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Gender and Tax Justice in Indonesia: Assessing the Impact of Tax Policies on Women-Owned Micro and Small Enterprises

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Abstract

Tax systems are formally designed to apply equally to taxpayers, yet apparently neutral tax rules may produce different economic effects across gender groups because women and men often operate under different economic and social conditions. Women-owned micro and small enterprises in Indonesia may face limited access to capital, informal employment structures, unpaid care responsibilities, and restricted access to financial information. This article examines the gender implications of taxation for women-owned businesses. Using normative juridical and gender-responsive policy analysis, the study evaluates simplified tax regimes, compliance requirements, taxpayer services, and access to tax information. The article argues that formal equality in tax law does not necessarily guarantee substantive tax equality. Compliance procedures that assume stable income, professional accounting support, or extensive administrative capacity may disproportionately affect small women-owned enterprises. The study proposes a gender-responsive tax justice framework incorporating simplified compliance, accessible digital services, targeted taxpayer education, and integration with women's entrepreneurship programs. The article does not advocate preferential taxation solely on the basis of gender but emphasizes the need to identify structural barriers that affect taxpayers differently. The study concludes that gender-responsive tax administration can improve compliance while supporting the economic participation and resilience of women entrepreneurs.

[*Sistem perpajakan secara formal dirancang untuk berlaku sama bagi semua wajib pajak; namun, aturan pajak yang tampak netral dapat menghasilkan dampak ekonomi yang berbeda antar-kelompok gender karena perempuan dan laki-laki sering kali beroperasi dalam kondisi ekonomi dan sosial yang berbeda. Usaha mikro dan kecil milik perempuan di Indonesia mungkin menghadapi kendala berupa akses terbatas terhadap modal, struktur pekerjaan informal, tanggung jawab pengasuhan yang tidak dibayar, serta akses terbatas terhadap informasi keuangan. Artikel ini mengkaji implikasi gender dalam perpajakan bagi usaha milik perempuan. Dengan* *menggunakan metode yuridis normatif dan analisis kebijakan yang responsif gender, studi ini mengevaluasi rezim pajak yang disederhanakan, persyaratan kepatuhan, layanan bagi wajib pajak, serta akses terhadap informasi perpajakan. Artikel ini berargumen bahwa kesetaraan formal dalam hukum pajak tidak serta-merta menjamin kesetaraan pajak secara substantif. Prosedur kepatuhan yang mengasumsikan adanya pendapatan stabil, dukungan akuntansi profesional, atau kapasitas administratif yang memadai dapat memberikan dampak yang tidak proporsional terhadap usaha kecil milik perempuan. Studi ini mengusulkan kerangka kerja keadilan pajak yang responsif gender, yang mencakup penyederhanaan prosedur kepatuhan, layanan digital yang mudah diakses, edukasi wajib pajak yang tepat sasaran, serta integrasi dengan program kewirausahaan perempuan. Artikel ini tidak menganjurkan perlakuan pajak istimewa semata-mata berdasarkan gender, melainkan menekankan perlunya mengidentifikasi hambatan struktural yang berdampak secara berbeda terhadap wajib pajak. Studi ini menyimpulkan bahwa administrasi perpajakan yang responsif gender dapat meningkatkan kepatuhan sekaligus mendukung partisipasi ekonomi dan ketahanan para wirausahawan perempuan.*]

Keywords: Gender taxation, women entrepreneurs, tax justice, MSMEs, Indonesia

Introduction

Taxation is conventionally understood as a gender-neutral institution. Tax statutes generally define taxable income, tax rates, deductions, exemptions, reporting obligations, and enforcement mechanisms without explicitly distinguishing taxpayers according to sex. Such formal neutrality is consistent with the principle of equality before the law. However, the absence of explicit gender differentiation does not necessarily mean that taxation is economically gender-neutral. Tax rules operate within an economic and social structure in which women and men frequently possess different levels of income, wealth, access to credit, employment opportunities, business ownership, unpaid-care responsibilities, and access to financial information. Consequently, a rule that appears identical when viewed from the text of legislation may produce unequal effects when applied to taxpayers occupying different socioeconomic positions (Stotsky 1996; Grown and Valodia 2010; OECD 2022).

