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ARTÍCULO

The Impact of The Policy of Increased Business and Property Tax on The Increase in the Poverty Rate in Indonesia

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Abstract: The escalation of the poverty rate has emerged as a significant concern, intensifying over time and necessitating attention from contemporary research endeavours and policymakers. Consequently, this current study scrutinizes the ramifications of various business taxes, namely export tax, profit tax, goods and services tax, international trade tax, capital gain tax, and property tax, on the poverty rate in Indonesia. Employing the World Development Indicators (WDI), this article extracts secondary data spanning the period from 1991 to 2022. Additionally, the research employs the Dynamic Auto-regressive Distributed Lags (DARDL) approach to explore the relationships among the variables. The findings underscore a positive correlation between export tax, profit tax, goods and services tax, international trade tax, capital gain tax, and property tax with the poverty rate in Indonesia. Consequently, policymakers and researchers are equipped with guidance to mitigate the poverty rate by curbing property and business taxes.

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1. Introduction

In the spheres of ordinary Indonesian existence, the repercussions of policies ostensibly designed to foster economic stability, albeit often resulting in widespread hardship, manifest most conspicuously (Thouret et al., 2022). This research delves into the intricate nexus between the escalating poverty rates in Indonesia and the implementation of elevated business and property taxes, elucidating the intricacies inherent in this multifaceted narrative. The bustling thoroughfares of Jakarta, the sprawling capital, serve as a poignant tableau depicting the socio-economic dichotomy between affluent and impoverished lifestyles (Martinez & Masron, 2020). In consideration of these circumstances, the pivotal role of augmenting property and business taxes comes to the fore, unveiling a narrative of human struggle and resilience, concurrently holding the potential to augment government fiscal resources (Gangl & Torgler, 2020). Within the tranquil hamlets of rural Indonesia and the confined alleys of urban marketplaces, narratives unfold wherein small business proprietors navigate augmented tax obligations while endeavouring to sustain their aspirations. These unsung protagonists of the economy, their stories often obscured within the statistical haze of financial reports, represent an essential dimension. However, a comprehensive understanding of the repercussions of heightened taxes necessitates an exploration beyond the commercial domain into the residential core of Indonesia. According to Mastropietro (2019), upon the escalation of property taxes, residences, pivotal spaces where families derive their livelihoods, frequently become the forefront of the battle against poverty. The unassuming dwellings, once sanctuaries of security, are now encumbered by financial liabilities. According to studies like Waldron (2023) and Nota et al. (2020), the subtle yet consequential outcomes of policy determinations come to light amidst the resonating echoes of children's laughter and their shared aspirations for an improved future. This study endeavours to elucidate the narratives of families navigating the delicate equilibrium between aspirations and financial instability, portraying the enduring resilience prevailing amidst economic adversities. Indonesia, characterized by diverse cultures and stunning landscapes, serves as an apt setting to scrutinize the impacts of tax laws. The unique blend of cultural tolerance and economic challenges in this locale translates abstract programmatic concepts into tangible realities (Bole, 2021). Bimo et al. (2019) opting to increase corporate taxes manifests significantly in bustling marketplaces, where the orchestrated cadence of commerce constitutes the symphony of livelihoods. Entrepreneurs, pivotal to local economies, grapple with a dichotomy between aspirations and fiscal obligations as decisions are made removed from the markets where their dreams are transacted. Moreover, the study underscores that poverty transcends mere financial constraints; it encompasses a spectrum of inequalities, including unimpeded social mobility hindered by factors such as education, healthcare, and resource availability (Gumà et al., 2019). The repercussions of tax policy, encompassing profit tax, goods and services tax, capital gain tax, export tax, international trade tax, and property tax, extend to realms often disregarded in statistical analyses, such as the paddy fields nurturing aspirations and the classrooms shaping the future. In pursuit of a comprehensive perspective, this study explores the diverse adverse effects of elevated taxes, impeding not only economic advancement but also perpetuating generational cycles of poverty. This research encompasses various objectives, with a primary

