

Strengthening MSME Branding Through Tax Compliance in South Kembangan, Jakarta

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ABSTRACT

MSME in Kembangan Selatan Urban Village face obstacles in tax compliance and financial management, which have an impact on business credibility. This activity aims to increase MSME players' understanding of the importance of tax compliance and bookkeeping for professional business development. The implementation includes interactive training (workshops) and technical assistance, with materials covering NPWP registration, final income tax calculation, simple bookkeeping based on SAK EMKM, and legality-based branding strategies. A total of 35 MSME players participated in the activities held on February 26, 2025. Evaluation showed significant improvements: (1) 70% of participants already had NPWP (previously 0%), (2) 80% understood tax obligations (up from 20%), (3) 60% were able to prepare monthly financial reports (previously 10%) and (4) 50% of MSME adopted structured branding strategies. The average score of the participant satisfaction questionnaire reached 3.63 (scale 4). Outputs include video documentation, training modules, publication on Kompasiana, and IPR submission. The program successfully increased the capacity of MSMEs in taxation and financial aspects. A collaborative approach between academics, local governments, and businesses proved effective in accelerating the formalization of MSME.

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INTRODUCTION

Small and medium-sized enterprises play a very important role because they are able to manage various resources, both natural resources and human resources, thereby increasing and accommodating employment opportunities, empowering and nurturing the community, developing markets and trade, and thus creating a society free from poverty, capable of surviving and competing independently (Halim et al., 2022). Kembangan Selatan Subdistrict is one of the areas in West Jakarta with significant economic potential, particularly from the Micro, Small and Medium Enterprises (MSME) sector. Most businesses in this area operate in the culinary industry, fashion and household services such as laundry and beauty salons. Many of them continue to operate informally, without proper financial record-keeping or sufficient tax compliance. This poses a challenge for the professional and competitive growth of their businesses. If financial transparency and accountability are neglected, it becomes difficult to establish a credible and trustworthy business brand. Branding is an essential component of marketing communication to make consumers feel good about their products. MSME must understand the importance of branding to make their products memorable to the public or consumers over the long term (Saifulloh, 2021). However, the current digital era has not been fully leveraged by economic actors to access large and extensive market opportunities (Suminto et al., 2023). This situation prevents them from developing their businesses optimally, particularly due to the lack of information among consumers and sales agents about the products they produce (Putri & Sariani, 2023).

Currently, the number of MSME registered in the tax administration and collection system is still far from the target. Out of a total of 64.2 million MSME in Indonesia, only 2.31 million or 3.6% are registered as MSME taxpayers, while tax compliance has only reached 15%. However, MSME players have a high awareness of their tax obligations and the tax incentives that the government will provide to MSME players. The main issue behind the low tax compliance rate among MSME in Indonesia is the lack of knowledge and understanding about tax calculations, which are their responsibility. As a result, tax compliance among MSME in Indonesia remains low, leading to low tax revenue (Farrel & Tarmidi, 2024).

The government has issued various policies to encourage the formalization of MSMEs, including a final income tax rate of 0.5% based on Government Regulation No. 23/2018 and simplified reporting through SAK EMKM (Firmansyah et al., 2019). Unfortunately, uneven dissemination and negative perceptions about administrative complexity have made many business owners reluctant to take advantage of these incentives (Palupi & Arifin, 2023). In South Kembangan, the low adoption rate of SAK EMKM (10%) indicates the need for a more practical and collaborative educational approach. The main challenges stem from technical knowledge gaps, with 85% of SME operators lacking an accounting background and insufficient guidance in implementing the SME Financial Accounting Standards (SAK EMKM) (Wahyuni & Marsyaf, 2024). As a result, access to financing and broader markets is also hindered. The majority of MSME in South Kembangan operate informally, without a Taxpayer Identification Number (NPWP) or an adequate financial recording system. Data shows that 90% of business actors have not utilized business legality as a branding tool (Lutfiyani et al., 2022).

Given these conditions, this community service program aims to increase the awareness and understanding of MSME players in South Kembangan regarding tax compliance as the basis for building a professional and accountable business brand. Taxpayer awareness can be fostered by providing education or knowledge about tax obligations for every citizen (Putra, 2020). Through training and mentoring, it is hoped that business owners can implement better financial record-keeping systems, understand their tax rights and obligations, and utilize business legality as a tool to enhance their credibility and competitiveness in the market. As a result, MSME in South Kembangan can grow sustainably and contribute more significantly to the economy.