The issue is particularly important in relation to women-owned micro and small enterprises. Entrepreneurship provides an important mechanism for women's economic participation, household income generation, and economic independence, but women's entrepreneurial activity is frequently concentrated in smaller businesses and sectors characterized by lower capital intensity and greater informality. International evidence indicates that women entrepreneurs face structural barriers involving access to finance, networks, markets, business knowledge, property ownership, and regulatory institutions (Klapper and Parker 2011; Minniti and Naudй 2010; OECD 2021). The World Bank's *Opening Opportunities* initiative on Indonesia similarly identifies gender gaps in entrepreneurship and emphasizes that women entrepreneurs encounter constraints within the broader business ecosystem. The accompanying Indonesia Women in SMEs Dashboard was developed specifically to provide evidence concerning women-owned and women-led businesses.

Access to finance illustrates the structural dimension of the problem. World Bank evidence concerning Indonesia indicates that women-owned micro and small enterprises are more likely than their male counterparts to rely on personal savings when starting or operating businesses. The World Bank has also documented the disproportionate effect of collateral requirements on women entrepreneurs because women are less likely to own property or other assets that can be pledged as security. These constraints matter for tax justice because tax obligations do not operate independently from the ability of entrepreneurs to finance inventory, maintain cash flow, invest in technology, hire workers, and absorb compliance costs.

The relationship between gender and taxation has been examined extensively in international tax literature. Stotsky (1996) was among the early scholars to demonstrate that tax systems can contain explicit and implicit gender biases. Explicit bias occurs where legal provisions directly differentiate between men and women, while implicit bias arises when apparently neutral rules interact with gender differences in income, employment, household organization, and economic behavior. Grown and Valodia (2010) subsequently demonstrated that tax systems should be evaluated not only according to formal legal neutrality but also according to their effects on gender inequality. Their comparative analysis shows that indirect taxation, income taxation, and tax expenditures may affect women and men differently because their consumption patterns, labor-market participation, and household responsibilities differ.

The OECD has developed this literature further by emphasizing that gender considerations should be incorporated into both tax policy design and tax administration. Its comparative analysis of 43 countries identifies potential explicit and implicit gender biases and highlights the importance of gender-disaggregated data in evaluating tax policy. The OECD also notes that Indonesia has introduced certain gender-responsive measures within its tax administration, including the ability of married women to obtain their own taxpayer identification number and workplace measures intended to facilitate women's participation. The implication is not that Indonesia has a gender-specific tax system, but rather that gender considerations can legitimately inform tax administration without violating the principle of equal treatment.

This distinction between equality and equity is central to the present study. Formal equality asks whether women and men are subject to the same legal rules. Substantive equality asks whether those rules operate fairly given the different conditions in which individuals participate in the economy. A tax system may therefore be formally equal but substantively unequal if compliance procedures assume that every taxpayer has stable income, professional accounting support, reliable digital access, sufficient time for administrative activities, and unrestricted access to financial information. Such assumptions may be particularly problematic for women entrepreneurs whose businesses are integrated with household responsibilities.

The relationship between entrepreneurship and care responsibilities is well documented. The OECD observes that family policy, social protection, and tax policy can affect women's ability to enter and remain in entrepreneurship because women continue to carry disproportionate responsibilities for childcare and eldercare in many societies (OECD 2021). The International Labour Organization similarly identifies unpaid care work as a major structural determinant of women's labor-market participation (ILO 2018). The significance for taxation is straightforward: time spent maintaining records, attending tax offices, completing administrative procedures, or learning digital reporting systems carries a different opportunity cost for entrepreneurs who simultaneously perform substantial unpaid care work.