focus on examining the repercussions of heightened property and corporate taxes, along with a spectrum of other taxes, on the individuals and communities in Indonesia. Primarily, the study endeavours to unveil intricate narratives involving families, marginalized populations, and small business proprietors navigating the consequences of these tax regulations. By doing so, it aims to bridge the gap between policy formulation and lived experiences, fostering a more empathetic understanding of socio-economic implications. Secondly, the research delves into the multifaceted dimensions of poverty beyond financial metrics, shedding light on how tax laws impact social mobility, healthcare, and educational opportunities. Additionally, the study seeks to bring to light stories of determination and ambition often overlooked in traditional economic assessments.

Centring on the societal repercussions arising from heightened business and property taxes, alongside other tax categories in Indonesia, this study strategically addresses critical gaps in existing research. While economic studies typically prioritize quantitative analyses, this research adopts a distinctive qualitative approach, prioritizing the illumination of narrative nuances embedded within statistical trends. In doing so, it rectifies the literature gap resulting from the recurrent neglect or obfuscation of the lived experiences of families, small business proprietors, and marginalized populations. Furthermore, the research deliberately integrates diverse perspectives on poverty, transcending conventional economic metrics to underscore the broader socio-economic impacts of tax laws. This holistic approach seeks to redress knowledge deficits regarding the manifold ways in which tax decisions shape various facets of individuals' lives. In totality, this study advances our comprehension of the intricate interplay between diverse human experiences and tax laws within the Indonesian context.

Subsequent sections of this investigation will delve into a pertinent review of the existing literature, elucidate the chosen research methodology, and execute a comprehensive empirical analysis to assess the viability of the formulated hypotheses.

2. Literature Review

Profit taxes, despite their explicit aim to enhance government revenue and support public services, inadvertently yield consequences that impact the financial stability of both individuals and communities (Burchi et al., 2020). Profit taxes disproportionately affect small and medium-sized enterprises (SMEs), often considered the cornerstone of economies. In the study conducted by Ojo and Shittu (2023) it is discerned that numerous companies grapple with heightened financial burdens attributable to taxes, given their constrained profit margins. SMEs encounter challenges in maintaining operational sustainability and stable employment levels, as profit taxes curtail their earning capacities. Consequently, the diminution in remuneration and employment opportunities within these enterprises inadvertently contributes to an escalation in the poverty rate. A comprehensive consideration of the broader socioeconomic ramifications illuminates the intricate interconnections between profit taxes and poverty (Kahouli, 2020).

Moreover, according to Guerrero et al. (2021), Profit taxes possess the capacity to deter innovation and entrepreneurial endeavours, hindering the establishment of new enterprises and impeding economic growth. Aspiring business proprietors may be dissuaded from pursuing company ownership due to the perception of navigating a tax landscape seemingly unfavourable to their prospects of success (Sebele-Mpofu et al., 2021). Beyond diminishing personal financial prospects, the potential curtailment of entrepreneurial initiatives may extend

to exert broader repercussions on the dynamism and vigour of local economies. Under these circumstances, curtailed economic advancement and constrained income-generating potential establish a positive correlation between elevated profit taxes and heightened poverty rates. Furthermore, [Nandonde \(2019\)](#) discerns that profit taxes exert an influence on consumer behaviour and purchasing power beyond the corporate realm. Elevated taxes lead to an augmented cost of living as companies, in response to increased taxes, raise prices for consumers. This adverse impact disproportionately affects households with lower incomes, exacerbating financial struggles as their expenses escalate. The resultant strain on household finances harbours the potential to intensify pre-existing societal inequalities by further precipitating individuals and families into poverty ([Guerrero et al., 2021](#)). Hence, the indirect trajectories of consumer spending and overall economic stability underscore the positive correlation between profit taxes and escalating poverty rates.

