

Training of Tax Implementation for Micro, Small, and Medium Enterprises in the Digitalization Era

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Abstract

Training in tax implementation aims to improve knowledge and understanding of taxation for small and medium enterprises in the current digital era. This activity was motivated by the condition where many small and medium enterprises in the East Java I Regional Office of the Directorate General of Taxes still did not understand and did not apply the latest tax regulations correctly and completely according to Regulation of the Minister of Finance Regulation No. 164 of 2023 concerning the procedure for imposing income tax on income from businesses received or obtained by taxpayers who have a certain gross income and obligation to report businesses to be confirmed as taxable entrepreneurs. Training activity was carried out using an online method and training materials were given to participants in the form of digital presentation files and spreadsheet files. Methods used in implementing this activity consist of preparation, implementation, and evaluation. Pre-tests and post-tests were carried out to determine the increase in knowledge and understanding of webinar participants. Overall, taxpayers who are from the small and medium enterprises feel helped in gaining knowledge and understanding the latest tax regulations and can apply the latest regulations in filling out the annual tax return form so that they can report the annual tax return correctly and completely.

Keywords: *annual tax return, digitalization, Minister of Finance Regulation No 164/2023, small and medium enterprises*

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Introduction

Micro, small, and medium-sized enterprises (MSMEs) employ the majority of Indonesian workers; they constitute the backbone of the nation's economy and contribute significantly to its overall prosperity. The minimum net value of IDR 50,000,000.00, exclusive of land and buildings used as business premises, or an annual sales result of no more than IDR 300,000,000.00 are the prerequisites for microbusinesses, as stated in Law No. 20 of 2008 concerning micro, small, and medium enterprises, Article 6 Paragraph 1. In accordance with Article 6 Paragraph 2, small enterprises are those having yearly sales figures exceeding IDR 300,000,000.00 up to a maximum of IDR 2,500,000,000.00 or a net worth exceeding IDR 50,000,000.00 up to a maximum of IDR 500,000,000.00, exclusive of real estate and structures used as company locations. However, as per Article 6 Paragraph 3, medium-sized businesses are those that have annual sales results of more than IDR 2,500,000,000.00 up to a maximum of IDR 50,000,000,000.00 or net assets of more than IDR 500,000,000.00 up to a maximum of IDR 10,000,000,000.00, excluding the land and buildings where the business is located (Kementerian Hukum dan Hak Asasi Manusia, 2008).

According to data from the Ministry of Cooperatives and Micro, Small, and Medium Enterprises (Kementerian Koperasi dan UKM Republik Indonesia, 2024), The number of micro, small, and medium-sized enterprises has increased to 65.5 million business units in 2023, up 1.7% from the year before. 97% of these are micro businesses, 2% are small businesses, and 1% are medium-sized companies. Based on data from the Central Bureau of Statistics (Kementerian Perdagangan Republik Indonesia, 2024), micro, small, and medium-sized enterprises contributed 9,580 trillion, or 61%, to the GDP. This number was 2.3% higher than the year before. Micro, small, and medium-sized businesses account for 97% of all workers in the country, which is another significant contribution to their labor absorption rate. This demonstrates how MSMEs, or small and medium-sized businesses, constitute the foundation of the Indonesian economy and are crucial to job creation. Small and medium-sized businesses face a number of major challenges, including capital, marketing, raw materials, technology, labor, management, and accounting systems. The factors that create these problems are largely due to the low level of training and education in business that business executives entertain. Most financial experts feel that they have adequate business knowledge and skills, so they are not too eager to add their business information, especially if they have to pay cash to get this information (Budiwitjaksono, et al., 2023).

The Ministry of Cooperatives and Micro, Small, and Medium Enterprises provided data on the number of micro, small, and medium enterprises in Indonesia; however, this figure is an estimate and does not represent the real number of micro, small, and medium enterprises in the country. This is due to the enormous number of micro, small, and medium-sized enterprises and the fact that the majority of them have not registered their companies, which makes data collection challenging. Micro, small, and medium-sized enterprises can be defined as business actors who have achieved success in developing some parts of their business activities, such as growing their institutions, market share, production, marketing, financing, and human resources. The government itself keeps pushing micro, small, and medium-sized businesses to embrace digital in order to expand even further. The government wants 30 million micro, small, and medium-sized businesses to be digital by 2024. However, the adoption of digitalization in MSMEs is not without its challenges. Particular factors, such as performance expectancy, perceived effort, facilitating conditions, and competitive pressure significantly influence the decision to embrace digitalization (Hojnik & Hudek, 2023).

