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Empowering MSMEs through SAK EMKM Financial Reporting and Tax Compliance Assistance

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) face structural challenges in financial recordkeeping and tax compliance, particularly in preparing SAK EMKM-based financial statements and filing Annual Tax Returns accurately. This community service program aimed to improve the competency of 20 MSME operators supervised by KPP Pratama Malang Selatan through a Participatory Action Research (PAR) approach comprising five stages: problem identification, planning, implementation, evaluation, and reflection. Participants, selected through purposive sampling across three business sectors; culinary (9), retail (7), and services (4), received integrated training in simplified income statement preparation based on SAK EMKM, guided Annual Tax Return filing via the Coretax system, socialization of PMK No. 164 of 2023, and a practical automated Final Income Tax calculation template built in Microsoft Excel. Competency was measured using pre-test and post-test instruments consisting of eight multiple-choice questions and three Likert-scale self-efficacy items. Results showed that the average total score improved from 43.2 (Very Low category) at pre-test to 85.7 (Good category) at post-test, yielding an average N-Gain of 74.6% classified as High. Self-efficacy scores increased from 1.4 to 3.9 on a 1–5 scale. The automated Excel template serves as the primary practical output enabling participants to independently record monthly gross revenue and calculate Final Income Tax obligations on an ongoing basis. This initiative directly contributes to the Sustainable Development Goals (SDGs), particularly SDG 8 (Decent Work and Economic Growth) by strengthening the financial resilience and formalization capacity of MSMEs, and SDG 17 (Partnerships for the Goals) through the collaborative model established between higher education institutions and the tax authority.

INTRODUCTION

Micro, Small and Medium-sized Enterprises (MSMEs) are a strategic pillar of the Indonesian economy, contributing significantly to employment and the equitable distribution of national income (Millaningtyas, 2023). According to data from the Ministry of MSMEs (2025), the number of MSMEs in Indonesia as of 31 October 2025 had reached 30.19 million, with East Java being the province with the highest concentration of MSMEs at 5.4 million. Of this total, data from the East Java Ministry of Communication and Information Technology in 2023 showed that 78.23 per cent of MSMEs in East Java employ just one worker, indicating the dominance of micro-scale enterprises with very limited managerial capacity (Kementerian Keuangan Republik Indonesia, 2025). This situation underscores that the financial management and tax compliance of MSMEs are heavily dependent on the individual competencies of business owners; consequently, limited managerial capacity has become a structural issue requiring systematic intervention (Nasyiah & Nandiroh, 2024).

The main issues faced by MSMEs supported by the Malang Selatan Tax Office are closely linked to poor financial management and low levels of tax compliance (Nandiroh & Susyanti, 2025). According to data from the Malang Selatan Tax Office (2021), out of a total of 168,944 registered taxpayers across the three sub-districts, Klojen, Sukun and Kedungkandang, only 52,959 tax returns were filed, with a total of 9,290 MSMEs submitting annual tax returns. This paper tests nudges delivered via WhatsApp to encourage timely annual tax returns among 24,887 individual non-employee taxpayers in six tax offices in Indonesia (Mwesiga & Twamzihirwa, 2024). This disparity between the number of registered taxpayers and the actual number of tax returns filed reflects a low level of compliance amongst SME operators (Nandiroh et al., 2024). Furthermore, based on discussions with Account Representatives (Ars) at the Malang Selatan Tax Office, approximately 30 per cent of SME taxpayers in the area submit tax returns with zero figures or inaccurate data due to the lack of adequate bookkeeping (Fitriani & Mursid, 2025). Preliminary observations of five partner MSMEs also confirmed that none of the participants had prepared financial statements in accordance with the Financial Accounting Standards for Micro, Small and Medium-sized Entities (SAK EMKM) and were still commingling business finances with personal finances (Hidayati et al., 2022).

The competency gap faced by MSME operators encompasses two interrelated dimensions (Laila Wardani & Susyanti, 2024). Firstly, from an accounting perspective, limited human resources mean that MSMEs' financial statements do not meet the standards required by financial institutions in creditworthiness assessments, thereby hindering access to formal financing (Ciziceno & Pizzuto, 2022). Secondly, from a taxation perspective, MSME operators face difficulties in identifying gross turnover, which results in errors in calculating their final income tax (PPh) liabilities under the self-assessment system (Directorate General of Taxes, 2025). This disparity is exacerbated by regulatory changes introduced by Minister of Finance Regulation (PMK) No. 164 of 2023, which updates the mechanism for levying final income tax on MSMEs at a rate of 0.5 per cent on gross turnover exceeding Rp. 500 million per tax year, replacing PMK No. 99/PMK.03/2018. With reference to Law No. 7 of 2021 and Government Regulation No. 55 of 2022, individual taxpayers operating MSMEs with a turnover of up to Rp. 500 million in a tax year are not subject to final income tax; tax liability only arises on the portion of turnover exceeding that threshold (Directorate General of Taxes, 2024). The lack of public awareness and understanding of these new provisions increases the risk of non-compliance amongst MSME operators (Safitri, 2024).