Export taxes are frequently instituted to regulate international trade and generate revenue for governments. Nevertheless, their unanticipated repercussions can exert a considerable adverse impact on the economic welfare of communities and individuals, particularly in developing nations like Indonesia ([Nguyễn & Phan, 2023](#)). Export taxes are commonly levied, predominantly by SMEs engaged in export-oriented commercial endeavours ([Nguyen et al., 2023](#)). These enterprises, constituting the cornerstone of numerous economies, confront heightened financial obligations that may impede their capacity for expansion and job creation. According to [Rokhmawati \(2021\)](#), the potential for job losses and income contractions escalates as export taxes exert pressure on the profit margins of these enterprises, consequently fostering an increase in poverty. Given the precarious circumstances of workers in export-dependent enterprises, wherein employment instability and wage fluctuations promptly translate into heightened economic vulnerability for communities, the intricate nexus between export taxes and poverty becomes further apparent.

Additionally, [Majumder et al. \(2022\)](#) reveals that export taxes have the potential to diminish the competitiveness of locally produced goods in the global market and dissuade foreign investment. Export-oriented enterprises may encounter challenges in their endeavours to expand, thrive, or effectively compete due to the financial implications associated with such taxes ([Aiginger & Rodrik, 2020](#)). The economic downturn stemming from these factors could lead to a decline in income and employment opportunities, potentially exerting a detrimental effect on local communities and contributing to an elevation in the poverty rate. Heightened economic downturns render individuals and families more susceptible, particularly those whose livelihoods are reliant on export-related enterprises ([Mehrotra et al., 2023](#)). Hence, a positive correlation exists between export taxes and poverty rates. Additionally, as posited by [Laumer \(2020\)](#), export taxes manifest a detrimental impact on consumer dynamics extending beyond the immediate economic stakeholders. The escalation in the cost of living, resulting from companies raising prices to alleviate the mounting tax burden, poses a risk of further exacerbating poverty for lower-income households already grappling with financial hardships, owing to the disproportionate strain on their budgets ([Majumder et al., 2022](#)). This seasonal impact underscores the intricate nexus between export taxes and poverty rates, emphasizing the significance of meticulously evaluating the broader socio-economic ramifications of taxation policies.

Fundamentally, according to [Mhd Ruslan and Mokhtar \(2020\)](#), The Goods and Services Tax (GST), designed for tax system simplification, paradoxically exerts a disproportionate impact on individuals with lower incomes. This adverse effect becomes apparent when considering essential necessities, such as clothing, food, and basic services, which constitute a larger proportion of the income for lower-income families. As the GST permeates consumer prices, the increased cost of living poses a tangible threat to the financial stability of families already teetering on the brink of economic instability ([Nethercote, 2020](#)). The discernible narrative of how ostensibly impartial fiscal measures may exacerbate prevailing socio-economic disparities is elucidated through the positive correlation observed between an increase in poverty rates and the GST. Those impacted by the GST encounter the need for meticulous planning during each visit to the grocery store, and every electricity bill serves as a reminder of their constrained financial resources. The discriminatory nature of the GST, wherein individuals contribute a larger proportion of their income as prices escalate, compounds the challenges for those already contending with financial constraints ([Ikhsan et al., 2022](#)). The potential ramifications are substantial and extend beyond immediate financial challenges, exerting an impact on the lives of individuals and communities. With escalating prices and diminishing purchasing power, individuals become more susceptible, edging closer to the precipice of poverty ([Rasul et al., 2021](#)). Moreover, [Morris \(2022\)](#) discerns in the study is the heightened cyclical recurrence of poverty, attributable to the potential inflationary pressures induced by the GST, thereby constraining economic expansion. Individuals striving to uphold their financial stability are markedly impacted, witnessing a reduction in opportunities for employment and income growth. Narratives of resilience and determination emerge in individuals contending with the repercussions of the GST-induced financial challenges.

