



## SOCIALIZATION OF CORPORATE INCOME TAX ASPECTS FOR MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES) IN SOUTHEAST SULAWESI PROVINCE

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### Abstract

This community service activity focuses on socializing Corporate Income Tax aspects for Micro, Small, and Medium Enterprises (MSMEs) in Southeast Sulawesi Province. The program aims to improve MSME owners' understanding and awareness of income tax obligations, contributing to increased state revenue. The counseling session uses an educational persuasive approach, including theoretical explanations and demonstrations. After this, discussions and Q&A sessions are held to ensure participants grasp the tax aspects of their businesses. This method is expected to help participants understand relevant taxation issues and provide practical knowledge on fulfilling tax obligations accurately and responsibly. Through this activity, MSME operators are encouraged to apply the taxation knowledge gained, enhancing tax compliance and their contribution to the national economy. This approach fosters awareness and supports the sustainable growth of MSMEs within the legal framework of taxation.

**Keywords:** Corporate Income Tax; Micro, Small, and Medium Enterprises; Understanding Taxes

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### INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) strategically support the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs in 2021, the number of MSMEs in Indonesia reached 64.2 million business units with a significant contribution to the Gross Domestic Product (GDP), which is 61.07% or equivalent to IDR 8,573.89 trillion. In addition to playing an essential role in economic growth, MSMEs are also the main absorbers of labor in Indonesia, which is 97% of the total national workforce. The role of MSMEs is vital in terms of quantity and the quality of their contribution to the sustainability of the national economy.

MSMEs' Income tax is an essential source of state revenue. The government allocates this tax fund to finance various sectors, such as infrastructure development, education, health, and other social programs to improve public welfare. With the increasing number of MSMEs that comply with paying taxes, the contribution of MSMEs to state revenues also increases, strengthening the government's fiscal capacity in implementing development programs. Therefore, optimizing tax payments from the MSME sector is very crucial.

In addition to being a source of state revenue, MSME income tax also contributes to equitable development in various regions of Indonesia. The government uses the tax funds collected to build infrastructure in remote areas, expand access to education and health services, and support economic

sectors in need. It helps reduce economic disparities between regions so that inclusive and sustainable economic development can be achieved.

The government has implemented several fiscal policy reforms to improve tax compliance in the MSME sector. These reforms include lowering tax rates, simplifying administrative procedures, and enhancing tax services. These reforms make it easier for MSMEs to fulfill their tax obligations while also providing incentives for MSME actors to integrate into the formal economic system. Thus, more formal MSMEs can enjoy various facilities, such as access to banking services, funding, and support from various government programs.

Southeast Sulawesi is one of the provinces with great potential for developing MSMEs. Various MSME economic sectors in this region, such as agriculture, fisheries, crafts, and food and beverages, have experienced rapid development. Data from the Southeast Sulawesi Cooperative and MSME Service shows a significant increase in MSMEs each year, driven by high interest in entrepreneurship, government policy support, and promising local economic potential. However, with this growth, MSME tax compliance in Southeast Sulawesi still requires more attention.

To support the development of MSMEs in Southeast Sulawesi, the local government has implemented various programs, such as providing capital assistance, entrepreneurship training, and facilitating market access. These programs aim to strengthen the position of MSMEs in domestic and international markets. In addition, the government also encourages the digitalization of MSMEs through e-commerce and digital marketing programs, which are expected to increase their competitiveness in the digital economy era. However, MSME tax compliance needs to be improved through more intensive socialization and education.

This community service activity aims to increase the understanding and awareness of MSME actors in Southeast Sulawesi regarding the importance of taxes in the country's economy. With this increased awareness, MSMEs can be more active in fulfilling their tax obligations, positively impacting revenues. Furthermore, this activity is expected to help create a more formal, integrated, and sustainable MSME ecosystem, which contributes to regional economic growth and the welfare of society as a whole.

## **METHOD**

This community service activity uses an educational persuasive approach to increase the understanding and awareness of Micro, Small, and Medium Enterprises (MSMEs) in Southeast Sulawesi Province regarding tax obligations, especially income tax. The method used in this activity involves a combination of informative lectures and interactive discussions. Through these two main methods, it is hoped that participants can better understand and implement their tax obligations and understand the benefits of formality in the context of tax.

First, the Lecture Method is used to comprehensively explain the objectives, benefits, and uses of this community service activity. In this lecture, the Community Service Team provides detailed

information on the taxation aspects of MSMEs, such as the legal basis, tax obligations, and tax reporting procedures. This lecture also discusses how income tax paid by MSMEs contributes to state revenue and regional economic development. This lecture approach provides participants with a structured framework of understanding for a solid theoretical foundation on the presented topic.

