VOL. 12 , NO 2, 2024 (123-138)

JURNAL NATAPRAJA:
Kajian Ilmu Administrasi Negara

2406-9515 (p) / 2528-441X (e) https://journal.uny.ac.id/index.php/natapraja

A Systematic Review of Tax Policy During Crises: Cure or Curse?

Achmad Ali Syaifudin[1], Anggi Prastyono[2], Rheza Auliya Rahman[3]

[1]*Fiscal Policy Agency, Ministry of Finance, Jakarta, Indonesia*

[2]*Accounting Study Program, Polytechnic of State Finance-PKN STAN, Banten, Indonesia*

[3]*State Financial Management Study Program, Polytechnic of State Finance-PKN STAN, Banten, Indonesia*

ARTICLE INFO

Article history:
Received 21 August 2024
Received in revised form 28 October 2024
Accepted 20 December 2024

ABSTRACT

This study examines prior research findings on the role of tax policy in economic stability, particularly in the contexts of crisis. Economic crises often spark debates about the effectiveness of tax policies—whether they serve as tools for recovery or exacerbate crisis conditions. Focusing on evaluating the impact of both expansionary and contractionary tax policies on economic stability during crises, this study employs a Systematic Literature Review (SLR) with the PRISMA approach to ensure replicability and transparency. Literature searches were conducted via the Scopus database, with inclusion criteria covering 20 studies published between 2019 and 2024. The selection process involved identifying, screening, and assessing relevant studies, emphasizing tax policies during economic crises. The findings reveal that tax policies have dual effects. On one hand, tax cuts and fiscal incentives can stimulate recovery by boosting consumption and investment. Conversely, ill-timed or poorly targeted tax hikes may deepen recessions by reducing liquidity and suppressing growth. The discussion highlights the need for responsive policy design tailored to economic conditions and coordinated with monetary measures. In line with public policy theory, particularly contingency theory, this study emphasizes that the effectiveness of tax policy is highly context-dependent and there is no one-size-fits-all solution.

Keyword:
Tax Policy, Economic Crisis, Fiscal Measures

Email address: jsyaifuddin@gmail.com
©2024. Achmad Ali Syaifudin, Anggi Prastyono, Rheza Auliya Rahman. Published by DPA UNY
https://doi.org/10.21831/natapraja.v12i2.84257

INTRODUCTION

Tax is a mandatory financial contribution imposed on the public to be deposited into the state treasury by legal provisions (Nurtanzila, 2016). Taxes reflect citizens' participation in supporting state financing and promoting national development (Meliala & Oetomo, 2012). Additionally, Pilat et al. (2002) state that taxes are a fiscal policy instrument with significant impacts on economic growth and sustainable development. This aligns with the definition stated in Law No. 28 of 2007, which declares that tax is a compulsory contribution imposed on individuals or businesses based on legislation, without direct compensation, and is used for state purposes to achieve optimal public welfare.

Aqmarina & Furqon (2020) and Samuda (2016) emphasize that tax revenues play a strategic role in supporting national development and strengthening economic resilience at the central and regional levels. Similarly, Islamiah (2015) states that increased tax revenues enable the government to expand expenditure budgets across various sectors, ultimately fostering economic growth. Mardiasmo (2018) explains that taxes have two primary functions. First, the budgetary function (budgetary) serves as the main source of state revenue used to finance government expenditures. Second, the regulatory function (regulated) acts as an instrument for the government to direct economic and social policies in line with development goals. Furthermore, Nizar (2011) and Suska (2011) argue that taxes also function as an automatic stabilizer, indirectly reducing economic volatility without requiring direct government intervention.

However, tax management becomes more complex during economic crises. Dwi (2023) defines an economic crisis as a condition where a country experiences a significant economic downturn characterized by a decline in Gross Domestic Product (GDP), reduced liquidity, rising unemployment, decreased lending activity, and diminished private-sector investment (Gevorkyan, 2015). Global economic crises have been recurring phenomena driven by various complex factors. Some contributing factors include trade wars, the COVID-19 pandemic, and unresolved issues from the 2008 financial crisis (Portanskiy et al., 2020). Notably, the recent COVID-19 pandemic had a profound impact, causing a significant slowdown in global economic growth and disrupting economic relations and social structures (Ershov, 2020).

The COVID-19 pandemic plunged Indonesia into an economic recession in the second quarter of 2020 (Vanani & Susilo, 2021). Vanani & Susilo (2021) said the pandemic-induced crisis negatively affected demand and supply. On the demand side, there was a decline in consumption, disruptions in the transportation and travel sectors, and increased distribution and trade costs. Meanwhile, on the supply side, there were contractions in labour productivity, reduced investment and funding, and disruptions to global supply chains.While Indonesia and other countries have since begun recovering, the global economic landscape remains vulnerable to future shocks. Emerging threats such as geopolitical tensions, climate change-induced disruptions, technological shifts, and potential financial instabilities represent significant risks that could trigger new economic crises (Mere, 2025; Saputra et al., 2024; Setiawati & Alqoodir, 2021). These uncertainties underscore the critical need for resilient and adaptive fiscal policies capable of mitigating negative impacts and maintaining long-term economic stability (Mutiara et al., 2024). As nations continue to confront evolving challenges, a comprehensive understanding of the implications of tax policy becomes increasingly crucial to ensure fiscal sustainability and inclusive recovery (Gaspar et al., 2024)

Several empirical studies indicate that tax policies implemented during economic crises do not always yield positive economic impacts. For example, Agustina & Hartono (2022) found that a 3% reduction in corporate income tax rates and a 1% increase in Value-Added Tax (VAT) could boost government consumption and investment while reducing household

consumption, GDP, and rural household incomes. Similarly, Pratiwi (2022) found that tax hikes could decrease household consumption by 0.32–0.51% over two to three years. Meanwhile, (Tarmizi, 2023) showed that raising VAT to 12% could reduce nominal GDP by 0.8% and increase poverty by 267,279 people due to price distortions caused by the policy.

