

## "PI-JAK" Tax Smart Community: Tax Literacy of PP No. 58 Year 2023 for Gunung Gangsir Village

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### ABSTRACT

Tax socialization in Gunung Gangsir Village is an effort to increase awareness and compliance of taxpayers, especially on the understanding of Income Tax Article 21 listed in PP No. 58 of 2023 through the use of science and technology. This program uses various educational methods, such as social media, websites, mobile applications, animated videos, and infographics, to reach and provide maximum understanding to the community. An interactive and participatory education approach is also applied to increase villagers' understanding and participation. Taxpayer profile mapping and compliance data analysis helped identify target audiences and factors influencing compliance. The success of this program can be seen from several indicators, namely: increased awareness of villagers about the importance of taxes, increased understanding of the types of taxes and procedures for paying PPh Pasal 21 tax listed in PP No 58 of 2023, increased taxpayer compliance in Gunung Gangsir Village, and increased village revenue. This program is expected to serve as an example and inspiration for other villages in Indonesia to increase taxpayer awareness and compliance, as well as encourage an increase in village revenue and community welfare.

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## INTRODUCTION

Taxes are one of the fundamentals in a country's economy and are used to finance various activities related to the administration of the state, starting from development and costs for the needs of the state apparatus (Alfiona & Fajriana, 2023). The findings of previous research (AIRasyid, 2023) indicate that a complex tax system increases the cost of tax compliance which has an impact on decreasing the compliance of individual taxpayers. The government has initiated tax reform through the Core Tax Administration System Update (PSIAP), which reorganizes the core operations of the tax administration by building an information system based on COTS or software modules. In addition, the project also includes restructuring the taxation database to make the taxation business system more efficient, accurate, connected, and secure. The purpose of this reform is to strengthen taxation through success-oriented business processes, making it more reliable and accountable (Sabila, 2023).

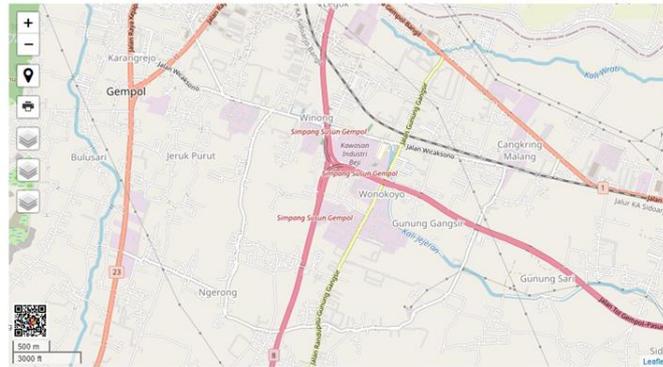
According to (Saputri et al. 2022) the problem that has arisen so far is the difficulty in determining the amount of the value of the tax object has been resolved by preparing standardized financial reports properly. When taxpayers have a better understanding of their financial position through standardized financial reports, people will tend to be more aware of tax obligations. This awareness can encourage higher tax compliance, as taxpayers feel more confident and responsible in reporting and paying their taxes. (Roekhudin et al. 2023) low understanding of taxation concepts, rights and obligations of MSME taxation. In line with previous research, in an effort to increase the number of taxpayers, the community needs counseling, socialization, and education related to taxation, especially PPH 21 which is stated in PP No. 58 of 2023.

Improvements in tax administration, especially for Individual Income Tax, have been made by the government through Government Regulation (PP) 58 of 2023 and have taken effect from January 1, 2024. Government Regulation (PP) No. 58 of 2023 on Village Financial Management is a strategic step towards more open and accountable village financial management arrangements. The implementation of this regulation requires a good understanding from all levels of the village community, including an understanding of their responsibilities and rights in the tax system.

Taxes that must be reported monthly and annually are an obstacle faced by residents, especially in rural areas (Matasik, 2023). One of the villages that experience these obstacles is Gunung Gangsir Village, which is one of the villages in Beji Subdistrict, Pasuruan Regency, East Java Province. This village is the center of the crowd in the Beji Subdistrict area. The village government center is located in Beji Village, because it is strategically located and is traversed by Jalan Wicaksono to the Gempol Bypass.