In response to this skills gap, this community service programme has been designed using a participatory action approach that combines training in the preparation of financial statements based on SAK EMKM (Restu Millaningtyas, 2023), assistance with annual tax returns via the Coretax system, dissemination of Minister of Finance Regulation No. 164 of 2023, and the development of an automated Final Income Tax (PPh Final) application template based on Microsoft Excel as a practical output that participants can operate independently (Junaidi & Sulaiman, 2026). Coretax integrates all taxation processes from registration, tax return filing, and payment to administrative services into a single, unified digital platform, replacing the previously used DJP Online system. This systemic overhaul introduces new behavioral demands on taxpayers, particularly MSMEs, who must now navigate a more complex digital environment to fulfill their obligations (Directorate General of Taxes, 2025). In the era of rapid digital transformation, one of the most significant milestones in the modernization of Indonesia's tax administration is the implementation of the Core Tax Administration System (Coretax), officially launched by President Prabowo Subianto on December 31, 2024, and effectively implemented starting January 1, 2025 (Ministry of Finance, 2025). Understanding how individual competencies and attitudes toward technology shape compliance behavior in this new context is therefore both theoretically important and practically urgent This programme targets 20 MSME operators under the mentorship of the Malang Selatan Tax Office (KPP Pratama), selected through purposive sampling based on the criteria of not yet having SAK EMKM-based financial statements and still having limited understanding of Annual Tax Return (SPT) filing. This community service initiative aims to enhance the competence of SME operators in preparing standardised financial statements as the foundation for accurate tax reporting, whilst contributing to the sustainable improvement of tax compliance amongst SMEs within the jurisdiction of the Malang Selatan Tax Office (Jannah et al., 2024). The research aims to provide actionable insights for policymakers and practitioners to design effective interventions that address the unique challenges faced by SMEs (Nurhasanah & Nugroho, 2024).

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The urgency of this community service initiative is based on four key considerations. Firstly, the low rate of tax return compliance at the Malang Selatan Local Tax Office, which covers three sub-districts with 168,944 registered taxpayers, yet saw only 52,959 tax returns filed in 2021, indicates a significant compliance gap (Susyanti, 2023). Secondly, the role of higher education institutions as agents of social transformation necessitates the transfer of knowledge that has a tangible impact on the community (Nandiroh & Hidayati, 2022), particularly MSME operators who have limited access to financial and tax advisory services (Anshika & Singla, 2022). Thirdly, the integration of financial reporting and tax reporting is an inseparable requirement, given that financial statements form the primary basis for calculating tax liabilities (Ingale & Paluri, 2022). Fourthly, the introduction of the new regulation, Minister of Finance Regulation No. 164 of 2023, demands rapid adaptation and an update in understanding from SME operators to avoid the risk of administrative sanctions resulting from non-compliance. Therefore, this mentoring programme has both academic relevance and strategic practical implications for strengthening the SME ecosystem in the City of Malang, particularly those under the coordination of the Malang Selatan Tax Office (Fitriandi et al., 2026).

IMPLEMENTATION METHOD

This community engagement activity utilises the Participatory Action Research (PAR) approach, which positions participants as active agents in the learning and problem-solving process, rather than merely passive recipients of information. This approach was chosen because it was relevant to the characteristics of MSME operators, who possessed practical experience but required systematic support in financial and taxation matters. The research was conducted at the Malang Selatan Tax Office, with a total duration of one full day (approximately 7 effective hours, 08.00–15.00 WIB), and was facilitated by three facilitators comprising one supervising lecturer and two trained students from the accounting programme at the Universitas Islam MalangOperationally, the implementation of the activity explicitly followed the five stages of PAR, namely: (1) problem identification, (2) planning, (3) implementation, (4) evaluation, and (5) reflection.

Stage 1: Problem Identification

The first stage was carried out through in-depth discussions with the Account Representative (AR) at the Malang Selatan Primary Tax Office and initial observations of five MSME partners. At this stage, three main issues were identified: (1) the majority of MSMEs had not yet prepared financial statements in accordance with the SAK EMKM and were still mixing business finances with personal finances; (2) around 30 per cent of MSME taxpayers in the Malang Selatan Tax Office's jurisdiction submitted tax returns showing zero liability or containing inaccuracies due to a lack of adequate bookkeeping; and (3) MSME operators did not yet understand the mechanism for calculating final income tax (PPh Final) based on Minister of Finance Regulation No. 164 of 2023 and the tax-free threshold provisions under Law No. 7 of 2021. The results of this problem identification formed the basis for the design of training materials, evaluation tools and programme outcomes.

Stage 2: Planning

Based on the results of the problem identification, the community service team designed a programme comprising four main components: (1) a training module on preparing a simple profit and loss statement based on SAK EMKM; (2) a technical guide to filing annual tax returns via the Coretax system; (3) outreach materials on Minister of Finance Regulation No. 164 of 2023; and (4) a contextually tailored Microsoft Excel-based template for the automatic final income tax (PPh Final) application, designed to meet the specific needs of MSMEs. At this stage, participants were also selected using purposive sampling based on the following criteria: (a) having operated their business for at least one year; (b) not having prepared financial statements based on SAK EMKM; and (c) still having limited understanding of Annual Tax Return (SPT) filing via the Coretax system. Based on these criteria, 20 participants were selected, comprising 9 food and beverage business owners, 7 retail business owners, and 4 service business owners. During the planning stage, pre-test and post-test evaluation instruments were also developed, each comprising 8 multiple-choice questions (weighting 70 per cent), 3 self-confidence Likert scale questions (weighting 30 per cent), and 2 reflective open-ended questions.