The global economic crisis has triggered diverse tax policy adjustments worldwide, yet their effectiveness remains debated. Many countries have modified tax rates to mitigate economic downturns, reflecting varied national strategies. However, research by Öz Yalaman (2019) reveals no clear causal relationship between corporate tax cuts and growth during crises, complicating policy decisions. This suggests that non-tax factors—like political stability or monetary interventions—may be more pivotal for recovery. In addressing the economic crisis's impact on tax policies, economic theory offers various approaches to balance state revenue and economic growth. One widely used approach is Keynesian theory. Sriyanto et al. (2023) state that Keynesian theory emphasizes government intervention in the economy to support aggregate demand and prevent recessions. According to Aruan et al. (2023), the Keynesian approach highlights two key steps in responding to economic crises: increased public spending as an economic stimulus and tax relief for individuals and businesses to enhance purchasing power and investment activity.

Indonesia's decision to increase VAT during economic recovery represented a notable departure from conventional Keynesian crisis response strategies. Rather than implementing tax cuts or stimulus spending as typically recommended during downturns, the government chose to raise the VAT rate from 10% to 11% through Law No. 7/2021, which took effect in April 2022. This policy shift occurred during a critical recovery phase when the economy remained vulnerable from the COVID-19 pandemic's impacts (Pratiwi, 2022), raising questions about its potential effects on consumer spending and economic growth. The move reflected a calculated policy choice that prioritized fiscal consolidation and long-term revenue stability over short-term demand stimulation, offering an alternative approach to crisis management in emerging economies.

The policy's implementation sparked academic debate, as alternative economic perspectives suggest different crisis-response approaches. The contrast between Keynesian theory—which advocates tax cuts and increased government spending during crises—and the government's decision to raise taxes invites deeper analysis. Therefore, this study aims to examine prior research on the role of tax increases in economic stability, particularly during crises. It explores whether such policies exacerbate economic pressures or serve as effective fiscal instruments to balance state revenue, mitigate crisis impacts, and accelerate economic recovery across nations.

METHODS

Systematic Literature Review: Approach and Method

Systematic Literature Review (SLR) is a systematic approach to analyzing existing research. This method aims to identify, evaluate, and synthesize all relevant studies on a specific topic, providing a comprehensive overview of current knowledge (García-Peñalvo, 2022; Turk, 2021; Visic, 2022). By conducting an SLR, researchers can identify gaps in the literature, ultimately helping to determine future research directions (Fundoni et al., 2023). Thus, SLR serves not only as a tool for understanding the current state of a field but also as a guide for further research development.

The process of conducting a Systematic Literature Review (SLR) involves several structured phases, as outlined below.

1. Planning
   This phase involves formulating clear research questions (Halcomb & Fernandez, 2015) and developing a review protocol that outlines the rationale, hypotheses, and methods to ensure transparency and replicability (Moher et al., 2015).
2. Implementation
   This includes:
   - Searching: Conducting a comprehensive literature search with defined inclusion/exclusion criteria (Mengist et al., 2020),
   - Screening and Selection: Screening and selecting relevant studies based on predetermined criteria (Riaño-Casallas & Rojas-Berrío, 2023), and
   - Quality Assessment: Assessing the quality of selected studies using the PRISMA approach (Soni, 2025), which supports a systematic and unbiased review.
3. Data Extraction and Synthesis
   Data is extracted from selected studies and synthesized using meta-analysis for quantitative data or meta-synthesis for qualitative data (Harry & Alrezq, 2022).
4. Reporting
   The final phase involves writing the review in a standardized format (introduction, methods, results, discussion, conclusion) and disseminating findings through journals or conferences (Muka et al., 2020; Riaño-Casallas & Rojas-Berrío, 2023). SLRs contribute to evidence-based research by applying rigorous and transparent methodologies.

Research Question Identification

The research questions were formulated using the PCC framework (Population, Concept, Context). The table below outlines the PCC components applied in this study:

Table 1. PCC Framework

Population	Government, policymakers, economic actors
Concept	Tax policy
Context	Global economic crisis

Source: Processed by the author, 2025

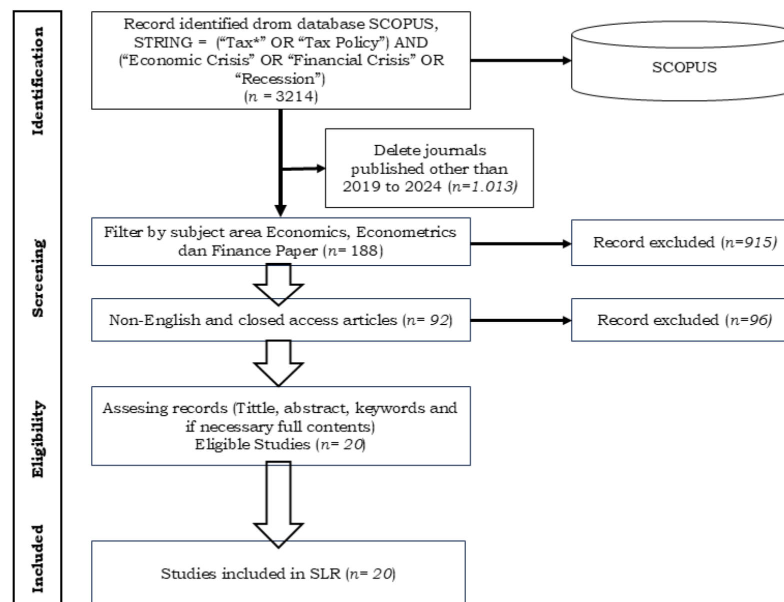
Identification of Relevant Studies

The selected studies were required to meet specific inclusion criteria. A literature search was conducted using the Scopus database, with initial screening based on article titles, abstracts, and keywords. The inclusion criteria comprised studies published in Indonesian or English between 2019 and 2024, encompassing both quantitative and qualitative research designs, and full-text articles that were accessible. This time frame was chosen because preliminary searches for the period 2014–2018 did not yield articles compatible with the research method used in this study. Additionally, inclusion was determined using a combination of keywords: "Tax", "Tax Policy", "Economic Crisis", "Financial Crisis", and "Recession". A Boolean search string was applied: ("Tax*" OR "Tax Policy") AND ("Economic Crisis" OR "Financial Crisis" OR "Recession"). Conversely, studies that did not align with the P (Population), C (Concept), and C (Context) criteria were excluded from the dataset (Table 2).

