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TECHNICAL GUIDANCE TO ENHANCE UNDERSTANDING OF CORPORATE INCOME TAX REPORTING FOR COMPANIES IN SOUTHEAST SULAWESI PROVINCE

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Abstract

Improving corporate tax compliance is one of the key factors in optimising state revenue. However, many companies still encounter difficulties in understanding the technical aspects of Corporate Income Tax reporting, particularly fiscal corrections, determination of Taxable Income, and preparation of the Annual Corporate Income Tax Return in accordance with prevailing tax regulations. This community service program aimed to enhance companies' knowledge, understanding, and practical skills in preparing Corporate Income Tax reports through a technical guidance program. The program was conducted at four companies in Southeast Sulawesi Province, involving approximately 25 participants, including company managers, administrative staff, finance officers, accountants, and employees responsible for tax administration. The program adopted a participatory-educational approach consisting of preparation, lectures, demonstrations, simulations, discussions, consultations, and evaluation. The results indicated a significant improvement in participants' understanding of basic taxation concepts, fiscal corrections, determination of taxable income, Corporate Income Tax calculation, and preparation of Annual Corporate Income Tax Returns. Participants also demonstrated improved practical skills in applying tax regulations through simulations based on real business cases. The high level of participant engagement indicates that participatory technical guidance is an effective approach for strengthening corporate taxation competencies. Furthermore, the program contributed to improving corporate tax administration, promoting the implementation of good corporate governance, and supporting higher corporate taxpayer compliance. Continuous mentoring programs are recommended to assist companies in adapting to changes in tax regulations and the ongoing digital transformation of Indonesia's tax administration system.

Keywords: community service; corporate income tax; technical guidance; tax compliance; companies.

INTRODUCTION

Taxes are the primary source of government revenue and play a strategic role in funding government operations, national development, and the provision of public services. In Indonesia, more than 70% of the State Budget (APBN) revenue comes from the tax sector. Therefore, improving taxpayer compliance among both individuals and corporations is one of the government's main priorities in ensuring the sustainability of national development. Optimal tax revenue will provide the government with greater fiscal space to fund infrastructure development, education, health care, social protection, and various community economic empowerment programs. In recent years, the Indonesian government has continued to implement tax reforms through regulatory improvements, the digitization of tax administration, and enhanced service quality for taxpayers. These reforms have been implemented through various policies, including adjustments to corporate income tax (PPh) rates, simplification of tax administration procedures, the implementation of electronic filing (e-filing), e-BUPOT, and e-invoicing, as well as the development of a digital tax administration system through the Coretax Administration System. This transformation aims to create a tax system that is

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simpler, more transparent, and more efficient, and that is capable of sustainably improving taxpayer compliance.

On the other hand, the success of tax reform does not depend solely on the government's improvement of the administrative system but is also influenced by taxpayers' level of understanding of applicable tax regulations. As corporate taxpayers, companies have the responsibility to correctly calculate, remit, and report Corporate Income Tax (PPh) in accordance with statutory regulations. Indonesia's tax system, which adopts a self-assessment system, grants taxpayers full authority to calculate the amount of tax owed on their own. Consequently, companies are required to have adequate administrative capabilities and a thorough understanding of tax regulations so that their tax obligations can be fulfilled correctly, on time, and in accordance with applicable regulations.

Practical experience shows that many companies still face various challenges in fulfilling their tax obligations. Common issues include difficulties in making tax adjustments, determining deductible expenses, calculating taxable income (PKP), understanding changes in tax regulations, and preparing the Annual Corporate Tax Return (SPT). The complexity of ever-evolving tax regulations causes some companies particularly those without dedicated tax professionals to struggle to fulfil their tax obligations optimally. This situation has the potential to lead to administrative errors, miscalculations of taxes, and even administrative penalties that could impact a company’s financial performance. Southeast Sulawesi Province is one of the regions that has shown fairly rapid economic growth in recent years. Growth in the mining, trade, services, construction, and manufacturing sectors has driven an increase in the number of companies operating in this region. This rise in business activity has led to a corresponding increase in the number of corporate taxpayers obligated to manage their tax affairs in accordance with applicable regulations. However, the increase in the number of companies has not been fully accompanied by an improvement in the quality of tax administration at the corporate level. Based on the results of initial observations conducted by the Community Service (PKM) team, most partner companies still face limitations in understanding the mechanisms for calculating corporate income tax. This issue is not only related to the technical aspects of tax calculation but also involves understanding the differences between commercial financial statements and fiscal financial statements, the mechanisms for positive and negative fiscal adjustments, the application of Corporate Income Tax rates according to company characteristics, and the procedures for preparing and filing the Annual Corporate Tax Return (SPT). Furthermore, the relatively dynamic changes in tax regulations mean that companies require ongoing guidance to ensure their tax administration practices align with the latest policies.