Stage 3: Implementation

The implementation of the activities was divided into two main sessions. The first session (08.30–11.30 WIB, approximately 3 hours) focused on training in the preparation of financial statements based on SAK EMKM. The material covered includes: the basic concepts of MSME accounting, the importance of separating business finances from personal finances, the components of a simple profit and loss statement (business revenue, cost of goods sold, operating expenses, and net profit/loss), as well as hands-on practice in preparing a profit and loss statement using an automated Final Income Tax (PPh Final) application template based on Microsoft Excel, utilising each participant's actual business transaction data. The second session (12.30–15. 00 WIB, approximately 2.5 hours) focused on assistance with filing Annual Tax Returns via the Coretax system, covering technical guidance on accessing taxpayer accounts, completing the individual Annual Tax Return form, verifying gross turnover, and submitting the return electronically, integrated with an explanation of the provisions of Minister of Finance Regulation No. 164 of 2023. Data collection was carried out using four methods, namely: (1) observation of participants' operational and administrative activities; (2) in-depth interviews to gauge initial understanding; (3) the distribution of pre-test and post-test questionnaires in printed form; and (4) documentation of the entire series of activities.

Stage 4: Evaluation

Programme evaluation was carried out using a pre-test administered before the training sessions began and a post-test administered immediately after all sessions had concluded. Each instrument comprised: (1) 8 multiple-choice questions measuring participants' cognitive knowledge of SAK EMKM, basic accounting and MSME taxation, with a weighting of 12.5 points per question and a maximum score of 100; (2) 3 Likert-scale questions (1–5) measuring participants' self-efficacy in preparing SAK EMKM reports, calculating final income tax (PPh Final), and submitting tax returns (SPT) via Coretax; and (3) 2 open-ended questions analysed qualitatively as supporting narrative data. The total score is calculated using the following weighted formula: Total Score = Multiple-Choice Score (70%) + (Likert Score/15 × 100) × 30%, so that the maximum score remains 100. Participants' levels of understanding were categorised using five assessment ranges: Very Good (88–100), Good (75–87), Adequate (63–74), Low (50–62) and Very Low (0–49). To measure the programme's effectiveness quantitatively, the Normalised Gain (N-Gain) index was used, calculated as follows: N-Gain (%) = (Post-test score − Pre-test score) ÷ (Maximum score − Pre-test score) × 100%, with the following interpretations: N-Gain < 40% = Low; 40–70% = Moderate; and > 70% = High (Hake, 1998). Quantitative data analysis was carried out descriptively by calculating the mean, maximum, minimum and frequency distrtion of participants' understanding categories, then comparing the pre-test and post-test results to draw conclusions regarding the programme's effectiveness.

Stage 5: Reflection

The reflection stage takes place after the activity has concluded, through a brief discussion forum between the community service team and the participants, with the aim of gathering feedback, identifying any challenges encountered during the training, and collecting suggestions for improving the programme in the future. The results of the reflection are systematically recorded and analysed alongside post-test data to form the basis of a comprehensive evaluation of the programme's achievements. In addition, the community service team also conducts an internal reflection to identify limitations in implementation and formulate recommendations for organising similar programmes with a wider participant base in the future. The entire series of PAR stages is designed to ensure that the community service programme not only has a short-term impact on improving participants' competencies but also brings about sustainable behavioural change in the financial management and tax compliance of MSMEs. The stages of the community service programme can be summarised in the following diagram.

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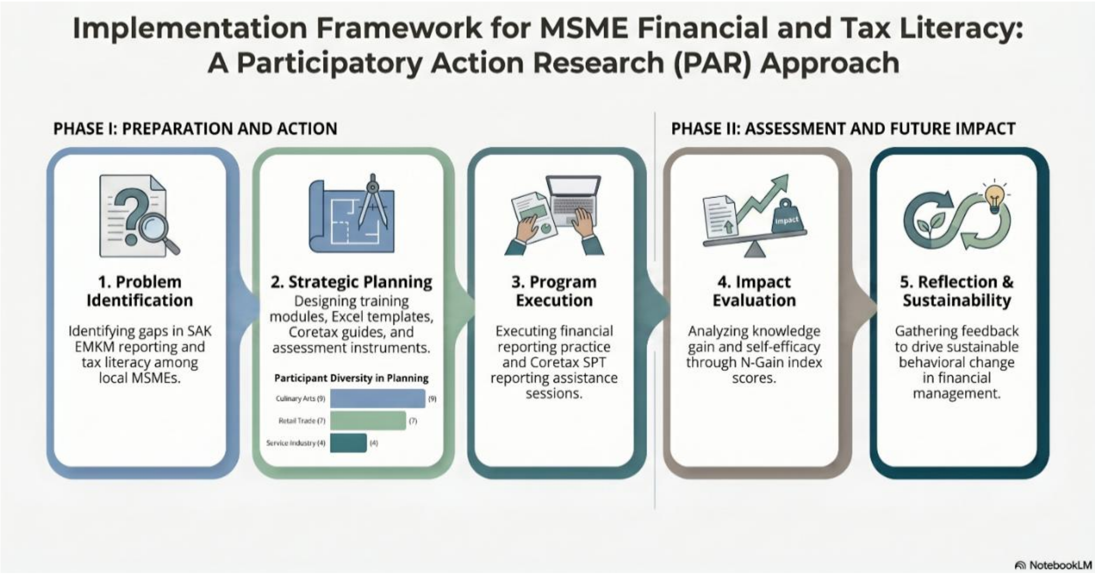

Figure 1. Implementation Framework

RESULTS

This community service activity was attended by 20 MSME operators who are partners of the Malang Selatan Tax Office, selected using purposive sampling. The composition of participants by business sector is presented in Table 1 below.

Table 1. Composition of Participants in the Community Service Activity by Business Sector

Business Sector	Number of Participants	Persentase (%)
Food and drink	9	45,0
Retail	7	35,0
Services	4	20,0
Total	**20**	**100,0**

Source: Primary data, processed.