Table 2. Inclusion and Exclusion Criteria

Inclusion	Exclusion
Articles	Book chapter, Review, Book, Conference paper, Note, etc.
Quantitative and qualitative	-
Publication between 2019 to 2024	Publication under 2019
Indonesian and English	-

Source: Processed by the author, 2025



Source: Processed by the author, 2025
Figure 1. Flowchart PRISMA

Study Selection

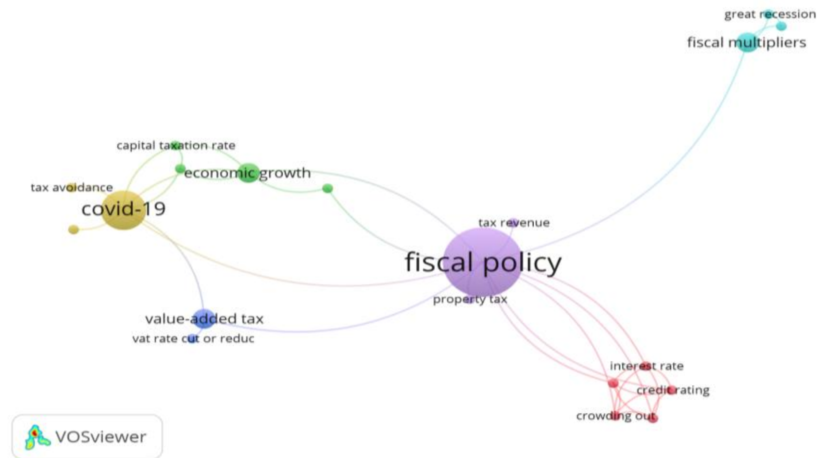
The selection process of studies that have gone through the stages of removing duplicates and removing by year is then carried out by identification based on inclusion criteria. Afterwards, articles that pass the identification stage are screened based on title, abstract, and keywords to determine their eligibility. At the stage of eligibility for inclusion, articles are reviewed in depth to determine whether the articles comply with the criteria. Appropriate articles are then organized in a table that includes information on author names, year of publication, title, research design, results, and conclusions. Based on the selection process, there are 20 selected articles as final results.

RESULT AND DISCUSSIONS

Research Review on Tax Policy and the Global Economic Crisis

Bibliometric analysis conducted on 20 selected key articles as final results reveals distinct patterns in tax policy research during economic crises. The largest and most central node in this research is fiscal policy, which shows that this topic is the core of the research

analyzed. The main themes that emerge include tax revenue and property tax, which shows that many studies discuss how fiscal policy affects tax revenue and property tax in the global economic crisis. These findings, derived from systematic analysis of the final 20 selected studies, provide a concentrated view of how researchers have primarily examined the relationship between crisis response measures and taxation systems.



Source: Processed by the Author from Vosviewer, 2025
Figure 2. Bibliometric Analysis

One significant branch is COVID-19, which includes taxes and tax avoidance. This shows that the presence of COVID-19 has made various countries create effective fiscal policies to be able to adapt to the crisis that occurred. In addition, the theme of economic growth and fiscal multipliers, including the Great Recession, also shows that the study evaluates the extent to which fiscal policy can stimulate the country's economy during a crisis. This study also focuses on analyzing other types of fiscal policies, such as value-added tax, and other impacts of choosing the type of fiscal policy, such as crowding out and changes in interest rates and credit ratings.

Overall, this bibliometric analysis provides a comprehensive picture of the various aspects studied in the context of fiscal policy, in this case, taxation during the global economic crisis. This study includes an analysis of the influence of tax policies implemented during the global economic crisis, which shows the positive or negative impacts of the implementation, as well as case studies in various countries.

Furthermore, after filtering, 20 articles were found. The articles that can be used as references in this study are as follows.

Table 3. Tax Policies with Positive Economic Impact (Cure)

No.	Author (Year) - Country	Research Objectives	Research Result
1.	Müller (2022) – Germany	To evaluate the effect of temporary VAT cuts during COVID-19	Cure — Boosted GDP by 0.3% in 2020
2.	Andersson (2021) – Sweden	To assess tax deferral as a liquidity tool during the 2008 crisis	Cure — Improved firm liquidity, reduced bankruptcies
3.	García & López (2022) – Mexico	To propose an inclusive tax reform to support recovery	Cure — Stimulated recovery without increasing debt

No.	Author (Year) - Country	Research Objectives	Research Result
4.	Puspa et al. (2023) – Indonesia	To test effectiveness of automatic stabilizers during recession	Cure — Helped stabilize revenue and reduce shock impact
5.	Zhang & Liu (2023) – China	To analyze if VAT cuts reduced firm leverage	Cure — Reduced short-term debt and risk exposure
6.	Wibowo (2022) – Indonesia	To assess the impact of the 2016 tax amnesty policy	Cure — Increased tax base and asset declaration
7.	Dupont et al. (2022) – EU	To link tax relief to post-COVID GDP growth	Cure — Corporate tax cuts correlated with growth
8.	Naidoo (2024) – South Africa	To evaluate effect of debt-financed stimulus via taxation	Cure — Supported output under monetary slack
9.	Nieminen (2021) – Finland	To assess payroll tax cuts' role in preserving jobs	Cure — Reduced job losses, especially among men and low-skilled workers
10.	Rossi & Becker (2019) – Eurozone	To explore optimal tax rate for maximizing revenue	Cure — Improved efficiency through better tax design

Source: Processed by Author, 2025

Table 4. Tax Policies with Negative Economic Impact (Curse)

