

Increasing Awareness of Tax Obligations for MSME Actors

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Abstract

This community service activity aims to provide education and assistance to Micro, Small and Medium Enterprises (MSMEs) by providing an understanding of the basic concepts of taxation, tax rights, and obligations for MSMEs. The method of implementing community service activities is carried out in several stages. The first stage is the planning stage through observation and preliminary interviews on the subject of community service. The second stage is the implementation of activities in the form of training, which is carried out through the presentation of materials, calculation practice, reporting, and tax payment procedures, as well as discussions. The third stage is monitoring, which aims to address the problems faced by MSMEs in fulfilling their tax obligations independently. MSME owners need to be equipped with adequate tax knowledge to increase their awareness of MSME tax compliance. Moreover, limited knowledge is one of the obstacles to the development of MSMEs. Through continuous participation in tax socialization activities such as tax advice and seminars, MSME taxpayers using e-commerce will increase their awareness and compliance. Based on the activities carried out, MSME owners (actors) in Pare Kediri as MSME business operations managers gain a significant understanding of MSME tax rights and obligations. The community service activities still need follow-up activities to ensure that the MSME actors have correctly calculated their tax obligations and have fulfilled their tax obligations by the applicable regulations. Therefore, the community service activities can be continued in the following year's activities.

Keywords: Education, Taxation, Training, MSMEs

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the Indonesian economy for the Indonesian government, as evidenced by the existence of the Ministry of Cooperatives and SMEs. This ministry deals specifically with the MSME sector, from policy formulation and implementation to monitoring and empowerment of MSMEs. By empowering MSMEs, they will be able to expand employment and provide a wide range of economic services to the community and can play a role in the process of equity and increasing people's income, promoting economic growth, and playing a role in achieving national stability. In addition, micro, small, and medium-sized enterprises are one of the main pillars of the national economy, which must receive the most important opportunity, support, protection, and development as wide as possible as a form of firm alignment with the people's economic business group, without neglecting the role of large enterprises and business entities State Owned.

Government Regulation No. 7 of 2021, which regulates policy regulations on aspects of ease of starting a business, licensing, facilitation, access to financing, access to supply chains, and market access for cooperatives and MSMEs. A micro, small and medium enterprise (MSME) is

an entity without significant public accountability that meets the definition and criteria of a micro, small and medium enterprise as stipulated in Law and Regulation No. 20 of 2018, which applies in Indonesia.

President Joko Widodo (Jokowi) has issued directives to accelerate the digital transformation of Indonesian MSMEs. Up to 30 million MSMEs are expected to join the digital ecosystem by 2024. In order to showcase MSMEs in the digital ecosystem, it is necessary to promote the creation of a new economy. In this regard, the President conveyed the directive to accelerate the onboarding of 1 million MSMEs per year in the Government Goods and Services Procurement Platform (LKPP) to be promoted from 2022, as well as prioritising the use of domestic products. In addition to increasing MSME onboarding, the President also conveyed instructions to ensure the protection of domestic online market platforms, Indonesian MSMEs using online market platforms, and the market, namely the Indonesian people themselves.

In line with this, the potential for increasing the value of the digital economy in Indonesia is predicted to increase significantly, namely 8 times in the next 10 years, reaching IDR 4,531 trillion in 2030. Minister of Cooperatives and Small and Medium Enterprises (MenkopUKM) Teten Masduki said about 19,500,000 out of 65,000,000 MSME players are mobile, connected and on board in the digital space. "The latest developments as of June 2022, 19.5 million MSMEs or 30.4 percent of the total MSMEs are present on the e-commerce platform," Teten Masduki said.

In order to develop MSME businesses and turnover, MSME operators need to be aware of their tax obligations. To date, MSMEs have not made a significant contribution to the Indonesian economy. This is despite the fact that taxes are a contribution to the state that must be paid by both individuals and companies.

This is due to the low understanding of the basic concepts of taxation, tax rights and obligations for MSMEs, as well as the use of applications related to MSME tax obligations. In an effort to increase the number of MSME taxpayers so that they can contribute in the field of taxation is by providing counseling, socialization and education that includes the basic concept of taxation regarding the identity of taxpayer ownership, namely the Taxpayer Identification Number (NPWP), the application of the process to the implementation regarding the registration of NPWP for MSME actors and the calculation of their income tax.