International trade taxes, particularly prevalent in impoverished nations, manifest unforeseen adverse consequences that disproportionately impact individuals and communities, despite their ostensible intent to regulate cross-border transactions and generate revenue for governments. These taxes have the dual potentiality to impede economic advancement and augment poverty ([Desai & Rudra, 2019](#)). Owing to these levies, international trading companies contend with augmented financial encumbrances, diminishing their capacity to engage in global competition ([Dovis & Zaki, 2020](#)). These enterprises may encounter challenges in expanding, evolving, or sustaining competitive pricing structures amidst the complexities posed by international trade taxes. The repercussions extend beyond corporate boardrooms, influencing salary increments, job generation, and overall financial stability, collectively contributing to an elevation in the poverty rate. Moreover, according to studies like [Wang et al. \(2022\)](#) and [Mehboob et al. \(2023\)](#), the association between taxes imposed on international trade and the escalating incidence of poverty becomes more pronounced when considering their impact on consumer goods. The heightened tax responsibilities prompt companies to raise prices for customers, consequently leading to an augmented cost of living ([Desai & Rudra, 2019](#)). This adverse consequence disproportionately affects households with lower incomes, exacerbating financial challenges for individuals who are already grappling with limited resources ([Wang et al., 2022](#)). The potential consequence entails a scenario wherein marginalized populations encounter increased difficulty in accessing essential necessities, thereby further exacerbating their descent into poverty.

While the explicit aim of property taxes is articulated as supporting public services and generating revenue for local

governments, their impact on vulnerable groups, notably homeowners and low-income areas, reveals intricate ramifications. The implementation of property taxes can impose substantial financial burdens on individuals of modest means, given the usual correlation between tax liabilities and property valuations (Eisenberg et al., 2020). Evidently, property taxes exhibit inequality as they disproportionately impact individuals with limited financial resources, leaving them with reduced funds for other expenditures. Given the heightened probability of descending into or persisting in poverty due to property taxes, homeowners with low income may grapple with an intractable equilibrium between income and resources (Eisenberg et al., 2020). Moreover, when considering the broader dynamics within communities, the positive association between property taxes and increasing poverty rates becomes more salient. According to Dovis and Zaki (2020), in localities undergoing development or witnessing substantial escalations in property values, established residents with fixed incomes may encounter challenges in coping with the escalating tax burdens. Elevated property values correspondingly lead to increased tax assessments, potentially compelling individuals and families to vacate residences that have been integral to their lives for an extended period. This displacement disrupts social networks, undermines community cohesion, and exacerbates the overall financial hardships faced by those compelled to relocate (Desai & Rudra, 2019). The fiscal encumbrance imposed by property taxes is evident in the narratives of homeowners endeavouring to attain stability, beyond its purely financial repercussions (Saunders et al., 2022). These narratives encapsulate the experiences of families grappling with the psychological strain of potentially losing their homes, transcending mere monetary transactions. For those navigating the intricate intersection of economic policy and personal security, the observed positive correlation between escalating property

taxes and poverty rates represents more than a mere statistical association.

3. Research Methods

The research scrutinizes the effects of export tax, profit tax, goods and services tax, international trade tax, capital gain tax, and property tax on the poverty rate in Indonesia. Secondary data spanning from 1991 -2022 was procured utilizing the WDI. The ensuing study equation is presented below:

$$POV_t = \alpha_0 + \beta_1 PT_t + \beta_2 ET_t + \beta_3 GST_{it} + \beta_4 ITT_t + \beta_5 PRT_t + e_t \quad (1)$$

Where;

POV = Poverty Rate

t = Time Period

PT = Profit Tax

ET = Export Tax

GST = Goods and Services Tax

CGT = Capital Gain Tax

ITT = International Trade Tax

PRT = Property Tax

The study employed the poverty rate as the dependent variable, quantified as the poverty headcount ratio (% of total population). Additionally, two predictor variables were incorporated, namely business tax gauged by profit tax (% of commercial profits), taxes on exports (% of tax revenue), taxes on goods and services (% of revenue), and taxes on income, along with taxes on international trade (% of revenue), profits, and capital gains (% of revenue). Furthermore, property tax was considered and measured as taxes on land (% of revenue). These measurements are detailed in Table 1.