FIGURE 1. Location of Gunung Gangsir Village Office



**FIGURE 2.** Location Map of Gunung Gangsir Village Office

Gunung Gangsir Village has many companies ranging from the wood processing industry, confectionery, and food or beverages and various other sectors. which helped lift the economy of the residents. Not only does it open up jobs by employing local residents. The existence of the industry also encourages the growth of businesses and there are thousands of residents, some of whom are absorbed by the world of work. The population of Gunung Gangsir Village is 9,485 people with a productive age population of 4,722 people, while the population categorized as poor is 345 people. The livelihoods of most residents are laborers, traders and employees. The level of community income is not fully sufficient to meet the needs of life because the price of goods is not proportional to the income they get and there is still a lack of skill provision, labor wages are still small and basic necessities are still expensive.

This village has great potential to increase local revenue (PAD) through taxes, but there are still many villagers who do not understand the importance of taxes and their obligation to pay taxes, this can be seen from the low level of taxpayer compliance in Gunung Gangsir Village. According to data from the Pasuruan Primary Tax Office, only 53% of taxpayers in Gunung Gangsir Village have reported their Individual Income Tax (OP) Annual Return in 2023 (Yanto & Rahmawati, 2023). This shows that there are still many villagers who have not fulfilled their obligation to pay taxes.

The low level of taxpayer compliance in Gunung Gangsir Village can result in reduced village revenue. Reduced PAD can hamper village development and community welfare. Therefore, efforts need to be made to increase taxpayer awareness and compliance in Gunung Gangsir Village. Other factors include village officials who are no longer young plus their understanding of income tax is still inadequate, therefore we are encouraged to provide socialization in the form of sharing information on how to report income tax returns. The implementation of community service this time is a direct face-to-face meeting at the Gunung Gangsir Village Office in the form of socialization about what needs to be prepared and filled in the income tax report through the DGT tax electronic system.

According to Ridwan (2022), one of the efforts that can be made is to conduct tax socialization to villagers. This socialization aims to provide villagers with an understanding of the importance of taxes, types of taxes, and tax payment procedures (Alghifari, et al, 2020). The socialization of taxation to Gunung Gangsir Village is expected to increase taxpayer awareness and compliance in the village. This will have an impact on increasing village PAD and ultimately, improving community welfare.

According to Djuanda, et al. (2009) A common problem regarding tax reporting is the lack of understanding of the reporting flow and steps in reporting tax returns. Especially those who live in villages with minimal socialization about taxes, although some have had their income automatically deducted by their employers, many do not understand how to report through the DGT's electronic system E-Filling. The government has issued PP No. 58 of 2023 as an effort to increase state tax revenue but updating the Article 21 Income Tax rate raises the lack of understanding and knowledge of taxpayers in calculating, paying and reporting taxes at these rates. In addition to aiming to improve tax compliance and ensure fairer rates for various income groups, the average effective rate creates difficulties for most taxpayers, including residents and village officials of Gunung Gangsir because the tariff classification is divided into

three categories: A, B, and C, each of which covers a different income group (Pramesthi, et al., 2024).

The "Tax Smart Community" or "PI-JAK" program is designed to improve the tax literacy of rural communities. The purpose of this program is to socialize the provisions of PP No. 58 of 2023 so that the Gunung Gangsir village community understands and complies with applicable tax regulations. By improving tax literacy, the village community is expected to participate more actively in the management of the village economy, which in turn improves welfare and regional development.

With this initiative, Gunung Gangsir village is expected to become an example for other villages in terms of tax knowledge and good village financial management. With the socialization and training of the "PI-JAK" program, it is hoped that it can make the community more aware and responsible for current tax obligations, and support the implementation of transparency and reporting of village financial management.

We from the Accounting and Business Study Program, Faculty of Economics and Business, State University of Malang held a community service with the main theme being the "Pi-jak" Tax Smart Community: Optimizing Tax Literacy on Government Regulation Number 58 of 2023 concerning Income Tax Article 21 for Gunung Gangsir Village Apparatus. Answering the partner's problem of wanting to be able to understand how to report income tax for Gunung Gangsir village officials and residents, we from the State University of Malang community held a socialization of tax reporting steps for Gunung Gangsir village officials.