The low level of knowledge about taxation and the lack of awareness of MSME operators about their tax obligations prompted the Community Service Team from the tertiary institutions to conduct this training. This activity is carried out to increase the knowledge of MSME actors on tax knowledge, especially in the calculation of income tax and the use of taxpayer identity, namely the taxpayer identification number (NPWP). This training activity is called "Taxation Knowledge Education for MSME actors in Pare Kediri".

METHOD

This community service activity aims to provide knowledge about tax obligations. The materials provided are: how to register an NPWP, the function of NPWP, the rights and obligations of taxpayers, and how to calculate and pay taxes for MSMEs. Community service is carried out to provide an understanding of taxation and solve problems faced by MSME actors. The problems faced by the traditional culinary MSME group in Langenharjo Village, Plemahan District, Kediri Regency, namely the poor understanding of MSME actors regarding the determination of income, the amount of tax to be paid by MSMEs, and the problem of submitting an NPWP.

To achieve this goal, community service activities are carried out in 2 stages, namely: The first stage is socialization or training and the second stage is in the form of mentoring. According to Maulidasari and Rusma (2000), socialization is a lifelong learning process in which an individual learns the habits and culture of society which includes the way of life, values, and social norms found in society so that they can be accepted and actively participate in it. The purpose of socialization is for each individual to acquire knowledge and skills as a provision for the future to sustain their existence.

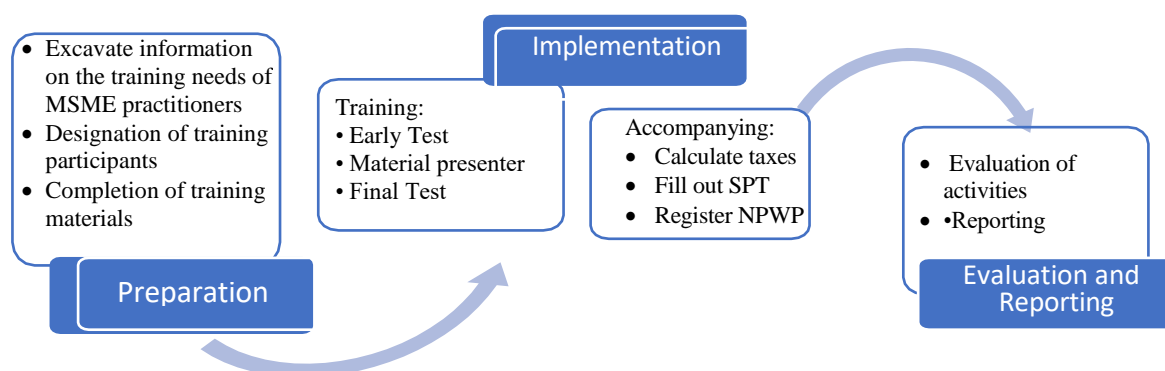


Figure 1. Flowchart of Community Service Activities

According to Widodo (2015:82), training is a series of individual activities to systematically improve expertise and knowledge to be able to have professional performance in the field. The purpose of training is to provide knowledge, motivation, and skills training to the communities around the tobacco-producing areas, in addition to providing the necessary supplies for the communities to develop small and medium enterprises.

RESULTS AND DISCUSSION

Preliminary Survey

The initial survey was conducted directly in the village where the culinary MSMEs are located. Culinary MSMEs in Langenharjo Village, Plemahan Subdistrict, Kediri Regency need attention as small and medium micro-enterprises. Most of the MSMEs in Langenharjo village produce food and beverages, and only a few are involved in services such as laundry. There is also a grocery store, an air rifle shop, and a catering business.

Based on the results of the preliminary survey, the capitalization conditions are sufficient for the current scale of business, but there are several problems that UMKM faces, including marketing and promotion, business permit problems, and taxation problems. The problem of marketing and promotion has been conventional in the marketing of the product (Purwanti & Fatmawati, 2021). MSME operators sell their products in their respective homes or the market and do not have a shop yet, so the turnover is not that big and fluctuates, especially in times of

depression. But now, in the middle of 2022, MSMEs are starting to rise again with their culinary tourism, which is famous for its people's market. Tourist visitors have started to increase and have a great impact on the production of MSMEs, especially culinary businesses, and traditional food typical of the town of Kediri, especially Pare Kediri. With the increase in income, although not as much as before the pandemic, MSMEs feel the need to declare their income to the tax authorities. Most MSMEs do not have a tax identification number (NPWP) for various reasons. Therefore, the FEB Universitas Brawijaya community service team found it necessary to educate MSMEs on how to obtain an NPWP, what the tax obligations are, and how to calculate and pay taxes.