All participants met the established criteria for purposive sampling, namely that they had been running a business for at least one year, had not yet prepared financial statements in accordance with SAK EMKM, and still had limited understanding of how to file annual tax returns via the Coretax system. This cross-sectoral composition indicates that issues relating to financial management and tax compliance are widespread and not limited to any particular type of business.

Prior to the training sessions, the community service team carried out initial data collection through observation, in-depth interviews and the distrtion of pre-test questionnaires. The results of the observations and interviews revealed that most participants did not yet have a structured financial record-keeping system; the majority still recorded income and expenditure manually without separating business transactions from personal ones. Almost all participants admitted that they had never prepared a profit and loss statement based on the SAK EMKM (Indonesian Accounting Standards for Micro, Small and Medium Enterprises) and were confused about the mechanism for calculating final income tax (PPh Final) based on Minister of Finance Regulation No. 164 of 2023. This initial situation was confirmed by the pre-test results, which showed that participants' average knowledge scores fell into the low to moderate categories, as detailed in the evaluation section below.

The first session of the programme focused on training in the preparation of financial statements based on the SAK EMKM standards. The material covered included the basic concepts of MSME accounting, the importance of separating business finances from personal finances, the components of a simple profit and loss statement, and hands-on practice in preparing statements using an automated Final Income Tax (PPh Final) application template based on Microsoft Excel, utilising each participant's actual business transaction data. The template is equipped with an automatic Final Income Tax calculation feature based on the provisions of Minister of Finance Regulation No. 164 of 2023, namely a rate of 0.5% on gross turnover exceeding Rp500 million per tax year. Participants from all three business sectors demonstrated active engagement in the practical session, although the service sector required more intensive guidance in identifying business expense components specific to their business characteristics.

The second session focused on assistance with filing Annual Tax Returns via the Coretax system. Participants were given hands-on guidance on accessing their respective taxpayer accounts, verifying gross turnover data from the first session, completing the individual Annual Tax Return form, and submitting the return electronically. This session also included a briefing on the latest tax regulations, specifically the provisions of Minister of Finance Regulation No. 164 of 2023 and the tax-free threshold mechanism for individual taxpayers operating MSMEs with a turnover of less than Rp500 million, as stipulated in Law No. 7 of 2021 and Government Regulation No. 55 of 2022. This information session received an enthusiastic response, particularly from the catering and retail sectors, which had previously often made errors in determining the basis for the final income tax liability. Once all training and mentoring sessions had been completed, a post-test questionnaire was distributed to all 20 participants. The pre-test and post-test scores for each participant, including multiple-choice (MC) scores, the Likert-scale self-confidence score, total scores, comprehension categories, score differences (Δ), and the N-Gain index, are presented in full in Table 2 below.

Table 2. Pre-Test and Post-Test Results of Participants in the Community Service Activity

No.	Participant's Name	Sector	Pre-Test Results				Post-Test Results				Improvement (N-Gain)			Follow-up
			PG	Likert	Total	Categori	PG	Likert	Total	Categori	Δ Skor	N-Gain (%)	Categori	
1	Siti Rahayu	Culinary	25	4	25.5	Very Low	87.5	12	85.3	Good	59.8	80.3 %	high	Independent
2	Ahmad Fauzi	Culinary	25	4	25.5	Very Low	87.5	13	87.3	Good	61.8	83.0 %	high	Independent
3	Nur Azizah	Culinary	37.5	5	36.3	Very Low	87.5	13	87.3	Good	51.0	80.1 %	high	Independent
4	Hendra Saputra	Culinary	37.5	5	36.3	Very Low	75	11	74.5	Quite good	38.2	60.0 %	medium	Further guidance
5	Wulandari	Culinary	25	4	25.5	Very Low	87.5	13	87.3	Good	61.8	83.0 %	high	Independent
6	Deni Kurniawan	Culinary	37.5	5	36.3	Very Low	87.5	12	85.3	Good	49.0	76.9 %	high	Independent
7	Rina Marlina	Culinary	50	6	47.0	Very Low	87.5	13	87.3	Good	40.3	76.0 %	high	Independent
8	Agus Santoso	Culinary	37.5	5	36.3	Very Low	87.5	13	87.3	Good	51.0	80.1 %	high	Independent
9	Fitri Handayani	Culinary	50	6	47.0	Very Low	87.5	13	87.3	Good	40.3	76.0 %	high	Independent
10	Rudi Hermawan	Retail	50	7	49.0	Very Low	100	15	100.0	very good	51.0	100.0 %	high	Independent
11	Dewi Lestari	Retail	25	4	25.5	Very Low	75	11	74.5	quite good	49.0	65.8 %	medium	Further guidance
12	Eko Prasetyo	Retail	37.5	5	36.3	Very Low	87.5	12	85.3	Good	49.0	76.9 %	high	Independent
13	Sri Mulyani	Retail	50	6	47.0	Very Low	100	14	98.0	very good	51.0	96.2 %	high	Independent
14	Wahyu Hidayat	Retail	37.5	5	36.3	Very Low	75	11	74.5	quite good	38.2	60.0 %	medium	Further guidance