The Ministry of Cooperatives and Micro, Small, and Medium Enterprises reports that up to 3.79 million MSMEs have used internet platforms for product marketing. This represents about 8% of all MSME participants in Indonesia. The Ministry of Trade is targeting the acceleration of digitalization in 1,000 traditional markets and 1,000,000 micro, small, and medium enterprise traders throughout Indonesia (Kementerian Perdagangan Republik Indonesia, 2022). The digitalization of traditional markets aims for traditional markets to have a marketplace and become accustomed to using platforms to enter the digital era, including in terms of taxation, both in terms of calculating, depositing, and reporting taxation for micro, small, and medium enterprises.

For many micro, small, and medium taxpayers, the computation, deposit, and reporting of income tax is a challenging process. Micro, Small, and Medium Taxpayers bear a disproportionate burden in complying with many forms of regulations, in particular tax rules and legislation. Complying with tax regulations often results in increased costs and a significant reduction in profits (Ernest, Danie, & Nicholas, 2022). Many individuals, limited liability companies, *commanditaire vennootschap* (CV), and other micro, small, and medium Taxpayers also lack of solid understanding of accounting and taxation. Furthermore, a large number of micro, small, and medium taxpayers fail to comply with the most recent tax laws and guidelines, which leads to mistakes being made when taxes are imposed, calculated, and

filed on a daily basis as well as when filing and reporting income taxes. The micro, small, and medium taxpayers may incur losses as a result of these mistakes, as well as fines or tax interest.

Micro, small, and medium taxpayers must be compliant in paying and reporting taxes, because there are administrative sanctions waiting if corporate taxpayers do not pay the final income tax of 0.5%. The deadline for paying income tax is the 15th of the following month. If in a current tax year, the taxpayer's gross turnover has exceeded IDR 4.8 billion, the taxpayer will still be subject to a final income tax rate of 0.5% until the end of the relevant tax year. The new normal calculation will be carried out in the following tax year. If the imposition of the final income tax rate of 0.5% has ended (Direktorat Jenderal Pajak, 2023), the taxpayer is required to keep books to be able to calculate the income tax payable using the rate of Article 17 of Law No. 36 of 2008 concerning Income Tax (Direktorat Jenderal Pajak, 2008), which has been changed partly by Law No. 7 of 2021 concerning Harmonization of Tax Regulations (Direktorat Jenderal Pajak, 2021). However, if the taxpayer still has a gross turnover of no more than IDR 4.8 billion by the end of the validity period, the taxpayer may calculate net income using the Net Income Calculation Norm or *Norma Perhitungan Penghasilan Neto* (NPPN). With NPPN, the taxpayer needs to multiply the gross turnover by the norm or percentage that has been set for each type of business or freelance work. In addition, the taxpayer is also required to make records.

According to Government Regulation No. 55 of 2022 (Presiden Republik Indonesia, 2022), Article 59 Paragraph 1, The following time frame applies to the utilization of the 0.5% final income tax: individual taxpayers have seven tax years, corporate taxpayers have four tax years in the form of limited partnerships, cooperatives, firms, village-owned enterprises or joint village-owned enterprises, or single-person companies, and corporate taxpayers have three tax years in the form of limited liability companies. There is a gross turnover threshold of up to IDR 500 million per year for individual taxpayers that is not subject to income tax.

Some factors affected micro, small, and medium taxpayers' compliance. Religiosity, tax counseling, and modernization of the tax administration system partially have a positive effect on tax compliance, while money ethics do not affect micro, small, and medium taxpayers' compliance (Palupi & Arifin, 2023). In another research, money ethics (as a psychological dimension) and tax counseling (as a social dimension), did not significantly influence tax compliance. *Karma phala* (as a spiritual dimension) has a positive and significant effect on

business taxpayers' compliance. When an individual's behavior has reflected commitment in their religion philosophy, it is expected to be a control of deviant behavior and good behavior in taxation obligations (Yuniarta & Purnamawati, 2020). In tax fairness, isomorphic forces and strategic responses have a predictive force on tax compliance. Significant mediation effects of tax fairness and also strategic responses are found (Musimenta, Nkundabanyan, Muhwezi, Akankunda, & Nalukenge, 2017).