The theme of optimizing tax literacy on government regulation number 58 of 2023 concerning income tax article 21 for gunung gangsir village officials is to share knowledge and understanding for village officials about the steps to report their income tax SPT through E-Filing, E-Registration, E-Billing and an introduction to the process of withholding, depositing and reporting income tax article 21 based on the latest PP No. 58 of 2023 which is implemented as of January 1, 2024. The main issue why we raise this theme is because there are various updates and complexities in the calculation of Income Tax Article 21 *withholding* contained in Government Regulation No. 58 of 2023 compared to other *withholding tax* systems, for example: Final Income Tax, Income Tax Article 23, making it difficult for taxpayers to fulfill their Income Tax Article 21 obligations (Lestariani, 2023).

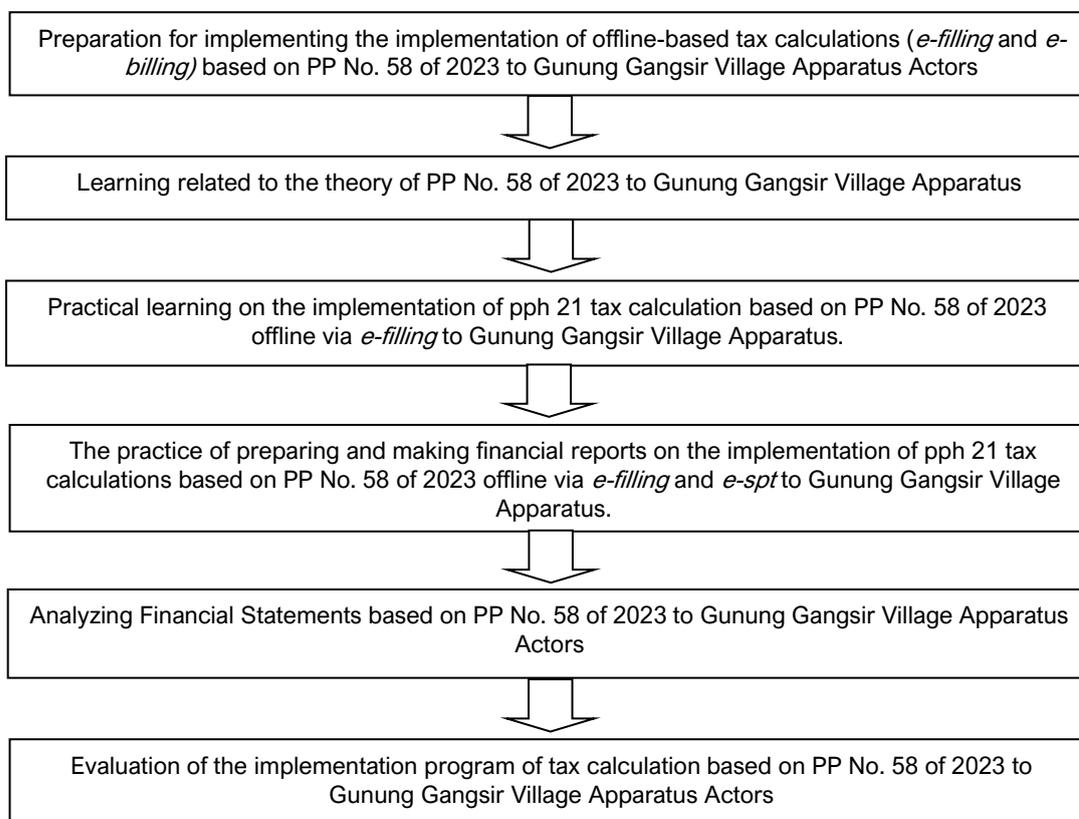
## METHODS

The method of implementing community service this time is face-to-face with community service participants, namely the Gunung Gangsir village apparatus by providing counseling and simulations to participants regarding the steps to make tax return reports through the DJP electronic system E-Filing. The participation of partners in this community service activity is to provide facilities and infrastructure and prepare participants as participants to be given socialization of tax return reports. The output achieved in this community service is in the form of a Press Release which will be published in online media. Hopefully this activity will have a positive impact on the community, especially village officials who may be far from the city where they can have an understanding of reporting and paying taxes The following is the composition of the community service committee:

Chief Executive	:Alif Faruqi Febri Yanto, S.Ak., M.Ak.
Tutor	:Alif Faruqi Febri Yanto, S.Ak., M.Ak.
Member	:Tomy Rizqi Izzalqurny, S.E., M.S.A.
Student 1	:Nisha Alia Ramadhani
Moderator	:Nabilla Carissa Ratnadewati
Activity Schedule	
Day/Date	:Wednesday & Thursday, June 12 & 13, 2024 hours: 10.00-12.00 WIB

This workshop activity will take place on June 12 and 13, 2024, Wednesday and Thursday at the Gunung Gangsir Village Office directly face to face. Acting as Chief Executive in this community service is Alif Faruqi Febri Yanto, S.Ak., M.Ak. who is in charge of making proposals, reports and outputs in the form of Press Release which will be published in online media. Acting as Chief Tutor is Alif Faruqi Febri Yanto, S.Ak., M.Ak. who is in charge of making material modules and presenting material during socialization. Acting as a member is Tomy Rizky Izzalqurny, S.E., M.S.A. in charge of documenting activities and Tomy Rizqi Izzalqurny, S.E., M.S.A. distributing and making questionnaires and attendance as well as being present at the location for the smooth running of the event. And from students there are Nisha Alia Ramadhani Nabilla Carissa Ratnadewati who are in charge of preparing stationery, consumption and gifts to be given as a sign of gratitude to the Village Office.

Tax socialization in Gunung Gangsir Village utilizes various technologies and educational methods to increase taxpayer awareness and compliance. The utilization of social media, websites, and mobile applications provide an easily accessible means of disseminating tax information. Interactive and participatory education approaches engage villagers in the learning process, increasing their understanding and participation. Taxpayer profile mapping and compliance data analysis helped identify target audiences and factors influencing compliance. Utilization of ICT, mass media, and the expertise of lecturers/students expands the reach of socialization and improves its quality. Networking with the Tax Office, community organizations, and other universities strengthens program support and effectiveness. Grants, sponsorships and fundraising help fund activities. Periodic evaluations ensure the effectiveness of the socialization and encourage continuous improvement. This comprehensive application of science and technology is expected to increase taxpayer awareness and compliance in Gunung Gangsir Village, with the theme of having a positive impact on village PAD and community welfare, and strengthen the relationship between the State University of Malang and the village community.



**FIGURE 3.** Overview of science and technology to be transferred to partners. Source: Author's, 2024

## RESULTS AND DISCUSSION

The tax socialization held in Gunung Gangsir Village is part of the government's efforts to improve the understanding and compliance of village communities with tax obligations. This activity aims to provide comprehensive information on the various types of taxes that must be fulfilled by residents, especially Income Tax (PPh) article 21 based on PP No 58 of 2023. The main objective of this socialization is to educate villagers about the importance of paying taxes for village and state development and help villagers understand the correct and timely tax payment procedures to avoid sanctions. The materials presented included explanations of the various types of applicable taxes, such as income tax, and other taxes relevant to villagers and were complemented by practical guidance on tax payment procedures, including the use of online services to simplify the payment process.



**FIGURE 4.** Discussion on the importance of taxes in contributing to the country's development



**FIGURE 5.** Explanation of the mechanism and procedures for calculating, paying and reporting tax No. 58 of 2023

Tax socialization in Gunung Gangsir Village is an effort to increase taxpayer awareness and compliance. By utilizing various technologies and educational methods, this socialization is expected to provide the community with a better understanding of the importance of taxes and payment procedures. The utilization of social media, websites, mobile applications, animated videos, and infographics is a means of disseminating tax information that is easily accessible and interesting. Interactive and participatory education approaches engage villagers in the learning process, increasing their understanding and participation. Taxpayer profile mapping and compliance data analysis help identify target audiences and factors influencing compliance. To ensure the effectiveness of tax socialization, Gunung Gangsir Village has implemented a series of activities planned to reach various community groups, as can be seen in (Figures 6 and 7).