Indonesia's legal framework recognizes the importance of equality and women's participation in economic development. Article 27 of the 1945 Constitution establishes equality before the law and the right to work and obtain a decent livelihood, while Article 28D provides constitutional protection for equal treatment before the law. Indonesia has also adopted gender mainstreaming as a government policy through Presidential Instruction No. 9 of 2000. In the economic sphere, Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises emphasizes empowerment, equal opportunity, protection, and development of MSMEs as instruments of economic participation and equitable development. The statute's stated objectives include improving the position of MSMEs, creating employment, increasing income distribution, and reducing poverty.

The tax framework has also evolved toward simplification. Law No. 7 of 2021 on Harmonization of Tax Regulations expressly identifies tax reform, expansion of the tax base, legal certainty, fairness, and voluntary compliance as policy objectives. Government Regulation No. 55 of 2022 subsequently established important adjustments to income-tax treatment, including a simplified final income-tax regime for taxpayers with specified gross turnover. The regulation was adopted as part of a broader effort to reform income taxation following the HPP Law.

The simplified regime is potentially important for women-owned micro and small enterprises because lower administrative complexity may reduce fixed compliance costs. Yet simplification alone does not establish gender equality. If women entrepreneurs have less access to digital devices, financial information, business networks, credit, or tax assistance, formally identical procedures may continue to generate unequal burdens. The relevant question is therefore not whether Indonesian tax law explicitly discriminates against women but whether the overall tax system recognizes the socioeconomic circumstances that influence women's capacity to comply.

Recent Indonesian scholarship has increasingly recognized this issue. Ispriyarso, Purwanti, and Wibawa argue that Indonesian tax policy should be examined through a gender-equity perspective and emphasize the importance of gender-responsive tax reform. Other Indonesian scholarship has similarly examined gender perspectives in taxation and argued that apparently neutral tax rules can produce differentiated effects because women experience economic inequality and unpaid care responsibilities differently from men. However, much of the existing discussion remains focused on broad tax policy or gender-based taxation rather than the specific administrative experience of women-owned micro and small enterprises. This article addresses that gap.

The contribution of this article is therefore threefold. First, it connects the literature on gender-responsive taxation with the Indonesian legal framework governing MSMEs and simplified income taxation. Second, it shifts the analysis from the question of whether women should receive lower tax rates toward the more fundamental question of whetherThis study employs a normative juridical and gender-responsive policy-analysis approach. The normative juridical analysis examines Indonesian constitutional principles, income-tax legislation, MSME regulation, and gender-mainstreaming policy. Particular attention is given to the 1945 Constitution, Law No. 7 of 1983 concerning Income Tax as amended, Law No. 7 of 2021 concerning Harmonization of Tax Regulations, Government Regulation No. 55 of 2022, and Law No. women entrepreneurs possess equal practical capacity to comply with formally neutral tax rules. Third, it proposes a gender-responsive tax justice framework that emphasizes administrative accessibility rather than gender-based tax preferences.

This study employs a normative juridical and gender-responsive policy-analysis approach. The normative juridical analysis examines Indonesian constitutional principles, income-tax legislation, MSME regulation, and gender-mainstreaming policy. Particular attention is given to the 1945 Constitution, Law No. 7 of 1983 concerning Income Tax as amended, Law No. 7 of 2021 concerning Harmonization of Tax Regulations, Government Regulation No. 55 of 2022, and Law No. 20 of 2008 concerning MSMEs and its subsequent amendments.

The policy analysis evaluates these legal instruments through the theoretical concepts of tax justice, horizontal and vertical equity, substantive equality, gender-responsive budgeting, tax compliance, and women's entrepreneurship. The analysis draws upon academic literature and comparative evidence from the OECD, World Bank, ILO, IMF, UN Women, and other international institutions. The study is doctrinal and analytical rather than econometric; it does not attempt to calculate a gender-specific tax gap. Instead, it evaluates whether existing tax institutions are capable of producing substantively equal outcomes for women-owned micro and small enterprises.

Formal Tax Neutrality and the Problem of Substantive Gender Equality

The starting point for assessing gender justice in taxation is the distinction between formal equality and substantive equality. Formal equality requires that taxpayers in comparable legal circumstances be treated according to the same statutory rules. This principle is essential for legal certainty and prevents arbitrary discrimination. However, formal equality becomes insufficient when taxpayers are situated differently before the tax rule is applied. Gender differences in income, wealth, employment, household responsibilities, business ownership, and access to finance can cause the same tax obligation to generate different economic consequences (Stotsky 1996; Grown and Valodia 2010).