Enhancing a company’s human resource capacity in the field of taxation is one of the key strategies for improving tax compliance. According to the Theory of Planned Behaviour proposed by Ajzen (1991), an individual’s behaviour is influenced by behavioural intention, which is formed through attitudes toward the behaviour, subjective norms, and perceptions of behavioural control. In the context of taxation, increasing knowledge and understanding of tax regulations will foster a positive attitude toward tax compliance, thereby encouraging companies to fulfil their tax obligations voluntarily. Thus, tax education and training play a crucial role in shaping the compliance behaviour of corporate taxpayers. Furthermore, Adult Learning Theory explains that the learning process is more effective when participants are actively engaged in solving problems they encounter in their daily work. Therefore, technical guidance methods that combine lectures, demonstrations, case simulations, discussions, and consultations are considered more effective than the delivery of purely theoretical material. Through this approach, participants not only gain conceptual understanding but also have the opportunity to directly practice the steps involved in preparing corporate income tax returns tailored to the specific conditions of their respective companies.

Various previous studies have shown that tax education has a positive impact on improving taxpayer compliance. A study conducted by Damayanti and Amah (2022) found that improved tax literacy can enhance corporate taxpayers' administrative compliance. Another study by Sari and Handayani (2023) showed that practice-based tax training activities can improve companies' ability to make tax adjustments and prepare tax reports more accurately. These findings are reinforced by the results of Prasetyo et al. (2024), who state that a combination of tax education, mentoring, and technical consultation has a greater impact on improving compliance than one-way outreach efforts. Nevertheless, most previous studies have focused primarily on analyzing the factors influencing taxpayer compliance or evaluating the implementation of tax policies. Research examining the effectiveness of community service activities through technical guidance on corporate income tax preparation for companies particularly in Southeast Sulawesi Province remains relatively limited. However, companies in developing regions face distinct challenges compared to those in major cities, whether in terms of human resources, access to tax information, or tax administration capabilities.

In light of these circumstances, the Community Service team from the Faculty of Economics and Business at Halu Oleo University conducted a technical guidance session aimed at improving companies' understanding of corporate income tax reporting in Southeast Sulawesi Province. This activity was designed as a form of knowledge transfer and technical assistance to help companies understand basic taxation concepts, make fiscal adjustments, calculate taxable income, determine the corporate income tax owed, and prepare tax reports in accordance with applicable regulations. The primary objective of this program is to enhance companies' knowledge, understanding, and skills in correctly preparing corporate income tax returns in accordance with Indonesian tax regulations. Additionally, this program is expected to raise companies' awareness of the importance of tax compliance as part of good corporate governance, thereby ultimately supporting improved compliance among corporate taxpayers and contributing to the optimization of government revenue from the tax sector.

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METHOD AND PROCEDURES

This Community Service (PKM) activity was carried out through a Technical Guidance (Bimtek) program aimed at improving companies' understanding of corporate income tax reporting in Southeast Sulawesi Province. The program was designed as a form of knowledge transfer and technical assistance to help companies understand and implement tax regulations, particularly regarding the preparation of Corporate Income Tax (PPh) returns in accordance with applicable regulations. The approach used was a participatory-educational approach, which places participants as the primary agents in the learning process through active interaction between presenters and participants. The participatory approach was chosen because it is considered effective in enhancing adult learning, particularly in activities related to improving technical competencies. Through this approach, participants not only receive theoretical material but are also allowed to discuss and analyse problems faced in their respective companies, conduct simulations of tax report preparation, and receive direct consultation on the issues they face. Thus, the learning process is two-way and better aligned with the participants' needs.

The program was conducted over two months at four companies in Southeast Sulawesi Province, which served as community service partners. The companies were selected through a purposive sampling method, taking into account their willingness to partner, their need for capacity building in taxation, and the diversity of their business sectors ensuring that the material taught could be applied to various operational conditions. These four companies operate in different business sectors, thereby providing a more comprehensive picture of the various tax administration issues faced by the business world. There were approximately 25 participants in the event, with each company represented by between five and fifteen participants. The participants included company executives, administrative managers, finance staff, treasurers, accounting staff, and employees responsible for preparing financial statements and handling the company's tax administration. The involvement of these various stakeholders is expected to enhance the effectiveness of implementing the training outcomes, as each participant plays a direct role in the process of preparing tax reports at their respective companies.

The program was conducted in five main stages: preparation, technical guidance, demonstrations and simulations, discussions and consultations, and program evaluation.