No.	Author (Year) - Country	Research Objectives	Research Result
1.	Ivanova (2022) – EU	To examine property tax changes during the 2008 crisis	Curse — Linked to GDP and revenue decline
2.	Sharma et al. (2023) – Global	To assess corporate tax avoidance under crisis pressure	Curse — Weak tax enforcement increased avoidance
3.	Papadopoulos (2021) – Greece	To review IMF/EU austerity tax policies	Curse — Regressive tax hikes worsened economic recovery
4.	Mokoena (2022) – South Africa	To estimate fiscal multipliers amid rising debt	Curse — High taxes had diminishing economic effect
5.	Silva et al. (2022) – Portugal	To simulate counterfactual fiscal paths without austerity	Curse — Tax-heavy consolidation reduced output in short run
6.	Novak & Jansen (2021) – EU	To evaluate bank levies' ability to reduce systemic risk	Curse — Created unintended market distortions
7.	Kowalski (2019) – EU	To analyze behavioral effects of bank levies	Curse — Risk moved from liabilities to risky assets
8.	Tavares (2019) – OECD	To measure austerity's macroeconomic impact	Curse — Reduced GDP, raised debt-to-GDP ratio
9.	Kim & Park (2023) – Korea	To track leverage changes during Asian and global crises	Curse — Lack of tax tools delayed optimal adjustment

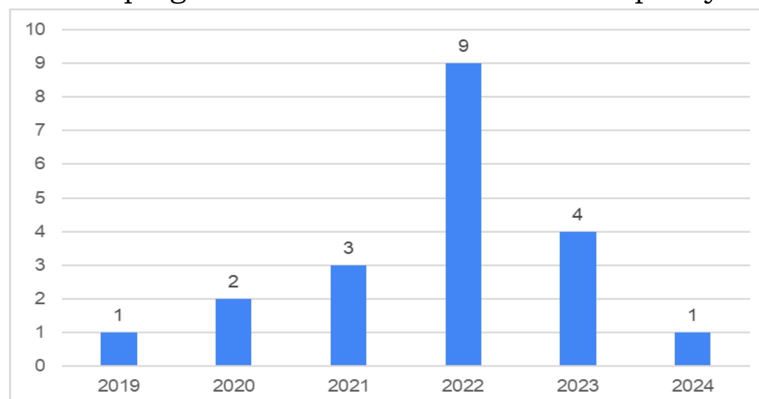
No.	Author (Year) - Country	Research Objectives	Research Result
10.	D'Alessandro (2021) – EU	To forecast COVID's impact on tax revenue	Curse — Revenue collapse weakened fiscal response capacity

Source: Processed by Author, 2025

Based on a systematic review of 20 selected studies presented in Tables 3 and 4, tax policies during economic crises demonstrate contrasting dual effects depending on their design and implementation. On one hand, expansionary policies such as temporary VAT reductions (Müller, 2022), tax payment deferrals (Andersson, 2021), and inclusive tax reforms (García & López, 2022) proved effective as a 'cure' by stimulating GDP growth, improving corporate liquidity, and expanding the tax base without increasing debt burdens. Automatic stabilizers (Puspa et al., 2023) and corporate tax cuts (Dupont et al., 2022) also contributed positively by reducing financial risks and creating employment opportunities.

On the other hand, contractionary tax measures including property tax increases (Ivanova, 2022), austerity policies (Papadopoulos, 2021; Tavares, 2019), and financial sector levies (Novak & Jansen, 2021) tended to become a 'curse' by suppressing economic growth, exacerbating inequality, and creating market distortions. Weak tax enforcement (Sharma et al., 2023) and fiscal revenue collapse (D'Alessandro, 2021) further undermined crisis response capacity.

These key findings underscore that the success of crisis tax policies critically depends on timely implementation, accurate beneficiary targeting, and coordination with monetary policy. Future research should explore optimization of tax instruments across various crisis contexts, particularly in developing countries with limited fiscal capacity.



Source: Processed by Author, 2025
Figure 3. Research Based on Year of Publication

The research trend related to taxation policy during the economic crisis fluctuated from 2019 to 204. In 2019, there was only 1 study, and the following years increased consecutively from 2 to 3 until the peak of the most research in 2022. This shows that many authors tend to conduct research in the year after the COVID-19 pandemic or the year after the global economic crisis. In years far from the crisis, there tends to be little research.

Table 4. Previous Research Methods

Research methods	Number of Research
Qualitative	4
Quantitative	15
Mix Method	1
Total	20

Source: Processed by Author, 2025

The analysis of research methods in the summary of tax policy literature during the crisis shows that out of 20 articles reviewed, quantitative approaches are the most dominant (15 studies), followed by qualitative approaches (4 studies), and only one study uses mixed methods. Quantitative methods are used mainly to empirically measure the impact of tax policies, such as through macroeconometric models (DSGE, VAR, QMM) and regression analysis (Difference-in-Differences, panel data, Laffer curve). These studies assess a variety of policies, ranging from VAT cuts in Germany and China to the effects of austerity policies in Portugal, with relevant results such as a 0.3% increase in GDP in Germany.

In contrast, qualitative methods are used in contexts that require in-depth exploration of historical and political aspects, such as the failure of austerity in Greece or the ineffectiveness of tax amnesty in Indonesia. Meanwhile, mixed methods approaches, such as in the study by Syamsurijal et al. (2023), combine ARDL models and process tracing to measure income tax elasticity while tracing policy mechanisms. The findings show that expansionary policies, such as tax cuts, tend to be effective according to quantitative approaches, while contractionary policies, such as austerity and bank taxes, have negative impacts, which are also supported by qualitative analysis. The studies also underline the importance of fiscal-monetary coordination in implementing debt-based stimulus.

Therefore, for future research, quantitative approaches are recommended to test new policies such as carbon taxes, qualitative approaches to examine cross-country variations, and mixed methods to evaluate the long-run impact on social inequality. Although quantitative approaches dominate due to the need for empirical evidence, qualitative approaches remain important to understand policy gaps, with the caveat that data limitations in developing countries still pose a challenge in the use of macro models.

Analysis of the Relationship between Tax Policy and the Global Economic Crisis

1. Impact of the Global Economic Crisis on Tax Policy

The global economic crisis has significantly impacted the formulation of tax policies in various countries. In a crisis, the government is often faced with a decrease in state revenue due to slowing economic activity (Țibulcă, 2022), while the need for state spending increases to restore the economy (Menguy, 2022; van Rensburg et al., 2022). In their research, Ferreira-Lopes et al. (2020) stated that the government needs to evaluate and adjust tax policies to maintain fiscal stability. For example, countries like China lower tax rates to stimulate economic growth (Liu et al., 2023) while others increase or expand the tax base to cover the budget deficit (Ferreira-Lopes et al., 2020). Thus, the global economic crisis is a key factor influencing the direction and strategy of tax policy.

