

ABSTRACT

Micro, small and medium enterprises (MSMEs) play an important role in supporting the Indonesian economy. In 2015, MSMEs played a role in contributing 57.8% of the total Gross Domestic Product, which was 6.228 trillion rupiah (www.kemenkopukm.go.id). However, the contribution of MSMEs to tax revenue was very small, which is only 0.5% of the total tax revenue (www.pajak.go.id). This has received special attention from the government because the tax sector plays the most significant role in Indonesia's state revenue. One of the persuasive steps from the government to improve MSMEs' tax compliance was to implement the Business Development Services (BDS) program in 2015. This program, managed by the Indonesian Directorate General of Taxes (DGT), invited expert resource people to provide useful counseling or training to assist MSMEs' business development. Another expected goal was to create a good relationship and trust between MSMEs and DGT, which can result in compliance from MSME actors. Until now, BDS is still being implemented. Moreover, it has become one of the mainstay programs of DGT.

This paper will try to study the journey of this program, starting from a pilot project until included in the DGT's national strategic plan. Then, this paper tries to examine whether the initial objectives of the BDS program are well stated in the concept of implementing this program. Next, this paper attempts to study the implementation of BDS so far. As a top-down program, do field officers have the same understanding of the essence of this program? Furthermore, the author will argue that as a national program considered important, it must have a measurable target for its successful implementation. Finally, the author believes that evaluation of the implementation of this program is critical to bridge the gap between what is expected by top-level management and what is understood by field officers who run this program.