RESULTS

The implementation of the Community Service (PKM) program through Technical Guidance on Improving Understanding of Corporate Income Tax Reporting for Companies in Southeast Sulawesi Province demonstrated that enhancing human resource capacity is a key factor in the successful fulfillment of corporate tax obligations. The results of the program showed that most participants already had a general understanding of tax obligations before attending the training; however, they lacked sufficient technical skills to prepare corporate income tax (PPh) returns in accordance with applicable tax regulations. This situation served as a key basis for conducting technical guidance that focused not only on enhancing theoretical knowledge but also on improving participants’ practical skills through demonstrations, simulations, discussions, and consultations. The findings of the activity showed that participants’ competency improved gradually throughout the training process. In the early stages of the activity, most participants still had difficulty distinguishing between commercial financial statements and fiscal financial statements. Many participants assumed that commercial profit could be directly used as the basis for calculating Corporate Income Tax without undergoing a fiscal adjustment process. After receiving an explanation of basic taxation concepts and fiscal adjustment practices, participants began to understand that various transactions, according to tax regulations, require adjustments, resulting in Taxable Income (PKP) that differs from the company's commercial profit. This understanding is a key indicator because fiscal adjustments are one of the most critical stages in the preparation of Corporate Income Tax.

The participants' increased understanding can be explained through the Theory of Planned Behavior proposed by Ajzen (1991). This theory explains that a person's behaviour is influenced by behavioural intention, which is formed through three main components: attitude toward the behaviour, subjective norms, and perceived behavioural control. In the context of this activity, increased knowledge of taxation led to a change in participants' attitudes toward tax compliance. Before attending the training, some participants viewed the preparation of corporate income tax returns as a complex administrative task that carried a high risk of errors. After gaining a better understanding of the procedures for preparing tax reports, participants began to believe that tax obligations can be fulfilled systematically once they understand the applicable regulations. This shift in perception boosts participants' confidence in managing their companies' tax administration, thereby potentially increasing tax compliance in the future.

In addition to changes in participants' knowledge, this program also helped improve their practical skills. The approach used in the program did not rely solely on lectures but was combined with demonstrations and simulations of corporate income tax preparation using case studies that closely mirrored real-world business conditions. This approach provided a more practical learning experience compared to purely theoretical instruction. Participants had the opportunity to engage in hands-on exercises, ranging from preparing commercial income statements and performing tax adjustments to determining taxable income and calculating the Corporate Income Tax owed. As a result, participants not only understood the concepts but were also able to apply them in their daily work. The success of this method aligns with the Adult Learning Theory developed by Knowles (1984). This theory explains that adult learning is more effective when participants are actively engaged in the learning process and have the opportunity to solve real-world problems related to their work. In this program, participants came from companies that deal with tax administration daily, so the case studies used were highly relevant to their needs. This made it easier for participants to understand the material because the learning was grounded in their own work experiences. The experiential learning approach also enhanced interaction between the instructors and participants, making the knowledge transfer process more effective.

The demonstrations and simulations made a significant contribution to improving the participants' ability to prepare tax reports. Before attending the training, most participants still struggled to identify deductible and non-deductible expenses. After receiving explanations and case examples, participants were able to understand the legal basis governing the tax treatment of various types of corporate expenses. This understanding is crucial because errors in making tax adjustments can lead to incorrect calculations of Corporate Income Tax, which in turn may result in administrative penalties or tax audits. One key finding from this activity was the high level of enthusiasm among participants during the discussion and consultation sessions. Nearly all participants took advantage of the opportunity to ask questions regarding various issues they face in tax administration practices. The most frequently raised issues related to changes in tax regulations, the implementation of tax adjustments, the use of electronic tax applications, the recognition of operating expenses, and the preparation of the Annual Corporate Tax Return (SPT). The high intensity of the discussions indicates that companies still have a significant need for tax guidance. This also suggests that one-way outreach activities are not sufficient to enhance the competence of corporate taxpayers. Companies require more intensive guidance through direct consultations so that the issues they face can be resolved in a manner tailored to each company's specific characteristics.

The results of this study also show that companies face different types of tax issues depending on their line of business. Service companies more often encounter issues related to the recognition of revenue and operating expenses, while trading companies face challenges regarding inventory recording and its impact on the calculation of taxable income. These differences indicate that technical guidance programs must take participants' characteristics into account so that the material provided truly aligns with each company's specific needs. A contextual approach will yield better results than delivering generic material. The findings from this study are consistent with previous research indicating that tax education has a positive impact on improving corporate tax compliance. Previous studies have shown that low corporate compliance rates are often not caused by a lack of awareness regarding tax obligations, but rather by limited understanding of regulations that are constantly changing. Therefore, educational activities through training and mentoring are among the most effective strategies for improving the quality of corporate tax administration. The results of this initiative reinforce these findings, as participants demonstrated improved ability to understand the corporate income tax filing process after receiving direct guidance.