During the crisis, fiscal and tax policy priorities also shifted. The government tends to focus on counter-cyclical policies, such as fiscal stimulus and tax incentives, to encourage economic recovery. On the other hand, (House et al., 2020) stated that austerity measures

can also be implemented to reduce the budget deficit. However, they are often controversial because they have the potential to slow down economic recovery. In addition, the government may shift priorities from income taxes to consumption or property taxes, which are considered more stable and less susceptible to economic fluctuations (Enăchescu, 2022; Funke & Terasa, 2022; Hollander, 2024; Syamsurijal et al., 2023). This priority change reflects the government's efforts to balance short-term needs, such as economic recovery, and long-term goals, such as fiscal stability.

However, designing tax policies during a crisis is not easy. One of the main challenges is economic uncertainty, which makes tax revenue predictions difficult. In addition, the government must face political and social pressures, where tax policies considered burdensome can trigger rejection from the public or business actors. On the other hand, policies that are too loose risk worsening the budget deficit. Another challenge is maintaining fairness in the tax system, especially when economic inequality increases during a crisis. Therefore, the government needs to design tax policies that are economically effective, fair, and widely accepted by the public.

2. Tax Policy as an Instrument of Economic Stabilization

The complexity of managing the economy during a crisis makes fiscal policy, including taxation, an important part of maintaining economic stability. As Nizar (2011) and Suska (2011) explain, taxes function as automatic stability in the economy to reduce volatility. This is in line with a study by Menguy (2022) which shows that in recessionary conditions, such as during the COVID-19 pandemic, tax policy, especially tax reductions, is a strategic step to support economic recovery.

A study by Funke & Terasa (2022) explains that VAT rate cuts can be an effective economic stimulus tool by increasing consumption and investment. In line with that, Hannan et al. (2022) show that tax system reforms, such as increasing VAT efficiency and restructuring income tax, can accelerate economic growth and stabilize public debt. In addition, Syamsurijal et al. (2023) found that income tax functions as an automatic stabilizer in the economy because it has a two-way causal relationship with GDP. However, fiscal policies relying on tax increases are not always effective, as Menguy (2022) expressed, where countries that rely more on direct taxes experience economic slowdowns.

Meanwhile, Hollander (2024) highlights the risk of rising interest rates due to debt-based fiscal stimulus, which can disrupt economic stability in the long run. From the employment side, Benzarti & Harju (2021) show that payroll tax cuts help companies survive recessions by maintaining workforce stability. In addition, Ferreira-Lopes et al. (2020) emphasize that excessive tax increases can reduce overall tax revenues, as explained in the Laffer Curve concept. Finally, House et al. (2020) reveal that austerity or budget-tightening policies that focus on increasing taxes without fiscal stimulus worsen recessions by suppressing aggregate demand and increasing the debt-to-GDP ratio.

Based on these findings, tax policy plays an important role in stabilizing the economy, but its effectiveness depends on its design and implementation. Appropriate tax cuts can boost economic growth and increase people's purchasing power, while efficient tax reforms can help balance the state budget. Conversely, poorly planned tax increases can hinder growth and worsen the crisis. Therefore, tax policy must be designed carefully considering economic conditions, fiscal needs, and long-term impacts on economic stability.

3. Impact of Tax Policy During Economic Crisis: Case Studies in Various Countries

Table 4. Summary of Tax Policy in Times of Crisis

Country	Economic Crisis (Year)	Types of Tax Policies
South Africa	Global Financial Crisis (2008)	Debt-based fiscal stimulus with tax cuts and increased spending
European Region	Global Financial Crisis (2008)	Tax rate increases during the global economic crisis
Developed countries (GIIPS)	European Economic Crisis (2010-2014)	Budget austerity policy: Spending cuts and tax increases
Portugal	European Economic Crisis (2010-2014)	Increase in tax rates as part of budget-tightening policy
Greece	European Economic Crisis (2010-2014)	Tax increases as part of budget-tightening policy
Indonesia	Global Economic Crisis (2018)	Tax Amnesty Policy
China	Global Economic Crisis (2018)	VAT rate cuts
German	COVID-19 Pandemic (2020)	Temporary reduction in VAT rates
Mexico	COVID-19 Pandemic (2020)	Increasing VAT efficiency, reducing inefficient income tax expenditures, and expanding the personal tax base
European Union	COVID-19 Pandemic (2020)	Digitalization of the tax system to increase efficiency and reduce tax evasion

Source: Processed by author, 2025

Tax policy plays a strategic role in dealing with economic crises in various countries. Each country applies a different approach, ranging from tax cuts, tax rate increases, and tax amnesty to digitalization of the tax system. However, the effectiveness of these policies is highly dependent on each country's economic conditions and market response.

In South Africa, a fiscal stimulus policy based on tax cuts and increased spending succeeded in reducing the debt-to-GDP ratio through investment but also increased interest rates in the long term, which risks hampering future economic growth (Hollander, 2024) Meanwhile, China implemented a VAT rate cut that helped companies reduce debt and increase financial stability, especially for small and medium enterprises (Liu et al., 2023) Germany also implemented a similar policy during the COVID-19 pandemic through a temporary VAT rate cut to encourage consumption and investment. Although this policy was successful in the short term, its effectiveness in the long term is still questionable due to the risk of slowing economic recovery due to high adjustment costs (Funke & Terasa, 2022)

In contrast, countries in Europe experiencing crisis, such as Portugal and Greece, chose austerity policies that included tax increases and public spending cuts. However, this measure actually worsened economic conditions by slowing economic growth, increasing unemployment, and deepening the recession (De Pinho & Pinho, 2022; Marangos, 2021). In several European countries, the policy of increasing tax rates even caused a deeper economic contraction because consumption and investment declined, in line with the Laffer curve theory which shows that excessive tax increases can reduce overall tax revenues (Ferreira-

Lopes et al., 2020). In the GIIPS countries (Greece, Italy, Ireland, Portugal, and Spain), austerity policies also failed to reduce the debt-to-GDP ratio because economic growth continued to weaken, increasing dependence on international loans (House et al., 2020)

In Indonesia, the tax amnesty policy was implemented in response to the global economic crisis in 2018. Although this policy succeeded in increasing tax compliance in the short term, its impact on the national tax ratio was not long-lasting because it was not followed by deeper structural reforms (Erizal et al., 2022) Unlike Indonesia, Mexico chose to improve the efficiency of the tax system through VAT reform and the elimination of ineffective tax incentives. These reforms have proven to be able to increase economic output in the medium term and reduce public debt steadily without hampering economic growth (Hannan et al., 2022).