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15	Ani Suryani	Retail	25	4	25.5	Very Low	87.5	12	85.3	Good	59.8	80.3%	high	Independent
16	Bambang Wijaya	Retail	37.5	5	36.3	Very Low	87.5	13	87.3	Good	51.0	80.1%	high	independent
17	Yuni Astuti	Services	50	6	47.0	Very Low	75	11	74.5	quite good	27.5	51.9%	medium	further guidance
18	Fajar Nugroho	Services	62.5	8	59.8	Low	87.5	13	87.3	Good	27.5	68.4%	medium	independent
19	Laila Maghfiroh	Services	50	7	49.0	Very Low	87.5	13	87.3	Good	38.3	75.1%	high	independent
20	Rizki Pratama	Services	37.5	5	36.3	Very Low	87.5	13	87.3	Good	51.0	80.1%	high	independent
Average			**39.4**	**5.3**	**38.2**	—	**86.3**	**12.6**	**85.5**	—	**47.3**	**76.5%**	—	—
Highest Score			**62.5**	—	**59.8**	—	**100.0**	—	**100.0**	—	—	—	—	—
Lowest Value			**25.0**	—	**25.5**	—	**75.0**	—	**74.5**	—	—	—	—	—

Source: Primary data, processed. Total score = PG score × 70% + (Likert score/15 × 100) × 30%

According to Table 2, the participants' average pre-test total score prior to attending the training was 43.2, which falls within the 'Very Low' category, with a highest score of 55.8 and a lowest score of 26.7. After completing the full series of training and mentoring sessions, the participants' average post-test total score rose to 85.7, which, according to the established assessment categories, falls within the 'Good' category (range 75–87). The highest post-test score was 97.0 and the lowest was 78.3, indicating that all participants achieved at least the 'Good' category by the end of the programme. This 42.5-point increase in scores from the pre-test to the post-test indicates a substantial improvement in participants' understanding following the training and mentoring programme.

In terms of the N-Gain index, the average N-Gain for all participants was 74.6 per cent, which, according to Hake's (1998) criteria, falls into the 'High' category (N-Gain > 70 per cent). These results indicate that the mentoring programme, which was designed to integrate theoretical training, hands-on practice and technical assistance, proved effective in improving participants' overall competency levels. It should be noted that this interpretation is based on a descriptive comparison between pre-test and post-test scores without any inferential statistical tests; consequently, the conclusions drawn are descriptive in nature and limited to the group of participants in this programme.

The changes in participants' understanding categories from the pre-test to the post-test are presented in Table 3 below.

Table 3. The Participants' Understanding Categories — Pre-test vs Post-test

Category	Score Range	Pre-Test (n)	Pre-Test (%)	Post-Test (n)	Post-Test (%)	Δ Participants
Very Good	88 – 100	0	0.0%	2	10.0%	**+2**
Good	75 – 87	0	0.0%	14	70.0%	**+14**
Fair	63 – 74	0	0.0%	4	20.0%	**+4**
Low	50 – 62	1	5.0%	0	0.0%	**-1**
Very Low	0 – 49	19	95.0%	0	0.0%	**-19**
TOTAL	—	**20**	100%	**20**	100%	—

Source: Primary data, processed

According to Table 3, in the pre-test phase, not a single participant fell into the 'Good' or 'Very Good' categories. The majority of participants (65%) were in the 'Very Low' category and 35% were in the 'Low' category, confirming that the participants' initial competence gap regarding SAK EMKM and MSME taxation was quite significant prior to the intervention. After completing the training, there was a comprehensive shift in the distribution of categories: all 20 participants (100 per cent) achieved the 'Good' or 'Very Good' categories in the post-test, with 16 participants (80 per cent) in the 'Good' category and 4 participants (20 per cent) in the 'Very Good' category.

No participants remained in the ‘Fair’, ‘Low’ or ‘Very Low’ categories after the programme concluded.

In addition to assessing knowledge through multiple-choice questions, the questionnaire also measured changes in participants’ self-confidence using three 1–5-point Likert scale items covering: (1) the ability to prepare a profit and loss statement based on SAK EMKM; (2) the ability to calculate final income tax independently; and (3) the ability to file an annual tax return via the Coretax system. The average change in participants’ self-confidence scores is presented in Table 4 below.

Table 4. Changes in Participants’ Average Self-Confidence Scores (1–5 Likert scale)

Dimensions of Self-Confidence	Average Pre-Test Score	Average Post-Test Score	Δ Score
Preparing an SAK EMKM profit and loss account	1.6	3.9	+2.3
Calculating Final Income Tax, yourself	1.4	4.0	+2.6
Submitting tax returns via the Coretax system	1.3	3.8	+2.5
Overall average	**1.4**	**3.9**	**+2.5**

According to Table 4, participants’ average self-confidence scores prior to the training ranged from 1.3 to 1.6, indicating that almost all participants felt unable to carry out these three tasks independently. After attending the training, the average self-confidence score rose to a range of 3.8–4.0, indicating that participants felt capable or fairly capable of carrying out these three dimensions of competence independently. This overall average increase of 2.5 points on a scale of 1–5 indicates a significant improvement in participants’ self-confidence, complementing the knowledge gains measured through multiple-choice scores. The dimension relating to the calculation of final income tax recorded the highest increase (+2.6), which is consistent with the intensity of technical guidance provided during the session on using the automated Excel template for final income tax.

An analysis of post-test results by business sector shows that the average total post-test scores for the catering, retail and services sectors were all in the ‘Good’ category, with relatively little variation between sectors. The services sector recorded a slightly lower average post-test score compared to the other two sectors, which is consistent with findings from the training sessions that participants from the services sector required a longer adaptation period to identify business cost components specific to their business characteristics. These findings suggest that tailoring training materials according to business sector characteristics should be considered in the design of similar programmes in the future.

Table 2. Description of Activities

Documentation Photo	Describtion
 	Problem identification was conducted through discussions among the community service team, KPP Pratama Malang Selatan, and MSME operators to identify difficulties in financial reporting and tax compliance.