Table 1: Measurements.

S#	Variables	Measurement	Sources
01	Poverty rate	Poverty headcount ratio (% of total population)	WDI
02	Profit Tax	Profit tax (% of commercial profits)	WDI
03	Export Tax	Taxes on exports (% of tax revenue)	WDI
04	Goods and Services Tax	Taxes on goods and services (% of revenue)	WDI
05	Capital Gain Tax	Taxes on income, profits and capital gains (% of revenue)	WDI
06	Population Growth	Taxes on international trade (% of revenue)	WDI
07	Property Tax	Taxes on land (% of revenue)	WDI

The study employed descriptive statistics to examine the details of the variables. Furthermore, the correlation between the constructs was assessed through a correlation matrix. Additionally, the unit root was verified using the PP & ADF tests. The equation for the unit root test is presented below:

$$d(Y_t) = \alpha_0 + \beta t + \gamma Y_{t-1} + d(Y_t(-1)) + \varepsilon_t \quad (2)$$

Furthermore, the research assesses co-integration utilizing the approach proposed by Westerlund and Edgerton (2008). The equations for the co-integration approach are delineated as follows:

$$LM_{\varphi}(i) = T\hat{\varphi}_i(\hat{r}_i/\hat{\sigma}_i) \quad (3)$$

$$LM_{\tau}(i) = \hat{\varphi}_i/SE(\hat{\varphi}_i) \quad (4)$$

Additionally, the research opted for the ARDL approach to scrutinize the interconnections among variables. This choice was informed by the unit root test, which indicated that some variables lacked a unit at the level while others exhibited it at the first difference (Nazir et al., 2018). Furthermore, the method yields insights into both long-term and short-term relationships, adeptly addressing issues of heteroscedasticity and autocorrelation (Zaidi & Saidi, 2018). The equation for the ARDL approach is presented as follows:

$$\Delta POV_t = \alpha_0 + \sum \delta_1 \Delta POV_{t-1} + \sum \delta_2 \Delta PT_{t-1} + \sum \delta_3 \Delta ET_{t-1} + \sum \delta_4 \Delta GST_{t-1} + \sum \delta_5 \Delta CGT_{t-1} + \sum \delta_6 \Delta ITT_{t-1} + \sum \delta_7 \Delta PRT_{t-1} + \varphi_1 POV_{t-1} + \varphi_2 PT_{t-1} + \varphi_3 ET_{t-1} + \varphi_4 GST_{t-1} + \varphi_5 CGT_{t-1} + \varphi_6 ITT_{t-1} + \varphi_7 PRT_{t-1} + \varepsilon_t \quad (5)$$

Additionally, the study investigates the relationship among variables employing the DARDL approach, as developed by Jordan and Philips (2018). This method addresses issues beyond the scope of the conventional ARDL. The equation for this approach is delineated below:

$$\Delta POV_t = \alpha_0 + \sum \delta_1 \Delta POV_{t-1} + \sum \delta_2 \Delta PT_t + \sum \delta_3 \Delta PT_{t-1} + \sum \delta_4 \Delta ET_t + \sum \delta_5 \Delta ET_{t-1} + \sum \delta_6 \Delta GST_t + \sum \delta_7 \Delta GST_{t-1} + \sum \delta_8 \Delta CGT_t + \sum \delta_9 \Delta CGT_{t-1} + \sum \delta_{10} \Delta ITT_t + \sum \delta_{11} \Delta ITT_{t-1} + \sum \delta_{12} \Delta PRT_t + \sum \delta_{13} \Delta PRT_{t-1} + \varepsilon_t \quad (6)$$

4. Findings Results

The study utilized descriptive statistics to examine the details of the variables. The findings revealed that the average value of the POV variable was 9.047 percent, PT was 20.445 percent, ET was 0.777 percent, & GST was 31.480 percent. Furthermore, the outcomes indicated that the average value of CGT was 8.498 percent, ITT was 3.228 percent, & PRT was 1.807 percent. These results are presented in Table 2.