Amidst technological developments, several countries have begun to adopt tax digitalization to increase efficiency and reduce tax evasion. The European Union, for example, implemented the digitalization of its tax system to accelerate revenue collection and stabilize fiscal during the COVID-19 pandemic (Țibulcă, 2022) Although this policy has had a positive impact on most member states, several countries such as Greece, Hungary, Czech Republic, and Italy are still having difficulty restoring their tax revenues to pre-pandemic levels due to external factors and weak economic structures.

Based on existing studies, there is no universal tax policy suitable for addressing all economic crises. While tax cuts may encourage consumption and investment, they risk undermining long-term fiscal stability. Conversely, austerity measures—such as tax hikes and spending cuts—often intensify economic downturns. More sustainable outcomes have been observed in countries that implemented structural reforms to improve tax efficiency, like Mexico and the European Union, which successfully increased revenue while supporting economic recovery. These varied outcomes highlight the importance of context-specific approaches in tax policy design. In line with public policy theory, particularly contingency theory, the effectiveness of a policy depends on its alignment with specific economic, institutional, and social conditions—affirming that there is no "one-size-fits-all" solution in public policy-making (Pang et al., 2023; Rajesh & Vishnupriyan, 2023).

CONCLUSION

This study provides in-depth insights into the role of tax policy in addressing economic crises using the Systematic Literature Review (SLR) method with the PRISMA approach. The findings reveal that tax policy can have dual effects. On one hand, tax cuts and fiscal incentives may effectively stimulate economic recovery by increasing consumption and investment. On the other hand, untimely or poorly targeted tax increases may worsen economic conditions by reducing liquidity and suppressing growth.

Several research gaps remain. Future studies should explore the timing and targeting of tax policy implementation in greater depth, considering the economic context and the characteristics of affected populations. It is also important to examine the coordination between fiscal and monetary policy, given their interdependence in crisis response. Long-term post-crisis evaluations are essential to understand the sustained effects of tax policies on growth and stability.

In addition, the increasingly global nature of economic crises calls for more attention to international policy coordination and comparative studies across countries. These future efforts will help develop more nuanced and effective strategies. Ultimately, in line with contingency theory, this study reinforces that effective tax policy in times of crisis must be

context-sensitive—recognizing that there is no single formula that fits all economic environments.

REFERENCES

Agustina, N. Z., & Hartono, D. (2022). DAMPAK PERUBAHAN TARIF PAJAK PENGHASILAN BADAN DAN PAJAK PERTAMBAHAN NILAI DI INDONESIA. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, *6*(4), 456–475. https://doi.org/10.24034/j25485024.y2022.v6.i4.5359

Aqmarina, F., & Furqon, I. K. (2020). Peran Pajak sebagai Instrumen Kebijakan Fiskal dalam Mengantisipasi Krisis Ekonomi pada Masa Pandemi Covid-19. *FINANSIA : Jurnal Akuntansi Dan Perbankan Syariah*, *3*(2), 255–274. https://doi.org/10.32332/finansia.v3i2.2507

Aruan, N. I. M., Hutagalung, I., & Purba, B. (2023). Analisis Dampak Teori Keynes Dalam Mengatasi Krisis Ekonomi Melalui Kebijakan Fiskal. *Jurnal Ilmiah Manajemen Ekonomi Dan Akuntansi (JIMEA)*, *1*, 1–17.

Athira, A., & Ramesh, V. K. (2023). COVID-19 and corporate tax avoidance: International evidence. *International Business Review*, *32*(4), 102143. https://doi.org/10.1016/j.ibusrev.2023.102143

Benzarti, Y., & Harju, J. (2021). Can payroll tax cuts help firms during recessions? *Journal of Public Economics*, *200*, 104472. https://doi.org/10.1016/j.jpubeco.2021.104472

Brown, J. R., Martinsson, G., & Thomann, C. (2021). Government lending in a crisis. *Journal of Corporate Finance*, *71*, 102116. https://doi.org/10.1016/j.jcorpfin.2021.102116

De Pinho, M. C., & Pinho, M. M. (2022). The 2011-2014 Economic Adjustment Programme for Portugal. *Notas Económicas*, *55*, 67–96. https://doi.org/10.14195/2183-203X_55_3

Devereux, M., Johannesen, N., & Vella, J. (2019). Can Taxes Tame the Banks? Evidence from the European Bank Levies. *The Economic Journal*, *129*(624), 3058–3091. https://doi.org/10.1093/ej/uez028

Dwi, A. (2023, June 19). *Penyebab Utama Terjadinya Krisis Ekonomi*. Https://Feb.Umsu.Ac.Id/Penyebab-Terjadinya-Krisis-Ekonomi/. https://feb.umsu.ac.id/penyebab-terjadinya-krisis-ekonomi/

Enăchescu, P. C. A. (2022). Analysis of Real Estate Taxation in the European Union's Countries. *Economic Alternatives*, *28*(4), 606–625. https://doi.org/10.37075/EA.2022.4.03

Erizal, J., Supriyono, B., Santoso, B., & Domai, T. (2022). Improving the Indonesian Taxation System using Tax Amnesty's Policy. *WSEAS TRANSACTIONS ON BUSINESS AND ECONOMICS*, *19*, 876–884. https://doi.org/10.37394/23207.2022.19.76

Ershov, M. V. (2020). The world in 2020: New challenges expose systemic changes in the economy. *Voprosy Ekonomiki*, *12*, 5–23. https://doi.org/10.32609/0042-8736-2020-12-5-23