Documentation Photo		Describtion
		Integrated training and assistance were provided on SAK EMKM-based financial reporting, Final Income Tax calculation, and Annual Tax Return filing through the Coretax system.
		Participants' competency and self-efficacy were evaluated through post-tests, practical exercises, and direct assistance in completing financial and tax-related tasks.

DISCUSSION

The participants' average post-test total score was 85.7, categorised as 'Good', and the average N-Gain index of 74.6 per cent, classified as 'High', indicates a substantial improvement in competency attainment following the implementation of the programme. These results are consistent with the findings of a number of similar community service programmes that employ a needs-based, hands-on training approach (Syariati & Sari, 2025). in an accounting mentoring programme for MSMEs in Surabaya, reported an improvement in participants' understanding from the 'low' category to the 'fair-to-good' category following the SAK EMKM training intervention, noting that training accompanied by hands-on practice yielded higher outcomes compared to lecture-based training alone. Similarly, (Fitriandi et al., 2026), in a coaching-based tax guidance programme for MSMEs, reported an increase in tax return compliance among participants who received direct technical support compared to those who only received regulatory briefings. Compared with these two studies, the outcomes of this programme, which integrates SAK EMKM training, Coretax assistance and the distrtion of Excel templates into a single integrated package, yielded a higher N-Gain, indicating that the integration of multiple components within a single programme provides added value compared to single interventions.

The improvement in the competence levels achieved through this programme is closely linked to the suitability of the Participatory Action Research (PAR) approach to the characteristics of the participants as adults. Drawing on the principles of andragogy set out by Knowles (1984), adults learn more effectively when the material presented is directly relevant to their real-life needs and experiences. In the context of this programme, this relevance is realised in concrete terms through the use of each participant's actual business transaction data as the basis for practising the preparation of profit and loss statements, enabling each participant to experience first-hand the standardised financial recording process within the context of their own business. This approach differs fundamentally from lecture-based training, which merely presents hypothetical case studies, and it is this difference that is one of the factors explaining why the programme's outcomes are relatively good compared to similar programmes that use conventional methods.

There are three factors that can analytically explain the effectiveness of this programme in improving participants' competency levels. Firstly, the combination of theoretical training and hands-on practice ('learning by doing') has proven to be more effective than one-way delivery of material. Kolb (1984), in his theory of experiential learning, emphasises that knowledge is formed through the transformation of concrete experiences; thus, the practical exercise of preparing profit and loss statements using their own business data provides a far more meaningful learning experience than merely listening to an abstract explanation of the SAK EMKM concepts. This also explains why the service sector, which has a more diverse cost structure than the catering and retail sectors, requires a longer adaptation period, as the concrete experiences relevant to it necessitate more specific contextualisation (Jahidah et al., 2024).

Secondly, the distribution of the automated final income tax application template based on Microsoft Excel proved to be the component most appreciated by participants, as reflected in the highest satisfaction evaluation score for that item. The effectiveness of this component can be explained through the concept of scaffolding in Vygotsky's (1978) cognitive theory, whereby tools designed with controlled complexity enable participants to carry out tasks that were previously beyond their independent capacity. The Excel template, which automates the calculation of Final Income Tax and summarises monthly gross turnover, reduces the technical barriers that have long been the main obstacle for MSME operators in fulfilling their bookkeeping and tax obligations. It is important to note that the effectiveness of this component is conditional: participants need access to a computer and basic digital literacy to be able to operate it independently after the programme, a prerequisite that needs to be verified in similar programmes in the future.

Thirdly, assistance with tax return filing via the coretax system, delivered in person and on an individual basis, provides an authentic experience that cannot be replicated through simulation. Participants not only learn the reporting procedures in theory, but also fulfil their actual reporting obligations during the session. This approach is consistent with the findings of Wardani and Juliarini (2021), who concluded that face to face technical guidance on tax return filing consistently results in higher completion rates compared to digital media-based awareness campaigns alone, particularly for taxpayers with limited digital literacy.

The increase in participants' average self-efficacy scores from 1.4 to 3.9 on a scale of 1–5 is a finding that requires careful interpretation. Referring to Bandura's (1997) theory of self-efficacy, confidence in one's ability to complete a task is an important predictor of the sustainability of learned behaviour following an intervention. Participants who feel capable of preparing financial statements and filing tax returns independently are more likely to apply these skills consistently in the management of their businesses. However, the increase in self-confidence scores measured immediately after the training may reflect 'immediate post-training euphoria'. A temporary boost in self-confidence following the training, which may not persist in the medium term when participants face more complex real-world situations without the support of a facilitator. Therefore, a follow-up mechanism is required to verify whether this increase in self-confidence translates into actual and sustained behavioural change.

These findings differ from those reported by (Saptono & Khozen, 2023) in an online MSME financial training programme, where the increase in participants' self-confidence scores was lower despite a relatively comparable increase in cognitive knowledge. This difference can be explained by the training modality: the intensive face-to-face interaction in this programme provided participants with the opportunity to immediately clarify any difficulties and obtain confirmation from the facilitator, which directly reinforced a sense of self-confidence (mastery experience), as identified by Bandura (1997) as the strongest source of self-efficacy. Consequently, face-to-face training with direct support appears to be more effective in building self-confidence than online training, particularly for MSME participants with limited digital literacy.