The concept of implicit gender bias is particularly useful for understanding this problem. A tax rule does not need to mention women to affect women differently. For example, a rule requiring every entrepreneur to maintain detailed financial records appears neutral because the same requirement applies to all taxpayers. Yet if women-owned micro-enterprises are disproportionately small, home-based, informal, or combined with unpaid household labor, the time and monetary cost of compliance may be relatively greater for them. The resulting inequality is not contained in the text of the rule; it emerges from the interaction between the rule and pre-existing socioeconomic structures.

Stotsky's (1996) distinction between explicit and implicit gender bias remains foundational. Explicit bias can be identified directly from legislation, whereas implicit bias emerges through behavioral and structural differences. Grown and Valodia (2010) similarly demonstrate that tax systems can reinforce gender inequality even when policymakers do not intend to discriminate. Their analysis of tax structures across developing and developed countries shows why gender-disaggregated analysis is necessary for evaluating the distributive consequences of taxation.

This theoretical perspective is particularly relevant to Indonesia because women entrepreneurs do not constitute a homogeneous economic group. Some operate established companies with employees, professional accountants, and access to banking services. Others operate home-based food businesses, online retail activities, tailoring services, beauty businesses, small agricultural enterprises, or informal trading activities. Applying the same administrative expectations to all of them may be legally uniform but economically disproportionate.

The World Bank's evidence concerning women-owned businesses in Indonesia reinforces this argument. Women entrepreneurs are more likely to face financing constraints and may rely more heavily on personal savings. The World Bank has also identified collateral requirements as a significant barrier because women tend to have lower ownership of assets that can be pledged for credit. These financing constraints can influence tax compliance indirectly. An entrepreneur with limited working capital is less able to employ an accountant, purchase accounting software, outsource tax administration, or absorb the opportunity cost of spending productive hours on compliance.

The problem is not that women should therefore be automatically taxed at a lower rate. Such a policy could itself create problematic assumptions about women's economic capacity and potentially reinforce gender stereotypes. Rather, tax justice requires the tax system to distinguish between tax liability and compliance capacity. A woman entrepreneur with substantial profits should contribute according to her economic capacity in the same manner as a similarly situated male entrepreneur. But a woman entrepreneur operating a small business under significant administrative constraints should have access to compliance procedures proportionate to the complexity of her enterprise.

This distinction is consistent with the principle of horizontal equity. Two taxpayers with equal taxable income and equivalent economic circumstances should generally face comparable tax liabilities regardless of gender. However, vertical equity requires taxpayers with different capacities to bear different burdens. Gender becomes relevant not as an independent basis for taxation but as an analytical variable that helps reveal structural differences in economic capacity and compliance costs.

The OECD's gender-taxation framework makes precisely this point. Its international review emphasizes that gender equality considerations should be integrated into tax policy because apparently neutral rules may interact with differences in labor-market participation, household structure, income distribution, and unpaid work. It also stresses the importance of gender-disaggregated data to identify these effects. Thus, gender-responsive tax policy does not necessarily mean establishing different tax rates for women and men. It can mean designing and administering formally neutral rules in ways that avoid reproducing structural inequalities.

The concept of unpaid care work further complicates the analysis. Women's entrepreneurship cannot be separated from the distribution of household labor. The ILO has documented the continuing significance of unpaid care responsibilities in determining women's participation in paid work (ILO 2018). The OECD similarly finds that family and tax policies influence women's entrepreneurship because women frequently face difficulties reconciling business activities with childcare and eldercare responsibilities (OECD 2021).

This has implications for tax administration. A taxpayer who must travel to a tax office during working hours, attend training sessions, or complete complicated reporting procedures faces an opportunity cost. For women who combine entrepreneurship with substantial unpaid care work, that opportunity cost may be particularly high. Digital administration can reduce this burden, but only if women have adequate digital access and skills. Consequently, gender-responsive administration should not merely digitize existing procedures; it should evaluate whether digital systems are actually accessible to the taxpayers they are intended to serve.