Ferreira-Lopes, A., Martins, L. F., & Espanhol, R. (2020). The relationship between tax rates and tax revenues in eurozone member countries - exploring the Laffer curve. *Bulletin of Economic Research*, *72*(2), 121–145. https://doi.org/10.1111/boer.12211

Fundoni, M., Porcu, L., & Melis, G. (2023). Systematic literature review. In *Researching and Analysing Business* (pp. 55–72). Routledge. https://doi.org/10.4324/9781003107774-5

Funke, M., & Terasa, R. (2022). Has Germany's temporary VAT rates cut as part of the COVID-19 fiscal stimulus boosted growth? *Journal of Policy Modeling*, *44*(2), 450–473. https://doi.org/10.1016/j.jpolmod.2022.03.008

García-Peñalvo, F. J. (2022). Desarrollo de estados de la cuestión robustos: Revisiones Sistemáticas de Literatura. *Education in the Knowledge Society (EKS)*, *23*, e28600. https://doi.org/10.14201/eks.28600

Gaspar, V., Lizarazo, S., & Peralta-Alva, A. (2024). Chapter 14: *The future of fiscal policy.*
Gevorkyan, A. V. (2015). Economic Crisis. In *Wiley Encyclopedia of Management* (pp. 1–5). Wiley. https://doi.org/10.1002/9781118785317.weom060061
Halcomb, E., & Fernandez, R. (2015). Systematic reviews. *Nursing Standard*, *29*(33), 45–51. https://doi.org/10.7748/ns.29.33.45.e8868
Hannan, S. A., Honjo, K., & Raissi, M. (2022). Mexico needs a fiscal twist: Response to Covid-19 and beyond. *International Economics*, *169*, 175–190. https://doi.org/10.1016/j.inteco.2022.01.004
Harry, K., & Alrezq, M. (2022). Assessment of Critical Success Factors Using Meta-synthesis Evaluation. *IISE Annual Conference and Expo 2022*, 1–6.
Hollander, H. (2024). Debt-financed fiscal stimulus in South Africa. *Studies in Economics and Econometrics*, *48*(1), 87–112. https://doi.org/10.1080/03796205.2024.2321628
House, C. L., Proebsting, C., & Tesar, L. L. (2020). Austerity in the aftermath of the great recession. *Journal of Monetary Economics*, *115*, 37–63. https://doi.org/10.1016/j.jmoneco.2019.05.004
Islamiah, N. (2015). Analisis Pengaruh Belanja Pembangunan/Modal dan Tingkat Inflasi Terhadap Pertumbuhan Ekonomi dan Penerimaan Pajak di Indonesia. *Jurnal Economix*, *1*, 46–57.
Liu, Y., Liu, J., & Dong, P. (2023). VAT rate cut and enterprise deleveraging: Evidence from China. *Economic Analysis and Policy*, *78*, 1254–1266. https://doi.org/10.1016/j.eap.2023.05.014
LYUBOV, T., & HESHMATI, A. (2023). IMPACT OF FINANCIAL CRISES ON THE DYNAMICS OF CAPITAL STRUCTURE: EVIDENCE FROM KOREAN LISTED COMPANIES. *The Singapore Economic Review*, *68*(03), 867–898. https://doi.org/10.1142/S0217590819500498
Marangos, J. (2021). The Troika's conditionalities during the Greek financial crisis of 2010–2014: the Washington Consensus is alive, well, and here to stay. *European Journal of Economics and Economic Policies: Intervention*, *18*(3), 379–403. https://doi.org/10.4337/ejeep.2021.0075
Mardiasmo. (2018). *Perpajakan* (8th ed.). Andi.
Meliala, T. S., & Oetomo, F. W. (2012). *Perpajakan dan Akuntansi Pajak* (7th ed.). Penerbit Semesta Media.
Mengist, W., Soromessa, T., & Legese, G. (2020). Method for conducting systematic literature review and meta-analysis for environmental science research. *MethodsX*, *7*, 100777. https://doi.org/10.1016/j.mex.2019.100777
Menguy, S. (2022). Fiscal Stimulus in the European Union to Stabilize the COVID Shock. *Journal of Economic Integration*, *37*(4), 559–588. https://doi.org/10.11130/jei.2022.37.4.559
Mere, K. (2025). Strategi manajemen krisis dalam menghadapi disrupsi ekonomi global. Jurnal Darma Agung, 33(2), 289–298. https://doi.org/https://dx.doi.org.10.46930/ojsuda.v33i2.5472
Moher, D., Shamseer, L., Clarke, M., Ghersi, D., Liberati, A., Petticrew, M., Shekelle, P., & Stewart, L. A. (2015). Preferred reporting items for systematic review and meta-analysis protocols (PRISMA-P) 2015 statement. *Systematic Reviews*, *4*(1), 1. https://doi.org/10.1186/2046-4053-4-1
Muka, T., Glisic, M., Milic, J., Verhoog, S., Bohlius, J., Bramer, W., Chowdhury, R., & Franco, O. H. (2020). A 24-step guide on how to design, conduct, and successfully publish a systematic review and meta-analysis in medical research. *European Journal of Epidemiology*, *35*(1), 49–60. https://doi.org/10.1007/s10654-019-00576-5
Mutiara, A., Siregar, I. S., Chairani, M., Nur, L. M., Afriyanti, Y., & Nadilla, T. (2024). *Peran kebijakan fiskal dalam mendukung stabilitas ekonomi makro. 2*(7), 212–226. https://doi.org/10.61722/jiem.v2i7.1868

Nizar, M. A. (2011). Siklikalitas Kebijakan Fiskal di Indonesia. *Jurnal Keuangan Dan Moneter*, *14*(1), 55–82. https://mpra.ub.uni-muenchen.de/id/eprint/65607

Nurtanzila, L. (2016). Kemandirian Fiskal Daerah Otonomi: Kesiapan Daerah dalam Pelimpahan Kewenangan Pengelolaan Pajak Bumi dan Bangunan Perkotaan dan Perdesaan. *Jurnal Natapraja: Kajian Ilmu Administrasi Negara*, *4*, 1–16. https://journal.uny.ac.id/index.php/natapraja/article/view/12611/8897