Figure 1. Documentation of service activities at Klinik Orthophysio Kendari

From the perspective of the Self-Assessment System, this activity plays a significant role in enhancing companies' readiness to fulfil their tax obligations independently. Indonesia's tax system empowers taxpayers to calculate, pay, and report the amount of tax owed on their own. As a result of this system, companies must have competent personnel to ensure proper tax administration. If such capabilities are lacking, the risk of tax calculation errors increases significantly. Therefore, enhancing competence through technical guidance activities serves as a form of support for the effective implementation of the self-assessment system. From a corporate governance perspective, improving the quality of tax administration is also part of implementing Good Corporate Governance (GCG). Compliance with tax regulations reflects a company's accountability in fulfilling its obligations to the state and its stakeholders. Sound tax administration not only reduces the risk of penalties but also enhances the company's credibility in the eyes of investors, financial institutions, auditors, and the government. Therefore, improving employees' competencies in the field of taxation not only provides administrative benefits but also contributes to improving the overall quality of corporate governance.

Although this initiative has yielded positive results, there are still several limitations that need to be addressed. First, the number of partner companies remains relatively limited, so the results of the initiative cannot yet be generalized to all companies in Southeast Sulawesi Province. Second, the evaluation conducted focused primarily on participants’ increased knowledge and skills during the program, so the long-term impact on companies’ tax compliance levels cannot yet be comprehensively measured. Third, the constantly evolving dynamics of tax regulations mean that training materials need to be updated periodically to remain relevant to the latest regulations.

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Figure 2. Documentation of service activities at Toko Pakaian Keluarga TanaBang

Based on these results, similar activities need to be carried out on an ongoing basis through more intensive mentoring programs. The mentoring is not only focused on preparing corporate income tax returns but also covers the implementation of digital tax administration systems, the use of the Coretax application, the preparation of tax documentation, and consultations regarding changes to applicable regulations. With a sustainable program in place, companies will be better prepared to face changes in tax policy while also improving the quality of their tax administration. Overall, the results of the activities demonstrate that a participatory-based technical guidance model is an effective approach to enhancing companies' tax competencies. The combination of lectures, demonstrations, simulations, discussions, and consultations provides a comprehensive learning experience, enabling participants not only to understand tax concepts theoretically but also to apply them in practice. These findings indicate that improving the quality of human resources is a key strategy for supporting increased corporate tax compliance, strengthening corporate governance, and ultimately contributing to the optimization of government revenue from the tax sector.

CONCLUSION

The Community Service (PKM) activity, in the form of technical guidance to improve companies' understanding of corporate income tax reporting in Southeast Sulawesi Province, was successfully carried out according to the planned stages and achieved its objectives. The program, implemented through a participatory-educational approach including lectures, demonstrations, simulations, discussions, consultations, and evaluations proved effective in enhancing participants' competence in understanding corporate taxation, particularly the preparation of Corporate Income Tax (PPh) returns. The results of the activity showed that before the technical guidance, most participants already understood general tax obligations but still faced limitations in technical aspects such as preparing fiscal reports, performing fiscal adjustments, determining taxable income (PKP), applying corporate income tax rates, and preparing the Annual Corporate Tax Return (SPT). After participating in the program, participants demonstrated improved knowledge and skills, evidenced by their ability to explain the steps involved in preparing corporate income tax returns and to complete tax calculation simulations independently.

The demonstration and simulation methods used during the program significantly contributed to enhancing participants' practical skills. This approach enabled participants to understand the relationship between tax theory and the practical preparation of tax reports based on their companies' actual conditions. Additionally, discussion and consultation sessions provided participants with opportunities to find solutions to various tax administration issues faced in their respective companies, thereby making the learning process more contextual. The program also demonstrated that companies have a high need for ongoing tax guidance. Rapid changes in tax regulations, the digitization of tax administration systems, and the application of technology in tax reporting mean that companies require continuous knowledge updates to remain capable of fulfilling their tax obligations in accordance with applicable regulations. Overall, this program not only enhances the individual competencies of the participants but also contributes to improving corporate governance by strengthening tax administration to be more orderly, accurate, transparent, and accountable. As companies become more capable of correctly preparing their corporate income tax returns, it is expected that the compliance rate among corporate taxpayers will increase, thereby contributing to the optimization of government revenue from the tax sector.

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