Table 2: Descriptive Statistics.

Variable	Obs	Mean	Std. Dev.	Min	Max
POV	31	9.047	1.926	5.902	12.224
PT	31	20.445	1.296	16.768	21.200
ET	31	0.777	0.930	0.019	3.302
GST	31	31.480	3.929	24.974	38.112
CGT	31	8.498	4.535	2.186	10.098
ITT	31	3.228	1.098	1.866	6.081
PRT	31	1.807	1.161	-0.911	3.854

Moreover, the study examines the correlation between the constructs through a correlation matrix. The results indicate a positive association between export tax, profit tax, goods and services tax, international trade tax, capital gain tax, and property tax with the poverty rate in Indonesia. These findings are presented in Table 3.

Table 4: Unit Root Test.

Series	ADF PP			
	Level	First difference	Level	First difference
POV	-2.101***	-----	-2.109***	-----
PT	-2.298***	-----	-2.876***	-----
ET	-2.090***	-----	-2.019***	-----
GST	-----	-4.346***	-----	-5.484***
CGT	-----	-4.093***	-----	-5.871***
ITT	-3.281***	-----	-2.112***	-----
PRT	-2.901***	-----	-3.019***	-----

Additionally, the research examines co-integration utilizing the approach proposed by Westerlund and Edgerton (2008). The findings indicate that the t-values

Table 5: Co-integration Test.

Model	No Shift		Mean Shift		Regime Shift	
	Test Stat	p-value	Test Stat	p-value	Test Stat	p-value
LM _t	-2.091	0.004	-3.201	0.000	-4.391	0.000
LM _φ	-2.901	0.001	-3.281	0.000	-4.399	0.000

Furthermore, the study investigates the interrelationship among variables utilizing the DARDL approach. The results indicate a positive association between export tax, profit tax, goods and services tax, international trade tax, capital gain tax, and property tax with the poverty rate in Indonesia. These findings are detailed in Table 6.

Table 6: Dynamic ARDL Model.

Variable	Coefficient	t-Statistic	Prob.
ECT	4.230***	4.393	0.000
PT _{t-1}	0.443***	4.390	0.000
PT	0.462***	5.488	0.000
ET _{t-1}	1.221*	2.009	0.048
ET	1.092***	5.403	0.000
GST _{t-1}	0.784***	3.909	0.000
GST	0.291***	4.091	0.000
CGT _{t-1}	2.818**	2.981	0.022
CGT	2.998**	2.871	0.028
ITT _{t-1}	0.743***	4.309	0.000
ITT	0.453***	4.783	0.000
PRT _{t-1}	1.201***	3.222	0.001
PRT	1.297**	2.011	0.047
Cons	0.436**	5.091	0.000

R square = 61.209 Stimulation = 5000

5. Discussions

The research delves into the intricate framework of economic policies and their far-reaching implications on the socioeconomic landscape of the country. The narrative unfolds in a complex tapestry of interconnected themes, unravelling insights into the intricate relationships

Table 3: Matrix of correlations.

Variables	POV	PT	ET	GST	CGT	ITT	PRT
POV	1.000						
PT	0.720	1.000					
ET	0.248	0.005	1.000				
GST	0.759	-0.717	-0.137	1.000			
CGT	0.082	0.095	0.091	-0.040	1.000		
ITT	0.597	0.316	0.179	-0.424	-0.054	1.000	
PRT	0.116	-0.160	-0.093	-0.105	0.234	0.110	1.000

Furthermore, the study conducts unit root tests employing the PP and ADF methods. The findings indicate that the POV, PT, ET, ITT, and PRT exhibit no unit root at the level, whereas GST & CGT display no unit root at the first difference. These results are detailed in Table 4.