Second, this activity also utilizes the Discussion Method to activate participant participation. After the presentation of the material, an interactive question and answer session was held, where participants, including MSME managers and employees, were allowed to ask questions related to MSME taxation. This discussion is designed to explore the problems faced by participants precisely and provide practical solutions to the conditions and capacities of MSMEs in Southeast Sulawesi. With the discussion method, participants are expected to be able to understand taxation concepts in depth better and be able to apply this knowledge in their business operations.

This community service activity targets MSME managers and employees in Southeast Sulawesi Province, who have been selected as the primary target. The selection of this audience is based on the need to increase awareness and understanding of taxation, which has been one of the main challenges in managing MSMEs. This target audience is expected to directly benefit from this activity by increasing the capacity to manage tax obligations better and by applicable regulations.

This activity also includes a live demonstration session on calculating, depositing, and reporting income tax for micro, small, and medium-sized enterprises (MSME), which is intended to provide a more practical understanding. The Community Service Team offers tangible examples of calculating the tax to be paid, how the deposit procedure is carried out, and how tax reporting can be submitted through official government channels. This session aims to ensure that participants understand the theory and carry out tax obligations practically.

This community service activity, which combines lecture and discussion methods and is equipped with technical demonstrations, is expected to achieve the main objective of increasing the tax compliance of MSME actors in Southeast Sulawesi. This method is designed to be not only informative but also encourage active involvement from participants, thus creating a deeper and more sustainable understanding of tax obligations in the MSME sector.

## **RESULTS AND DISCUSSION**

The Micro, Small, and Medium Enterprises (MSMEs) tax socialization activity in Southeast Sulawesi Province has been successfully implemented. This training, a collaboration between lecturers from Halu Oleo University and Sembilan Belas November Kolaka University, was attended by MSME actors from various regions, including Kendari City, South Konawe, and Konawe. The socialization aims to provide a comprehensive understanding of taxation, filling out the Tax Return (SPT), and tax reporting, with a focus on the latest regulations relevant to MSMEs.



Figure 1. Implementation of Community Service

The observation results found that most MSMEs in Southeast Sulawesi need help in tax reporting due to limited human resources who are competent in accounting and taxation. Many MSMEs still need employees with adequate skills, so financial management and tax reporting are not optimal. This activity is an essential solution to improve the ability of MSME managers and employees to understand and apply their tax obligations.



Figure 2. Socialization of Corporate Income Tax for MSMEs

The training process was conducted through interactive lectures, discussions, and demonstrations. Participants were given an explanation of the basics of taxation, preparation of financial reports, and filling out SPT by applicable regulations. In the demonstration session, the socialization team presented how to fill out SPT with a real example from one of the participating MSMEs. This process involves calculating taxes based on profit and loss reports and includes examples of filling out personal and corporate income taxes. This demonstration gave participants a clear picture of how the correct reporting procedures should be carried out.



Figure 2. Corporate Income Tax Collaborative Service for MSMEs

The enthusiasm of the participants was evident from the level of active participation during the discussion session and the positive responses given in the activity evaluation. Participants felt the material presented significantly benefits MSMEs, especially in improving tax management skills. MSME managers also obtained positive responses, who realized the importance of improving tax knowledge to ensure compliance with applicable regulations.

The concrete result of this activity is an increase in participants' knowledge and skills in filling out Tax Returns, both Personal and Corporate. Participants managed to understand the stages required, starting from document preparation to the process of preparing financial reports that will be the basis for tax reporting. Another output is the availability of an SPT filling format that MSMEs can use as a guide in carrying out their tax obligations independently.

## **CONCLUSION AND SUGGESTIONS**

Based on the evaluation results of the tax socialization activities held for MSMEs in Southeast Sulawesi Province, this activity positively impacts MSME managers and employees. First, the participants realized that the need for more understanding related to tax accounting and reporting of Tax Returns, especially for Corporate Tax, is a significant challenge. This socialization activity increased knowledge about tax accounting, primarily in preparing and filing tax returns according to applicable regulations.

Second, the participants were very enthusiastic during the presentation of the material, demonstration, and discussion sessions. The appreciation given by the managers and employees of MSMEs showed that this activity was considered very useful in increasing their insight and skills in tax management.

Third, with the additional knowledge and skills obtained through this activity, MSME managers and employees are now better prepared to report taxes, especially regarding the calculation and reporting of MSME Corporate Tax based on the latest tax regulations.

As a follow-up to this socialization activity, it is recommended that similar activities be held periodically every year. In addition, broader collaboration involving various stakeholders, such as local governments and MSME associations, will have a more significant impact. It will help strengthen MSME actors' understanding of their tax obligations and improve compliance with applicable tax regulations.

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