The principle of substantive equality therefore requires the state to examine outcomes and administrative accessibility rather than relying solely on statutory neutrality. Indonesia's constitutional commitment to equality before the law provides a normative foundation for such an approach. Gender mainstreaming under Presidential Instruction No. 9 of 2000 reinforces the argument that public policy should identify gender-differentiated impacts rather than assume that neutral policy automatically produces equal outcomes.

The implications extend beyond tax policy. If women-owned businesses are systematically constrained by finance, market access, care responsibilities, and administrative barriers, taxation can either exacerbate or reduce these constraints. A tax system that minimizes unnecessary compliance costs, provides accessible information, and connects women entrepreneurs to formal financial and business institutions can support economic inclusion. Conversely, a tax administration that assumes professional accounting capacity and unrestricted administrative time can unintentionally strengthen existing inequalities.

Simplified Taxation, Compliance Costs, and Women-Owned MSMEs in Indonesia

Indonesia's tax reform provides an important institutional context for evaluating gender-responsive tax justice. Law No. 7 of 2021 explicitly frames tax reform around improving tax revenue, expanding the tax base, strengthening administration, promoting fairness and legal certainty, and increasing voluntary compliance. Government Regulation No. 55 of 2022 implements significant aspects of the income-tax reform and provides simplified treatment for taxpayers with specified gross turnover.

The simplified regime is potentially beneficial for micro and small enterprises because it reduces the need to calculate taxable income through complex accounting procedures. For qualifying individual taxpayers, the framework provides an exemption for the first IDR 500 million of annual gross turnover, with the 0.5 percent final income-tax rate applying to the relevant portion of turnover above the exemption within the specified regime. This approach recognizes that turnover is not equivalent to disposable income and seeks to prevent the smallest businesses from bearing the same administrative and fiscal burden as larger enterprises.

From a gender perspective, simplification can be understood as an instrument of substantive equality. If women-owned businesses are disproportionately concentrated among smaller enterprises, reducing fixed compliance costs can disproportionately benefit women without creating an explicit gender preference. Such a policy is not discriminatory because the criterion is business scale rather than sex. Gender analysis simply reveals that a scale-based simplification policy may have important distributional consequences for women entrepreneurs.

The principle is consistent with OECD research on women entrepreneurship. The OECD finds that regulatory and tax institutions influence the costs and feasibility of entrepreneurship for women, particularly where women continue to carry substantial family responsibilities. Tax policies that support labor-market participation and reduce unnecessary regulatory burdens can therefore contribute to women's entrepreneurship (OECD 2021).

Nevertheless, the existence of a simplified tax rate does not automatically resolve compliance inequality. Taxpayers may still need to register, maintain turnover records, submit returns, understand eligibility conditions, and interact with digital systems. These obligations create what may be termed the administrative incidence of taxation. Traditional tax analysis often focuses on the financial incidence of a tax, namely who ultimately bears the monetary burden. Tax justice should also consider who bears the administrative and temporal costs of compliance.

This distinction is particularly important for women-owned micro-enterprises. Suppose two businesses have identical turnover and therefore identical tax liability. One is owned by an entrepreneur with accounting training, a stable office, employees, internet access, and a professional accountant. The other is operated by a woman from home while simultaneously performing childcare responsibilities and maintaining household activities. A formally identical reporting requirement may be considerably more costly for the second entrepreneur. The tax liability is equal, but the compliance burden is not.

Administrative proportionality therefore becomes a central principle of gender-responsive taxation. The complexity of tax administration should correspond to the complexity and economic scale of the taxpayer. Small enterprises should receive simple registration, straightforward record-keeping requirements, accessible guidance, and low-cost reporting channels. As businesses grow and their economic capacity increases, more sophisticated accounting and reporting obligations become progressively more justified.

