

**THE ANALYSIS OF THE EFFECTS OF INCOME TAX ARTICLE 22
TOWARDS INDONESIAN BALANCE OF TRADE**

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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ABSTRACT

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As a way for the Indonesian government to interfere with trade, there was a new policy to increase the import tariffs of 1,147 goods. The issuance of this new policy aims to slow down imports and eventually help the Balance of Trade in Indonesia that has been in deficit frequently in the past year. This research conducts a quantitative data analysis and paired samples t-tests for both the Import Value and Balance of Trade to see whether the implementation of new import tariffs manage to reduce the number of imports and increase the trade balance in the short term. A Linear regression is also done to see the effects of Import Value towards Balance of Trade.

The findings of this study are: (1) there are no significant changes in Import Value before and after the new tax tariffs in the short term, (2) there are no significant changes in trade balance before and after the new tax tariffs in the short term, and (3) Import Value shows a negative and significant influence of Balance of Trade. Although Import Value has an effect towards the trade balance, the new tax tariffs did not provide a significant drop in the number of imports and therefore, the Balance of Trade also has no significant change in value. The new tax tariffs can be concluded to be ineffective in the short term.

Keywords: Import Tariff, Balance of Trade, Import Value, Tax Tariff.



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DEDICATION

I dedicate this thesis to my family.



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