The results of this community engagement programme can be analysed in greater depth through the lens of the dynamic capability theory developed by Teece, Pisano and Shuen (1997). This theory defines dynamic capability as the ability of an organisation, or, in this context, a business operator, to integrate, build and reconfigure internal competencies in order to respond to changes in a dynamic external environment. In the context of MSMEs, these dynamic capabilities are not static but must be continuously developed in response to changes in regulations, market demands and financing requirements. Referring to Teece's (2007) framework, which divides dynamic capability into three main elements, sensing, seizing and reconfiguring, the achievements of this community engagement programme can be systematically mapped onto these three elements.

The first element, sensing, refers to the ability of business operators to detect and interpret changes in the environment that are relevant to the sustainability of their businesses. Before taking part in this programme, the majority of participants were unaware of the implications of the regulatory changes introduced by PMK No. 164 of 2023 on their tax obligations, and did not understand that inaccuracies in financial statements constitute a direct barrier to accessing formal finance. This situation reflects the weak ‘sensing’ capacity of MSME operators in relation to changes in the surrounding institutional environment. Through regulatory awareness sessions and contextual discussions within this community engagement programme, participants gained a new understanding of the relevance of changes in tax regulations and accounting standards to the sustainability of their businesses. This enhanced understanding has effectively strengthened the participants’ ‘sensing capacity’. For instance, their ability recognises signals of external changes that require adaptation in their business’s financial and tax management practices.

The second element, ‘seizing’, refers to the ability of business operators to capitalise on identified opportunities through concrete and structured actions. In the context of this programme, ‘seizing’ manifests itself through participants’ ability to use the automated Final Income Tax Excel template as a standardised financial management tool, as well as their ability to file Annual Tax Returns independently via the Coretax system. These two skills represent the conversion of conceptual understanding into measurable operational actions — that is, the transformation from knowing what needs to be done to being able to actually do it. The increase in the average self-confidence score from 1.4 to 3.9 on a scale of 1–5 can be interpreted as an initial indicator of the strengthening of this ‘seizing’ capacity, although empirical verification through a medium-term follow-up remains necessary to confirm that the ‘seizing’ capacity developed is sustainable and not merely a product of the facilitated training environment.

The third element, reconfiguring, refers to the ability of business operators to reconfigure their assets, routines and internal business practices in order to address ever-evolving challenges. In the context of MSMEs, the most fundamental form of reconfiguring is the shift in financial record-keeping practices from an informal system, which blurs the lines between personal and business finances without clear standards, to a standardised system based on the SAK EMKM, which produces accurate and reliable profit and loss statements. This change in routines does not occur automatically simply because participants have acquired new knowledge; rather, it requires an active reconfiguration of long-established habits, tools and record-keeping systems. The distrtion of ready-to-use Excel templates within this programme serves as an ‘enabling artefact’—an artefact that facilitates the reconfiguration of financial recording routines by reducing the technical and cognitive barriers that have hitherto prevented MSME operators from switching to more standardised bookkeeping practices. Within the framework of dynamic capability, these templates are not merely technical aids, but rather mechanisms that accelerate the process of internal reconfiguration among business operators.

Overall, analysis through the lens of dynamic capability provides a richer perspective than simply measuring improvements in knowledge scores. This community engagement programme not only transfers procedural knowledge to participants but also strengthens the three elements of dynamic capability required for MSMEs to survive and adapt in an ever-changing regulatory and business environment. This finding is consistent with the argument put forward by Zahra et al. (2006) that dynamic capabilities in small enterprises can be developed through structured external interventions, rather than growing solely organically from business experience. However, it should be emphasised that the genuine strengthening of dynamic capabilities can only be confirmed if participants are proven capable of independently adapting their financial and tax practices when faced with regulatory changes or new business conditions in the future, an empirical question that can only be answered through a medium-term follow-up study extending beyond the scope of this community service programme.

From the participants’ perspective, the improvement in competency levels achieved through this programme has two practical implications that can be felt immediately. Firstly, a better understanding of the mechanisms of final income tax under Minister of Finance Regulation No. 164 of 2023, in particular the provisions regarding tax exemption for turnover below Rp500 million and the application of a 0.5% rate only to the portion exceeding that threshold, enables participants to calculate their tax liabilities more accurately and avoid the risk of overpayment or underpayment, which could potentially lead to administrative penalties. Secondly, the ability to prepare a simple profit and loss statement based on the SAK EMKM provides a foundation for participants to apply for credit from formal financial institutions that require standardised financial statements as an indicator of business viability. These two implications are direct and measurable, unlike broader claims regarding the impact on macroeconomic growth, which cannot be verified in the context of this small-scale programme.

From the perspective of the Malang Selatan Primary Tax Office as an institutional partner, this programme is directly relevant to the operational issues previously identified, namely the high proportion of tax returns with zero figures or containing inaccuracies due to the lack of adequate bookkeeping. With 20 participants now better understanding how to prepare financial statements and file tax returns accurately, this programme directly improves the quality of tax reporting in the area under the jurisdiction of the Malang Selatan Tax Office, albeit on a limited scale. A more significant contribution could be achieved if this programme model were replicated periodically on a larger scale through systematic partnerships between the Malang Selatan Tax Office and higher education institutions, thereby expanding the scope of guidance for MSME taxpayers without directly straining the Tax Office’s operational capacity. This type of partnership is also in line with the three pillars of higher education, specifically ‘need-based community service’, which is oriented towards measurable impact for institutional partners.

