the field.

In practice, this uncertainty has three main consequences. First, delayed tax payments, as taxpayers choose to wait for regulatory clarity, ultimately impacting the stability of state revenues. This phenomenon not only disrupts the smooth flow of state cash but also creates the potential for accumulating administrative sanctions for taxpayers who misunderstand the legal basis (Judijanto, 2025). Second, tariff uncertainty raises doubts in calculating tax obligations and reporting SPTs (Tax Returns), especially for individual taxpayers who previously relied on the 0.5% final rate as a simplification scheme (Chasbiandani et al., 2023). Third, the lack of transitional regulatory norms has led to administrative confusion, particularly in the use and submission of Statement Letters (Suket), thus triggering inconsistent treatment by Tax Service Offices and tax withholding agencies in the field (Widyastuti & Darma, 2023).

From an administrative law perspective, the burden of administrative errors cannot be simply placed on taxpayers when the underlying legal norms are unavailable or have not been legally established. Therefore, uncertainty in tax reporting and payment is a direct consequence of the state's regulatory negligence and an indicator of the weak legal regulatory function within the national tax system.

Potential for Fiscal Discrimination or Multiple Interpretations by the Tax Authorities

Legal uncertainty also opens up room for multiple interpretations or varying interpretations by tax officials in the field (Ispriyarso & Kumaratih, 2020). In several cases, Tax Service Offices (KPP) have differing attitudes toward SPT filings by MSMEs that continue to use the 0.5% final rate. Some KPPs reject these filings as no longer valid, while others accept them as a continuation of previous policies (Judijanto, 2025; Haryadi, 2021). This phenomenon raises the risk of fiscal discrimination, namely, differential legal treatment of taxpayers in the same legal situation. This type of discrimination contradicts the general principles of good governance (AUPB), particularly the principle of equality before the law. Inconsistency in legal treatment can also reduce the sense of substantive justice in the eyes of Taxpayers and has the potential to become the object of objections or administrative lawsuits if not immediately clarified normatively.

Impact on Public Trust and the Legal Culture of MSMEs

One of the most fundamental impacts of legal uncertainty in the tax system is a decline in public trust in the integrity and professionalism of fiscal authorities. This trust is a key prerequisite for building voluntary compliance, particularly among MSMEs, which are heavily influenced by clarity, ease, and consistency of fiscal policy (Rachmawati & Rahmah, 2025). Legal uncertainty also impacts the development of a legal culture among business actors (Wahyu, 2023). When legal norms are absent or inconsistently applied, business actors tend to develop skepticism toward regulations, even in some cases triggering systemic tax avoidance behavior. This poses a serious obstacle to programs to strengthen the tax base and foster long-term compliance, as is the goal of national tax reform.

The existence of clear legal norms is a crucial instrument in ensuring the upholding of the principles of legality and fiscal justice. Prolonged legal uncertainty not only gives rise to administrative problems and disparities in fiscal treatment but also has the potential to undermine the state's legitimacy as a tax collection authority. This aligns with the view of

Arifin et al. (2024), who assert that protection of citizens' rights, including in the realm of criminal law and Islamic law, can only be realized if there are clear, consistent, and publicly accessible legal regulations. Therefore, the absence of explicit norms in tax policy creates a legal vacuum that must be immediately closed through valid written regulations. This step is an absolute requirement for achieving legal certainty, protecting taxpayer rights, and stabilizing a credible and equitable national tax system.

Conclusion

This research fills the gap in legal studies related to the absence of transitional norms in the extension of the 0.5% Final Income Tax rate for MSMEs in early 2025, an issue previously studied primarily from a tax compliance perspective. This research shows that the 0.5% Final Income Tax rate policy for Micro, Small, and Medium Enterprises (MSMEs), originally designed as a fiscal instrument to encourage voluntary compliance and tax simplification, faces serious legal challenges as it enters the regulatory transition phase in early 2025. The provisions of Government Regulation No. 23 of 2018, which regulates the validity period for the final tariff, has expired, while Government Regulation No. 55 of 2022, the replacement regulation, does not explicitly include extension provisions or a transition mechanism.

The absence of follow-up provisions creates a legal vacuum, which creates confusion among MSME taxpayers and opens up room for excessive discretion by the tax authorities. This phenomenon has legal implications for the principle of tax legality (*nullum tributum sine lege*) and legal certainty, as guaranteed by Article 23A of the 1945 Constitution of the Republic of Indonesia. Furthermore, the delivery of policies through informal channels without reinforcement in the form of legislation weakens the legal position of the Directorate General of Taxes (DGT) and results in administrative actions lacking normative legitimacy.

The impacts of this legal vacuum have been identified as: (1) taxpayer uncertainty in tax reporting and payment, (2) inconsistent treatment by the Tax Office (KPP), which has the potential to lead to fiscal discrimination, and (3) a decline in public trust in the integrity of the tax system. These three forms of impact demonstrate that the normative vacuum not only impacts technical administrative aspects but also touches on the dimensions of justice, rights protection, and regulatory stability in national tax law.

Therefore, the government, particularly the Directorate General of Taxes (DGT), needs to take concrete steps to immediately draft and issue valid and explicit written legal norms to fill this vacuum. Issuing transitional regulations or extension schemes is crucial to ensure legal certainty, prevent potential maladministration, and restore taxpayer confidence in the tax system as part of the principles of good governance and the rule of law.

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