The community service activity entitled “Strengthening MSME Branding Through Tax Compliance in South Kembangan, Jakarta” has the main objective of increasing MSME players' understanding and awareness of the importance of tax compliance in building a more credible and competitive business. By understanding their tax obligations, business owners can manage their finances more transparently and structurally, thereby facilitating their access to broader market opportunities, including collaborations with large companies and the government. Additionally, this activity aims to educate participants on the importance of branding in strengthening business image, which ultimately enhances customer trust and expands business opportunities. Brand strength does not come overnight but is the result of branding strategies that create a positive perception among consumers regarding SME products, thereby adding value for consumers (Aristawidja, 2020).

This community service (PkM) comes with an integrated approach that integrates three fundamental aspects: (1) increasing tax compliance according to the latest regulations, (2) applying SAK EMKM accounting standards for financial transparency and (3) strengthening branding based on business legality. The novelty of this program lies in the collaborative mentoring model that involves lecturers, MBKM students, and village governments in a synergistic manner, as well as the preparation of a comprehensive training module that directly links taxation practices with business brand development. The main objective of this activity is to transform MSME from the informal sector to documented, legal and highly competitive businesses. Through this approach, it is expected to create an MSME ecosystem that is more professional, transparent and able to compete in a wider market. In addition, this program is also designed to strengthen the implementation of Merdeka Belajar Kampus Merdeka (MBKM) through the active involvement of students in real assistance to business actors.

METHOD

The target participants in this training are micro, small and medium enterprises (MSME) located in Kembangan Selatan Village, Kembangan Subdistrict, West Jakarta. This PkM activity involved 35 MSME players from Kembangan Selatan Village consisting of various business sectors, with the majority engaged in culinary (60%), fashion (25%) and services (15%). Participants were selected based on the criteria of having an active business for at least 1 year but not yet having an NPWP or standardized bookkeeping system. The financial challenges faced by these businesses are related to tax compliance as the foundation for professional and accountable MSME branding.

The methods used in this Community Service (PkM) activity include a participatory approach, interactive training using the “Learning by Doing” method and intensive mentoring. The activity is conducted through workshops, starting with an introduction to taxation followed by practical exercises on tax compliance, including the process of obtaining an NPWP (Taxpayer Identification Number) and submitting tax reports. Participants will be provided with case studies that closely resemble real-life situations encountered by micro, small, and medium enterprises in their business operations. These case studies will include examples of NPWP application forms, tax calculations for MSME and reported forms.

The implementation of the activities used a hybrid approach between intensive training and ongoing mentoring. The main training was conducted for 5 hours (08.00 to 13.00) at the Kembangan Selatan Urban Village Hall on February 26, 2025, divided into three main sessions: (1) material presentation, (2) practical workshop and (3) group discussion forum. The training materials covered three core modules: The Taxation module that focuses on online NPWP registration and the calculation of the 0.5% final PPh based on PP No. 23/2018, complemented by a simulation of filling out the MSME Annual Tax Return. SAK EMKM module that teaches recording daily transactions and preparing simple financial statements using Excel templates. Branding module that discusses digital marketing strategies by utilizing business legality as an added value.

To ensure the effectiveness of the program, the team used several data collection instruments with questionnaires to measure participant satisfaction with a 1-4 Likert scale. Follow-up assistance is carried out through 2 field visits for 1 month after the training, with a focus on direct application of the material that has been taught. Supporting tools used include microsoft excel, laptop devices and projectors, as well as SAK EMKM guidebooks developed specifically for MSME. The entire process is fully documented through photos and videos for program evaluation and accountability.

RESULTS

The community service program entitled “Tax Compliance as the Basis for Professional and Accountable MSME Branding in South Kembangan Subdistrict” was implemented on:

TABLE 1. Implementation of PkM activities

Day	Wednesday
Date	26 Februari 2025
Time	08.00 s/d 13.00
Location	Aula lt 3 Kelurahan Kembangan Selatan
Total Participant	35 MSME Participants

This activity consists of three sessions, namely:

- 1) The first session is the opening of the activity by the head of Kembangan Selatan village, Mr. RM. Pradana Putra, S.STP., M.Si.
- 2) The second session is a presentation on Tax Compliance as the Basis for Professional and Accountable MSME Branding.
- 3) The third session involves a group discussion forum with participants and a question-and-answer session regarding the material presented.