Öz Yalaman, G. (2019). The Relationship Between Corporate Tax Rate and Economic Growth During the Global Financial Crisis: Evidence from a Panel VAR. *European Journal of Government and Economics*, *8*(2), 189–202. https://doi.org/10.17979/ejge.2019.8.2.5074

Pang, A., Jin, Y., & Cameron, G. T. (2023). Capturing the complexity and dynamism of decision making in PR: The contingency theory of strategic conflict management. In *Public relations theory III* (pp. 151-172). Routledge. https://doi.org/10.4324/9781003141396-12

Pang, A., Jin, Y., & Cameron, G. T. (2023). The contingency theory of strategic conflict management: Review from three decades of theory development, extension, and application. *Journalism & Communication Monographs*, *25*(2), 193-214. https://doi.org/10.1177/15226379231167141

Pilat, D., Lee, F., & Van Ark, B. (2002). Production and Use of ICT: A Sectoral Perspective on Productivity Growth in the OECD Area. In *OECD Economic Studies* (2nd ed., Vol. 35, pp. 47–78).

Portanskiy, A., Sudakova, Y., & Larionov, A. (2020). Assumptions of the Global Economic Crisis and Its Inception in the Spring of 2020 Due to the COVID-19 Pandemic. *International Organisations Research Journal*, *15*(2), 191–212. https://doi.org/10.17323/1996-7845-2020-02-09

Pratiwi, D. R. (2022, April). Menilik Potensi Dampak Kenaikan PPN Menjadi 11 Persen di Tengah Ketidakpastian Global. *Pusat Kajian Anggaran Badan Keahlian DPR RI*, 1–2. https://berkas.dpr.go.id/pa3kn/analisis-tematik-apbn/public-file/bib-public-107

Puławska, K. (2022). Taxation of the financial sector: Is a bank levy the answer to the financial crisis? *Journal of Banking Regulation*, *23*(4), 390–404. https://doi.org/10.1057/s41261-021-00178-w

Rajesh, R., & Vishnupriyan, K. (2023, November). Possession of Alliance with Distinct Organization for Contingency Model. In *2023 International Conference on Research Methodologies in Knowledge Management, Artificial Intelligence and Telecommunication Engineering (RMKMATE)* (pp. 1-5). IEEE. https://doi.org/10.1109/RMKMATE59243.2023.10369230

Riaño-Casallas, M., & Rojas-Berrío, S. (2023). How to Report Systematic Literature Reviews in Management Using SyReMa. *Innovar*, *34*(92). https://doi.org/10.15446/innovar.v34n92.99156

Samuda, S. (2016). Kebijakan Peningkatan Pendapatan Asli Daerah Kota Ternate Dari Sektor Pajak Daerah Dalam Menutupi Defisit Fiskal (Tahun Anggaran 2012-2014). *Jurnal Natapraja: Kajian Ilmu Administrasi Negara*, 17–30. https://journal.uny.ac.id/index.php/natapraja/article/view/12612/8898

Saputra, S., Marswandi, E. D. P., & Hendri, W. (2024). Risiko Geopolitik dan Indeks Harga Saham Gabungan Indonesia. *Jurnal Ekonomi Manajemen Perbankan (JEMPER)*, 2(2), 98–108. https://doi.org/https://doi.org/10.32897/jemper.v6i2.3051

Setiawati, E., & Alqoodir, W. (2021). Pengaruh Teknologi Terhadap Pertumbuhan Ekonomi. *Jurnal Ekonomika,* *10*(2), 395–424. https://doi.org/https://doi.org/10.24903/je.v10i2.1238

Soni, K. D. (2025). Critical appraisal of systematic reviews and meta-analyses. *Indian Journal of Anaesthesia*, *69*(1), 161–164. https://doi.org/10.4103/ija.ija_1223_24

Sriyanto, RUD Tambunan, M., & Arifin, B. (2023). The Impact of Triple Crises of Fuel, Food, and Finance on Household Consumption in Indonesia. *Jurnal Natapraja: Kajian Ilmu Administrasi Negara*, *11*(2), 2406–9515. https://doi.org/10.21831/jnp.v11i2.60121

Suska. (2011). Fungsi Pajak Penghasilan Sebagai Automatic Stabilizer. *Finance and Banking Journal*, *13*(2), 180–190. https://journal.perbanas.id/index.php/jkp/article/view/257

Syamsurijal, C. A., Sugandi, Y. S., Sumaryana, A., & Ismanto, S. U. (2023). IS THE AUTOMATIC STABILIZER POLICY EFFECTIVE INCOMBATING AN ECONOMIC RECESSION?A CASE STUDY OF THE INDONESIAN STATE BUDGET. *Bulletin of Monetary Economics and Banking*, *26*(0), 55–76. https://doi.org/10.59091/1410-8046.2056

Tarmizi, M. M. (2023). Peningkatan Tarif PPN Indonesia: Dampak Sosial Ekonomi dan Potensi yang Belum Terserap. *Jurnal Ekonomi Indonesia*, *12*(1), 55–68. https://doi.org/10.52813/jei.v12i1.169

Țibulcă, I.-L. (2022). The impact of the COVID-19 pandemic on tax revenues in the EU. *Economic Research-Ekonomska Istraživanja*, *35*(1), 2442–2459. https://doi.org/10.1080/1331677X.2021.1954967

Turk, N. (2021). Metodologija priprave sistematičnih preglednih člankov. *Slovenian Medical Journal*, *90*(7–8), 432–442. https://doi.org/10.6016/ZdravVestn.3138

van Rensburg, T. J., de Jager, S., & Makrelov, K. H. (2022). Fiscal multipliers in South Africa after the global financial crisis. *South African Journal of Economic and Management Sciences*, *25*(1). https://doi.org/10.4102/sajems.v25i1.4191

Vanani, A. B., & Susilo, D. (2021). Determinasi Resesi Ekonomi Indonesia di Masa Pandemi Covid-19. *Menara Ekonomi*, *7*(2), 1–12.

Visic, M. (2022). Connecting puzzle pieces: Systematic literature review method in the social sciences. *Sociologija*, *64*(4), 543–562. https://doi.org/10.2298/SOC2204543V