This approach is consistent with broader SME tax literature. OECD (2015) emphasizes that small businesses face relatively high fixed compliance costs and that tax design should take account of the disproportionate administrative burden imposed on smaller firms. OECD (2014) similarly advocates "tax compliance by design," in which compliance is incorporated into ordinary business processes rather than requiring taxpayers to construct complicated parallel systems. For women-owned micro-enterprises, this principle is particularly valuable because reducing the time and knowledge required for compliance can reduce barriers associated with limited administrative capacity.

Digitalization provides an important opportunity but also introduces a potential gender divide. Online tax registration, electronic filing, digital payment systems, and integrated government platforms can reduce travel costs and administrative time. However, digitalization is not automatically inclusive. Differences in access to devices, internet connectivity, digital literacy, and financial technology can reproduce inequalities if digital services become the only practical channel for compliance.

The appropriate approach is therefore assisted digitalization. Digital tax systems should be designed to be simple enough for entrepreneurs with limited tax knowledge while maintaining physical or assisted channels for taxpayers who experience technological barriers. Tax offices, local government service centers, women's entrepreneurship organizations, cooperatives, and business associations could operate as intermediaries providing assistance with registration and reporting.

This approach would also improve taxpayer education. Tax knowledge is an important component of compliance because taxpayers cannot reasonably be expected to comply with obligations they do not understand. The OECD's work on taxpayer education emphasizes that compliance is influenced by knowledge, trust, and perceptions of government legitimacy (OECD/FIIAPP 2015). Gender-responsive tax education should therefore not be treated as a special privilege for women but as targeted public administration based on demonstrated differences in access to information.

Indonesia already possesses an institutional foundation for such a strategy. Law No. 20 of 2008 frames MSME policy around empowerment, protection, development, financing, and creation of a conducive business environment. The challenge is to integrate tax administration into this broader MSME-development architecture. If taxation is administered separately from women's entrepreneurship programs, financial inclusion initiatives, and business-development services, opportunities for reducing compliance barriers may be lost.

An integrated approach would enable women entrepreneurs to obtain business registration, tax identification, basic accounting guidance, financial literacy, and access to government business-support programs through coordinated services. Such coordination would transform tax formalization from a potentially burdensome administrative event into part of a broader pathway toward business development.

The World Bank's findings concerning women's access to credit demonstrate why such integration is important. Evidence from Indonesia shows that public credit programs have expanded access to finance, but collateral requirements historically disadvantaged women because women are less likely to own assets that can be pledged as security. More recent reforms increased women's participation among borrowers. Tax administration should therefore be understood within the same institutional ecosystem. A woman entrepreneur's ability to comply with tax rules is partly determined by whether she has access to bank accounts, digital payments, formal records, and financial services.

The broader policy objective should not be to create a special tax system for women. Rather, Indonesia should use gender-disaggregated evidence to determine whether the general tax system is operating equitably. Where women experience higher compliance costs because of structural conditions, the appropriate policy response may be simplified procedures, better information, digital assistance, or integration with business services rather than lower tax rates.

Toward a Gender-Responsive Tax Justice Framework for Women Entrepreneurs

The preceding analysis suggests that gender-responsive tax justice should be understood as a governance framework rather than a gender-specific tax rate. The central question is whether women and men possess meaningful and comparable opportunities to understand, comply with, and benefit from the tax system. This requires moving beyond the traditional assumption that equal statutory treatment automatically produces equal economic outcomes.

The first component of such a framework is gender-disaggregated tax data. Tax administrations typically possess extensive information concerning taxpayers but may not systematically analyze compliance, registration, business scale, tax liability, and administrative interactions by gender. Without gender-disaggregated data, policymakers cannot determine whether women entrepreneurs are underrepresented among registered taxpayers, experience higher compliance difficulties, or benefit differently from simplified regimes. The OECD has explicitly identified the availability and use of gender-disaggregated data as an important element of gender-responsive tax policy.

Data collection must, however, respect privacy and legal safeguards. The objective is not to expose individual taxpayers but to identify aggregate patterns. Tax authorities could analyze registration rates, turnover categories, filing behavior, utilization of taxpayer services, requests for assistance, and compliance outcomes by gender and business scale. Such analysis could reveal whether apparently neutral administrative procedures create systematic disparities.