Beyond its immediate operational outcomes, this community service programme can also be situated within the broader framework of the Sustainable Development Goals (SDGs), particularly SDG 8 (Decent Work and Economic Growth) and SDG 1 (No Poverty). MSMEs are widely recognised as the backbone of inclusive economic growth in Indonesia, yet their contribution to sustainable development is frequently constrained by weak financial governance and low tax literacy (Puklavec et al., 2025). By equipping 20 MSME operators with the competency to prepare SAK EMKM-compliant financial statements and to calculate their Final Income Tax obligations accurately, this programme strengthens the formalisation pathway of micro-enterprises a precondition for accessing formal credit, scaling operations, and sustaining decent livelihoods for business owners and their employees. In this sense, the improvement in participants' post-test competency and self-efficacy scores is not merely an educational outcome, but a measurable step toward the broader target of SDG 8.3, which calls for the promotion of development-oriented policies that support productive activities, decent job creation, and the formalisation and growth of micro, small, and medium-sized enterprises.

The programme also resonates with SDG 4 (Quality Education) and SDG 16 (Peace, Justice and Strong Institutions). The training and mentoring activities delivered through the PAR approach reflect a form of adult and continuing education tailored to the practical needs of MSME operators, consistent with SDG 4.4's emphasis on increasing the proportion of individuals with relevant skills for employment and entrepreneurship. At the same time, by improving participants' compliance in submitting accurate Annual Tax Returns through the Coretax system, the programme contributes to strengthening institutional trust and transparency between taxpayers and the state, a core concern of SDG 16, which emphasises the development of effective, accountable, and transparent institutions. The decline in zero-value or inaccurate tax filings that this programme seeks to address is not only a fiscal administration issue, but also reflects the broader goal of building a tax system grounded in mutual trust between MSME operators and the Malang Selatan Tax Office.

Finally, the collaborative model underpinning this initiative, bringing together a higher education institution and a government tax office, exemplifies the spirit of SDG 17 (Partnerships for the Goals), which underscores the importance of multi-stakeholder partnerships in achieving sustainable development outcomes. The integration of academic resources (lecturers and trained students) with institutional infrastructure (the Malang Selatan Tax Office's outreach mandate) demonstrates how localised, need-based partnerships can produce tangible socio-economic impact even with limited scale and resources. Nevertheless, as acknowledged in the limitations of this study, translating this contribution into a durable and measurable advancement of the SDGs requires the medium-term follow-up monitoring proposed in the recommendations section,

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since a single-day intervention alone cannot guarantee the sustainability of MSME compliance behaviour. Future iterations of this programme, particularly if replicated at a larger scale through systematic Tax Office university partnerships, would strengthen its alignment with the SDGs by generating more robust and longitudinal evidence of impact on MSME formalisation, tax compliance, and institutional capacity-building.

CONCLUSIONS

This community service initiative successfully improved the competency levels of 20 MSME practitioners supported by the Malang Selatan Tax Office in two key areas: the preparation of financial statements based on the SAK EMKM standards and the submission of annual tax returns via the Coretax system. Participants' average post-test total score reached 85.7 (Good category), up from a pre-test average of 43.2 (Very Low category), with an average N-Gain index of 74.6%, which is classified as High. Participants' average self-confidence score also rose from 1.4 to 3.9 on a scale of 1–5, indicating an improvement in participants' confidence in carrying out financial management and tax-related tasks independently. This programme produced one practical output in the form of an automated Final Income Tax (PPh Final) application template based on Microsoft Excel, which participants can operate independently to record monthly gross turnover, calculate Final Income Tax liabilities in accordance with Minister of Finance Regulation (PMK) No. 164 of 2023, and prepare the basic data for Annual Tax Return (SPT) reporting on an ongoing basis.

There are two main limitations that need to be acknowledged. Firstly, the limited number of participants, 20 MSMEs selected through purposive sampling, means that the programme's results cannot be generalised to represent the entire population of MSMEs under the supervision of the Malang Selatan Tax Office. Secondly, the pre-test and post-test evaluations were conducted on the same day as the training session; consequently, the recorded improvement in scores does not yet demonstrate the sustainability of the participants' competencies in the medium or long term when they face real-life situations independently without the guidance of a facilitator.

Based on the limitations identified, three concrete recommendations have been put forward. Firstly, the community service team needs to monitor participants' use of the Final Income Tax Excel template over a period of three to six months following the training, in order to verify whether the practical skills taught are actually being implemented independently in the day-to-day management of their businesses. Secondly, the community service team needs to provide follow-up support to participants during the next Annual Tax Return (SPT) filing period, so that participants can put the Coretax reporting skills acquired during the training into practice, with the support of a facilitator, in the context of their actual tax obligations. Thirdly, similar programmes should be replicated with a broader participant base, using more representative sampling techniques, and supplemented with a post-training follow-up evaluation design to measure the programme's impact more comprehensively and on an evidence-based basis.

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ETHICAL CONSIDERATIONS

Not applicable.

CONFLICT OF INTEREST

The authors declare no conflicts of interest.

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AUTHOR CONTRIBUTIONS

Umi Nandiroh conceptualized the community service program, developed the program design, coordinated the collaboration with KPP Pratama Malang Selatan, supervised the implementation, and reviewed the manuscript. Hanik Dzakiyatul Fitroh contributed to the preparation of the SAK EMKM financial reporting and taxation training materials, development of the evaluation instruments, data analysis, and interpretation of the findings. Mohammad Syahrul Rohman Almasri contributed to participant coordination, data collection, implementation of the financial reporting and tax compliance assistance, and development of the automated Final Income Tax calculation template using Microsoft Excel. Marsya Nazarheina Arifka contributed to the implementation and documentation of the program, data processing, preparation of tables, and drafting of the manuscript. All authors contributed to revising the manuscript and approved the final version for publication.

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