**FIGURE 6.** Socialization of the importance of bookkeeping for taxpayers for more accurate tax payments



**FIGURE 7.** Socialization of tax access with the use of easily accessible technology in online media

Tax socialization in Gunung Gangsir Village has shown positive results. This can be seen from several indicators, namely: increased awareness of villagers about the importance of taxes, increased understanding of villagers about the types of taxes and procedures for paying and reporting taxes, especially income tax article 21, and increased taxpayer compliance in Gunung Gangsir Village, so that it can be expected to increase village PAD. The use of social media, websites, introduction of mobile applications that make it easier for taxpayers to calculate, pay and report the amount of income tax article 21 that can be accessed anywhere using a smartphone or other device, as well as animated videos, and infographics help disseminate tax information in an accessible and interesting way. Group discussions, educational games, tax simulations, and the involvement of villagers in the preparation of socialization materials increase their understanding and participation, through the "Masyarakat Pintar Pajak" (PI-JAK) program. This program aims to improve the community's tax literacy by utilizing the provisions in Government Regulation No. 58 of 2023 on Village Financial Management. Through various educational activities such as training, workshops, and counseling, village communities now have a better understanding of their obligations and rights related to taxation. The active participation of the community in this program not only strengthens tax management in the village, but also helps in planning and monitoring the use of village funds. Thus, the PI-JAK program is expected to foster a more tax-aware and responsible attitude of the community, making Gunung Gangsir Village a successful tax literacy model. this can be shown in figures 8 and 9.



**FIGURE 8.** Discussion session with village officials and residents regarding the use of tax applications through smartphones



**FIGURE 9.** Photo with the socialization of the smart tax community of Gunung Gangsir village.

This program is expected to be continued periodically to maintain and increase taxpayer awareness and compliance, as well as periodic program evaluations to identify shortcomings and make improvements. Experience and best practices from this program also need to be shared with other villages in Indonesia to increase the effectiveness of tax socialization as a whole. With commitment and cooperation from all parties, tax socialization is expected to be the key to increasing village revenue, improving community welfare, and strengthening the relationship between State University of Malang and village communities.

With commitment and cooperation from all parties, this program is expected to be continued periodically to maintain and increase taxpayer awareness and compliance. Periodic program evaluation is

also very important to identify shortcomings and make necessary improvements. Experiences and best practices from this program need to be shared with other villages in Indonesia to improve the effectiveness of tax socialization as a whole. In addition, the success of this program can significantly contribute to increasing the Village Original Revenue (PAD), which in turn will improve the welfare of the community. Through this program, the relationship between Universitas Negeri Malang and the village community can be strengthened, creating a synergy that is beneficial to both parties.

## CONCLUSION AND RECOMMENDATION

Tax socialization is one of the important efforts to increase taxpayer awareness and compliance. This is in line with the state's goal to realize justice and equity in tax collection. Through effective socialization, the public can understand the importance of taxes for national development and common welfare. This education process does not only focus on the obligation to pay taxes, but also emphasizes the concrete benefits that the community can feel from their tax contributions. Gunung Gangsir Village, as one of the villages in Malang Regency, is the target of a tax socialization program that utilizes various technologies and educational methods. Tax socialization in Gunung Gangsir Village is an example of effective application of science and technology to increase taxpayer awareness and compliance. The success of this program shows that with careful planning, solid cooperation, and appropriate use of science and technology, tax socialization can have a positive impact on the community and local government. Collaboration between local governments, academics, and local communities is the key to the success of this program. A participatory approach involving community leaders and village youth also plays an important role in building trust and active participation.

Recommendations from the tax socialization program for Gunung Gangsir Village and its community are not only limited to increasing taxpayer awareness and compliance. This program is also expected to have a positive impact in various aspects, such as increased taxpayer compliance, especially in the process of calculating, paying and reporting income tax PPh Article 21 as stipulated in PP No. 58 of 2023 which will have an impact on increasing village PAD and increasing accuracy and timeliness in tax reporting. This increase in tax compliance is expected to have a direct impact on the village's own-source revenue (PAD). Increased PAD opens up more opportunities for villages to finance various development needs and public services in the village and this socialization program is a means for the State University of Malang to make a real contribution to the village community and strengthen partnership relationships with villages.

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