The second component is administrative proportionality. Tax administration should recognize that compliance capacity varies according to business scale and complexity. Women-owned micro-enterprises should not be burdened with procedures designed for larger businesses merely because they are registered as taxpayers. The simplified turnover-based regime under PP No. 55 of 2022 provides an important foundation, but its effectiveness depends on whether the accompanying procedures remain simple and accessible.

The third component is accessible taxpayer education. Gender-responsive education should focus on practical questions relevant to women entrepreneurs: how to register a business, how to distinguish turnover from profit, when income tax becomes payable, how to maintain basic records, how to submit returns, and how to obtain assistance. Such education should be available through channels used by women entrepreneurs, including women's business associations, local MSME centers, cooperatives, community organizations, and digital platforms.

The fourth component is integration between tax administration and women's entrepreneurship policy. This is particularly important because tax policy is only one part of the environment affecting women's businesses. OECD research shows that women entrepreneurs are influenced by access to finance, family responsibilities, regulatory institutions, and business-development services (OECD

2021). Consequently, a tax policy that ignores these structural conditions may fail to achieve its intended compliance objectives.

Integration should not mean that women receive preferential treatment simply because they are women. Rather, entrepreneurship programs should help remove the barriers that make formal participation difficult. For example, a government-supported entrepreneurship program could incorporate basic tax education, digital bookkeeping, and registration assistance. Such measures would improve the capacity of women-owned businesses to comply while simultaneously strengthening their access to formal markets and financial institutions.

The fifth component is gender-responsive digital administration. Digital systems should reduce rather than reproduce inequality. This requires user-centered design, plain-language instructions, mobile accessibility, low-bandwidth functionality, and assisted channels. A digital tax system that assumes high levels of financial and technological literacy may inadvertently exclude precisely those entrepreneurs whom formalization policy seeks to reach.

This is where procedural justice becomes inseparable from distributive justice. A taxpayer's ability to comply depends partly on whether administrative procedures are understandable, accessible, and respectful. Kirchler, Hoelzl, and Wahl's (2008) slippery-slope framework demonstrates that voluntary compliance is influenced by both enforcement capacity and trust in authorities. Women entrepreneurs are therefore more likely to develop sustainable compliance when tax authorities are perceived not simply as enforcement institutions but as accessible public-service institutions.

Tax morale also matters. Torgler and Schneider (2009) demonstrate the relationship between institutional quality, tax morale, and informal economic activity. If women entrepreneurs perceive the tax system as legitimate and connected to public services, compliance may become more sustainable. Conversely, if formalization is experienced primarily as an additional administrative burden without visible public benefits, entrepreneurs may remain reluctant to enter or remain within the formal system.

The sixth component concerns the relationship between taxation and unpaid care work. Gender-responsive tax administration should recognize that time is an economic resource. A procedure that requires several visits to government offices, lengthy waiting periods, or repeated documentation imposes a cost on all taxpayers but may have particularly strong effects on women with substantial care responsibilities. Digital services, appointment systems, one-stop registration, and flexible taxpayer-support hours can reduce this burden without altering the underlying tax liability.

This approach is consistent with the broader principle of gender-responsive fiscal policy. The IMF's literature on gender budgeting emphasizes that fiscal policies should be evaluated according to their differentiated effects on women and men rather than solely according to aggregate revenue and expenditure outcomes

(IMF 2020). Taxation is a core component of fiscal policy and therefore should be subjected to the same analytical principle.

At the same time, caution is required regarding proposals for explicit gender-based tax preferences. A lower tax rate exclusively for women-owned enterprises might appear progressive but could generate unintended consequences. It could create incentives for nominal female ownership without changing actual control of businesses, complicate tax administration, or reinforce assumptions that women are economically less capable. A more defensible approach is to target the structural constraints themselves. Simplified compliance, taxpayer education, digital accessibility, access to finance, and business-development services can improve women's economic position without creating discriminatory distinctions in tax liability.