Another important factor is the electronic tax system, as we know that Indonesia will implement a new tax system including for micro, small, and medium enterprise taxpayers, Coretax at the beginning of 2025. Attitude towards electronic tax system, adoption of electronic tax system, and isomorphic forces significantly contribute to tax compliance. Isomorphic forces have a high predictive power of tax compliance as compared with attitudes toward electronic tax systems. Further, coercive, normative, and mimetic isomorphism as constructs of isomorphic forces are significantly associated with tax compliance (Sadress, Bananuka, Orobia, & Opiso, 2019).

Awareness and compliance in paying taxes are still relatively low. The causes of low awareness and knowledge about taxation, public dissatisfaction with public services, uneven infrastructure development, and corruption cases by high-ranking officials are still said to be numerous (Murtiningtyas, Baehaqi, & Andiani, 2024). In line with this research, the very large number of micro, small, and medium taxpayers in Indonesia has the potential for very large tax revenues (Khoirinnisa, 2023), so public authorities must boost tax revenues from micro, small, and medium taxpayers. However, the fact that most business actors fail to file taxes and are not registered as taxpayers is a serious issue that has to be addressed. Although the government already offers tools for simple tax payments via the website, certain business actors are not digitally savvy. As a result, it's essential to use tactics that can raise corporate actors' knowledge of the need to pay taxes. These tactics include tax counseling, system updates, and the creation of rules or penalties for micro, small, and medium-sized taxpayers who fail to make required payments (Murtiningtyas, Baehaqi, & Andiani, 2024). In addition, efforts to increase awareness of micro, small, and medium taxpayers in paying taxes can use strategies in the form of transparency in the management and use of tax funds (Khoirinnisa, 2023).

Designing policies and strategies to improve tax compliance among MSMEs, not only the improvement of tax knowledge should be considered. The usage of information technology

can moderate the effect of tax knowledge on tax compliance. This highlights the critical potential of information technology in improving tax understanding and awareness among small and medium taxpayers and providing more straightforward and efficient access to tax-related information. Therefore, in designing tax education programs and tax services, the government can leverage information technology to improve the effectiveness and efficiency of these programs and expand their reach and accessibility to all small and medium taxpayers in Indonesia (Michael & Widjaja, 2024). Further, referral groups, the probability of audit, tax knowledge, and the perception of equity and fairness have a significant impact on tax compliance. In particular, the referral group had the most significant influence on the noncompliance behavior of small and medium taxpayers (Inasius, 2018).

Tax counseling can be carried out in the form of a tax seminar with the theme of Tax Implementation for Micro, Small, and Medium Taxpayers in the Digitalization Era in accordance with Government Regulation No. 55 of 2022 and its implementing regulations, namely Regulation of the Minister of Finance No. 164 of 2023 (Kementerian Keuangan Republik Indonesia, 2023) aims to help taxpayers understand their rights and obligations in fulfilling income tax payments and reporting for micro, small, and medium taxpayers and in order to support the receipt of the Directorate General of Taxes (DJP) in 2023, especially in the East Java I DJP Regional Office.

Most training or counseling provides convenience for owners of micro, small, and medium enterprises to calculate taxation, provides insight and knowledge about taxation for micro, small, and medium taxpayers in more comfortable ways to taxpayers especially to micro, small, and medium taxpayers (Fuadah, Dewi, Liliana, & Saggaf, 2022). The purpose of this community service activity in the form of a seminar on Tax Implementation for Micro, Small and Medium Taxpayers in the Digitalization Era in accordance with Government Regulation No. 55 of 2022 and Regulation of the Minister of Finance No. 164 of 2023 is to help micro, small, and medium taxpayers understand the calculation of income tax and filling in and reporting of income tax, increase knowledge of various tax problems faced by micro, small, and medium taxpayers in practice, support the receipt of income tax by the Directorate General of Taxes and in the East Java I Regional Office of DJP in particular.

Methods

Community service in the form of a tax webinar with the theme of Taxation Implementation for Micro, Small, and Medium Enterprises in the Digitalization Era in accordance with Government Regulation No. 55 of 2022 and its implementing regulations, namely the Regulation of the Minister of Finance No. 164 of 2023, is one method of tax counseling that can help to improve the tax knowledge and comprehension of micro, small, and medium business taxpayers. This community service project was finished in collaboration with the Airlangga University Faculty of Vocational Studies and the East Java I Regional Tax Office's Directorate General of Taxes. This community service project was carried out online on Saturday, February 24, 2024, from 9:00 to 12:00 WIB, using Zoom media.