exceed 1.96, and the p-values are below 0.05, revealing the presence of co-integration. These results are presented in Table 5.

between businesses, property ownership, tax laws, and the persistent challenge of poverty. The primary findings of the study pivot around the repercussions of heightened business taxes on SMEs, which constitute the foundation of Indonesia's economic framework. The study discerns that elevated profit taxes, intended to bolster government finances, inadvertently impose burdens on these enterprises, constraining their expansion and jeopardizing their potential for substantial contributions to job creation—a perspective reinforced by studies such as Bimo et al. (2019) and Gangl and Torgler (2020). Furthermore, a nuanced narrative unfolds from the consequences of increased property taxes on communities and households. Homeowners, especially those with constrained financial means, experience the fiscal strain as property values escalate, accompanied by corresponding increases in tax assessments (Eisenberg et al., 2020). The results of the study underscore the discriminatory nature of property taxes, creating a scenario wherein marginalized individuals may be pushed into a precarious situation with poverty, potentially impacting the stability of their homes and communities.

Beyond conventional delineations of poverty, the study elucidates the broader socioeconomic ramifications of these tax laws. It recognizes that poverty is a multifaceted issue, encompassing various dimensions. Gumà et al. (2019) also discerns that poverty encompasses advancements in societal aspects, healthcare, and educational opportunities, extending beyond its primary quantification in monetary terms. The study advocates for a re-evaluation of policy objectives as it scrutinizes the impact of elevated taxes on these dimensions. Particularly,

the study delves into international trade taxes, emphasizing the intricate equilibrium required to regulate global trade while mitigating adverse repercussions on regional economies. According to the study, heightened financial challenges for companies engaged in international trade may manifest in the labour market and economic dynamics, potentially exacerbating poverty (Wang et al., 2022). Similarly, the examination of goods and services taxes in the study underscores the discriminatory impact on individuals with lower incomes. The strain on household budgets intensifies as consumer prices surge due to the pass-through of taxes (Rasul et al., 2021). Morris (2022) discerns that this perpetual cycle holds the potential to push individuals and families further into poverty, elucidating the intricate nexus between these taxes and socioeconomic inequality. Additionally, the research accentuates how capital gains taxes dissuade individuals from making investments and initiating entrepreneurial ventures, contributing to the overarching financial hurdles that those aspiring to enhance their financial standing must surmount. The individuals in this narrative surpass statistical analysis, encompassing families grappling with property taxes, businesses navigating the intricate landscape of profit taxes, and marginalized populations experiencing the adverse impacts of goods and services taxes.

6. Implications

This study carries substantial implications extending beyond the realms of economic theory, exerting a significant influence on the daily experiences of individuals and communities in Indonesia. As policymakers process the data, the imperative emerges to conceive tax laws that transcend mere revenue generation. The study underscores the essential need for adopting a more intricate and empathetic approach, acknowledging the human narratives underlying economic metrics. By acknowledging that heightened business and property taxes possess the capacity to either fortify or compromise the vulnerabilities of homeowners, small enterprises, and marginalized groups, it advocates for a reassessment of these policies. The study's findings align with a broader call for policies prioritizing inclusive economic growth while averting unforeseen consequences that may exacerbate poverty. These implications resonate in the socioeconomic framework and endorse a holistic perspective of poverty that encompasses factors beyond financial indicators. Regulators and researchers receive guidance to mitigate the poverty rate by reducing property and business taxes.

7. Limitations

While this study provides valuable insights into the impact of elevated property and company taxes on Indonesia's poverty rates, it is important to acknowledge certain limitations. Primarily, there is a possibility that the study did not sufficiently consider the myriad regional variations within Indonesia, potentially limiting the generalizability of the results to the entire nation. Sampling errors could also be a concern due to potential underrepresentation of specific regions or socioeconomic groups. Additionally, the study's examination is confined to a specific timeframe, and given the dynamic nature of economic policies, the outcomes of tax policies may evolve over time.

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