Participants and Training Materials

The community service participants are 32 UMKM practitioners as culinary entrepreneurs in Langenharjo Village, Plemahan District, Kediri Regency. The UMKM culinary practitioners present come from a variety of businesses, including various market snacks, various tempeh dishes, banana chips, intestine chips, martabak, baked bread, semprong crackers, side dishes, salted eggs, pastries, drinks and food, traditional herbs, groceries, fruit juice and pecel sauce, and various porridge.

Kegiatan Pengabdian Kepada Masyarakat dilaksanakan pada 10 dan 11 September 2022. The community service activities will be held at the Langenharjo Village Office Hall, Plemahan District, Kediri Regency. As for the first-day material on the introduction of tax definitions, UMKM tax registration, namely the requirements and procedures for NPWP registration, the benefits of NPWP for UMKM, and tax obligations for UMKM actors as well as the method of tax payment. How to pay the tax through bank/post office cashier, ATM, EDC, banking. The second day's material on the introduction of the SPT (Annual Notification Letter), how to fill it in, create a billing code, and report it (PPH Annual SPT Report).

Implementation of Community Service and Evaluation Activities

Registration for the event starts at 09.00 and the event is hosted by the village MC, Mrs Yusti. The event started with a speech by the committee chairperson Mrs. Devy Pusposari, SE., M.Si., Ak, who presented the meaning, purpose, and expected results of community service activities with culinary MSME objects in Langenharjo Village, Plemahan Subdistrict, Kediri Regency. Following a speech by the Head of Langenharjo Village, Plemahan Subdistrict, Dr Slamet Suyono, a socialization and training session on tax education for culinary MSME actors was opened. The first day's material on the definition of tax, type of tax, and tax obligation was presented by Dr. Roekhudin, M.Si., Ak. Mrs. Devy Pusposari, SE., M.Si., Ak continued with the material requirements and procedures for NPWP registration, the benefits of NPWP for MSMEs, and tax obligations for MSMEs as well as the method of tax payment. On the second day, Mother Dr Lilik Purwanti, SE., M.Si., Ak presented material on the introduction of the SPT (Annual Notification Letter), how to fill it, how to create a billing code and how to report it (PPH Annual SPT Report). The event ended with the SPT completion exercise by Mr Soelchan Arief Effendi and the closing ceremony.

Community service activities on tax education have been very well received by UMKM residents. They understand what taxes are, their types, NPWP, and how to get them. Participants were also happy when they were taught how to fill in the annual SPT, which they had never done before. Obstacles faced by UMKM practitioners are related to the use of information technology, especially mobile phones, as a means of fulfilling tax obligations, as NPWP registration can be

done online. They only use mobile phones to send short messages (SMS), make calls and send WA.

CONCLUSION

MSME actors are part of the taxpayers or potential taxpayers. Tax education is very necessary for business actors to understand their rights and obligations as citizens and taxpayers. Therefore, the team of Universitas Brawijaya Merawa, which is dedicated to FEB, has to provide tax education to MSME actors. Taxation education is conducted for culinary MSMEs in Langenharjo Plemahan Pare Kediri village.

The tax education activity was attended by 32 MSME actors and lasted for two days. The material presented includes an introduction to taxes and their types, tax obligations and how to pay them, and ends with the practice of filling in the annual SPT. This activity is very much appreciated by MSMEs as they are afraid to register the NPWP for various reasons. NPWP registration can be done online, but MSMEs have not yet mastered this method and many do not understand information technology using mobile phones.

Based on the evaluation results of the community service activities conducted on traditional culinary MSME actors in Langenharjo Village, Pelemahan Subdistrict, Kediri Regency, the following suggestions are made: (1) further community service activities can be conducted with online marketing materials, which is still a problem for traditional culinary MSME actors in Langenharjo Village, Plemahan Subdistrict, Kediri Regency; (2) community service activities can further reach more and wider MSME actors in other fields than culinary MSME.

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APPENDIX



Figure 2. Community service documentation