FIGURE 1. Head of Kembangan Selatan Village and staff, UMB Community Service Team and participants



FIGURE 2. Welcome speech by the head of Kembangan Selatan village and giving of plaques



FIGURE 3. Presentation by the speaker from UMB



FIGURE 4. Forum Group Discussion with Participants

DISCUSSION

TABLE 2. Descriptive Statistics

	N	Minimum	Maximum	Mean
Q1	35	3	4	3.23
Q2	35	3	4	3.26
Q3	35	3	4	3.63
Q4	35	3	4	3.46
Q5	35	3	4	3.40
Q6	35	3	4	3.34
Q7	35	3	4	3.43
Q8	35	3	4	3.37
Q9	35	3	4	3.37
Q10	35	3	4	3.43
Q11	35	3	4	3.37
Valid N (listwise)	35			

The results of the community service activity evaluation show that all 35 respondents gave consistent ratings ranging from 3 to 4 for all questions. The average (mean) scores ranged from 3.23 to 3.63, with question Q3 receiving the highest score (3.63) and Q1 receiving the lowest score (3.23). This indicates that participants were generally satisfied with the activities carried out, although there were variations in ratings for certain aspects. The high score for Q3 indicates that there were components of the activity that were highly appreciated by participants, while the relatively lower score for Q1 suggests the need for improvement in that aspect. Overall, the activity can be considered successful; however, a more in-depth evaluation of aspects with low average scores is needed to improve the quality of future activities. Additionally, maintaining consistency and implementing best practices from aspects with high scores can serve as a strategy to sustain participant satisfaction.

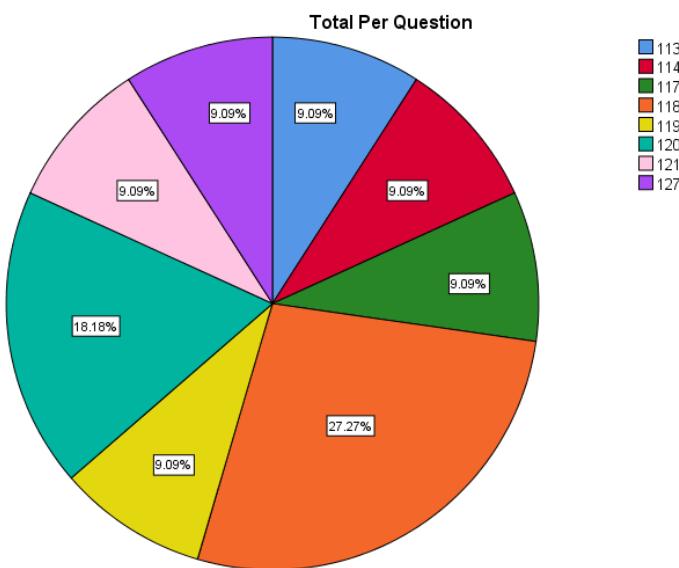


FIGURE 5. Diagram Pie for Total Score Per Question

The evaluation data obtained shows the distribution of participants' responses into three different value groups. In the first group, there are four items with nearly identical percentages around 9.08%–9.09%, indicating consistency in participants' responses to certain aspects of the activity. The second group features eight items with absolute scores increasing gradually from 11.3 to 12.7, showing more varied

assessments with a tendency toward improved quality in certain aspects. Meanwhile, the third group shows three items with more varied percentages (9.09%, 18.18%, and 27.27%), where the last item reaches the highest value of 27.27%, which may represent the most dominant aspect or the one that received the most attention from participants.

Overall, the data pattern shows that most aspects of the activity received balanced ratings (first group), while certain aspects received more varied ratings with a positive trend (second group). The presence of an item with a percentage of 27.27% (third group) indicates the presence of a component of the activity that was particularly prominent or most memorable for participants. For future improvements, it is recommended to conduct a more in-depth analysis of items with the lowest percentages (9.08%-9.09%) to identify areas that need improvement, while maintaining and developing aspects that received high ratings (27.27%) as best practices.

CONCLUSION

This community service activity successfully improved tax literacy and brand professionalism among MSME players in Kembangan Selatan Village significantly. Through interactive training and intensive mentoring, participants not only understood the importance of tax compliance but were also able to implement SAK EMKM-based financial recording and branding strategies that utilize business legality. Evaluation results showed high participant satisfaction with an average score of 3.23–3.63 (on a 4-point scale), as well as the achievement of output targets such as media publications, documentary videos, and intellectual property rights (HKI) applications.

Collaboration with Kembangan Selatan Subdistrict as a partner further strengthened the program's success through facility support and outreach. Despite challenges such as limited digital facilities and participant time constraints, the activity had a positive impact on the development of local SME. Going forward, recommendations include expanding collaboration with relevant stakeholders, continuous monitoring to ensure the sustainability of outcomes, and integrating training materials into educational curricula or entrepreneurship programs. Thus, this activity not only promotes improved financial and tax literacy but also contributes to the creation of more competitive, transparent, and sustainable SME.

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FINAL VERDICT: Accept with Minor Revisions

Recommended Revisions:

- Add clearer structure/subheadings to methods and results sections.
- Improve academic flow in the abstract and introduction.
- Format references consistently (APA style).
- Optionally, include a table or figure summarizing key outputs (e.g., knowledge increase, ipr filed).