This approach is consistent with substantive equality. Substantive equality does not require identical treatment in every circumstance. It requires institutions to recognize relevant differences that produce unequal outcomes and to remove unnecessary barriers. A gender-responsive tax system can therefore remain formally gender-neutral while actively addressing the structural conditions that cause women to experience taxation differently.

Indonesia's legal framework provides sufficient normative space for such an approach. The HPP Law expressly refers to fairness, legal certainty, and voluntary compliance as objectives of tax reform. The MSME Law emphasizes empowerment, protection, and development of small enterprises. Gender mainstreaming policy provides an additional institutional basis for examining gender-differentiated policy outcomes. The challenge is therefore less about creating an entirely new legal category and more about integrating existing tax, MSME, and gender policies.

The resulting framework can be conceptualized as Gender-Responsive Tax Justice for Women-Owned MSMEs. Its normative foundation is equality before the law; its substantive objective is equal economic opportunity; its administrative mechanism is proportional compliance; and its institutional mechanism is coordination between tax administration, MSME development, digital services, financial inclusion, and gender-equality programs.

The success of this framework should not be measured solely by the number of women registered as taxpayers or the amount of tax collected from women-owned enterprises. Those indicators are important but incomplete. More meaningful indicators include whether women-owned enterprises experience lower compliance costs, improved tax knowledge, greater access to formal financial services, higher business survival rates, greater access to government procurement and markets, and improved capacity to transition from micro to small and medium-scale enterprises.

Such a measurement framework is consistent with the broader economic rationale for supporting women entrepreneurs. The OECD's 2024 economic assessment of Indonesia identifies increasing women's employment and improving the business environment as important components of strengthening productivity and long-term growth. OECD Supporting women entrepreneurs should therefore not be viewed merely as a social-policy objective. It is also relevant to productivity, fiscal capacity, and economic development.

Ultimately, the gender dimension of taxation is not about whether women should pay less tax than men. The more important question is whether women and men possess genuinely comparable opportunities to participate in the formal economy and comply with tax obligations. Where structural inequality prevents such equality, administrative reform becomes a legitimate component of tax justice. The objective is to ensure that taxation neither reproduces existing gender inequalities nor creates new administrative barriers to women's economic participation.

Conclusion

Gender neutrality in tax legislation does not automatically guarantee gender justice in taxation. Women-owned micro and small enterprises in Indonesia operate within economic and social conditions that can differ significantly from those experienced by male-owned businesses, particularly with respect to access to finance, asset ownership, digital capacity, business information, market opportunities, and unpaid care responsibilities. Consequently, a formally identical tax rule may impose different effective burdens on women entrepreneurs. Indonesia's simplified tax regime under Government Regulation No. 55 of 2022 represents an important step toward proportionality because it reduces the tax and administrative burden associated with smaller-scale business activity. However, substantive tax equality requires more than a simplified rate. It requires attention to the administrative costs of compliance, access to taxpayer information, digital inclusion, and the institutional environment in which women operate. The analysis therefore supports a conception of gender-responsive taxation that does not automatically grant preferential tax rates to women but instead evaluates whether formally neutral rules produce equitable opportunities to comply and participate in the formal economy.

A gender-responsive tax justice framework for Indonesia should consequently integrate gender-disaggregated tax data, proportionate compliance procedures, accessible taxpayer education, assisted digital administration, and stronger coordination between tax authorities and women's entrepreneurship programs. Such an approach is consistent with the constitutional principle of equality, the fairness and voluntary-compliance objectives of the HPP Law, the empowerment orientation of Indonesia's MSME framework, and international approaches developed by the OECD, World Bank, ILO, and IMF. The central policy objective should be to eliminate structural barriers rather than construct a separate tax system for women. When women entrepreneurs can understand their obligations, access affordable compliance services, obtain financial and business support, and participate in the formal economy without disproportionate administrative burdens, taxation can become a mechanism of economic inclusion rather than an additional source of inequality. Gender-responsive tax administration should therefore be understood not as preferential treatment but as an institutional strategy for making formal equality substantively meaningful.

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