This community service project made use of webinars or online lectures; 1. Creating the activities and webinar materials' content is one of the preparation steps done to put this program into action, 2. Building modules for webinars, 3. Having the committee create pre- and post-tests. Data from the pre- and post-test analyses are analyzed, and then presented in a descriptive manner. Pre-testing was the first step in the implementation of this community service. Next, the resource person provided material and conducted a question-and-answer session. Finally, the activity was evaluated by administering a post-test to the participants, analyzing their answers, and discussing how the webinar was implemented. Figure 1 depicts the procedure. Participants in this community service activity reached 121 participants from various regions in Indonesia with a dominance of participants from East Java.

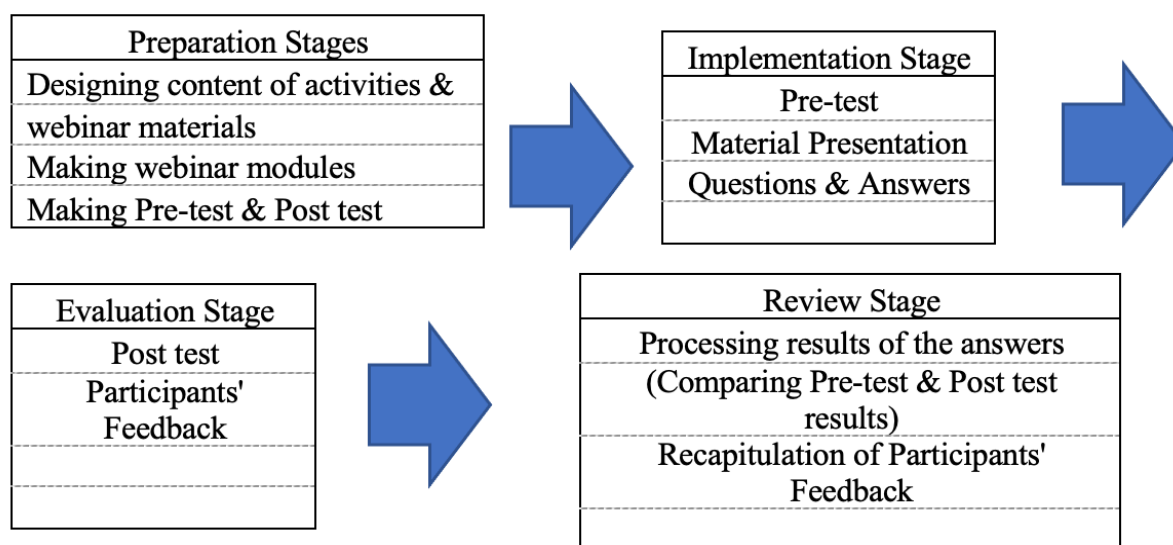


Fig. 1. Method used in community services

Results and Discussions

After the webinar session, participants took a pre-test and a post-test to gauge their increased knowledge of the material covered. The goal of the taxation seminars, which took the form of community service, was to teach taxation implementation for micro, small, and medium-sized enterprises in the digitalization era in accordance with Government Regulation No. 55 of 2022 and its implementing regulations, namely the Regulation of the Minister of Finance Regulation No. 164 of 2023. Then after the pre-test, the provision of material was carried out through the delivery of material by two speakers, namely one person from the Directorate General of Taxes and one lecturer, and moderated by one moderator via Zoom meeting media as shown in some figures below including about statement letter of government regulation No 55/2022 in Figure 2, personal tax return in Figure 3, and tax services in tax office in Figure 4. Two operators from university students also helped in implementing this community service activity. After the material was delivered, the activity continued with a question and answer session as shown in Figure 5.



Fig. 2. Presentation about statement letter of government regulation No 55/2022

The material explanation includes the concept of taxation for micro, small, and medium enterprises, examples of income tax calculations, value added tax treatment, and an explanation of filling out the annual tax return for taxpayers from micro, small, and medium enterprises. The webinar module presented during this webinar was made in a powerpoint file which is shown in Figure 6.

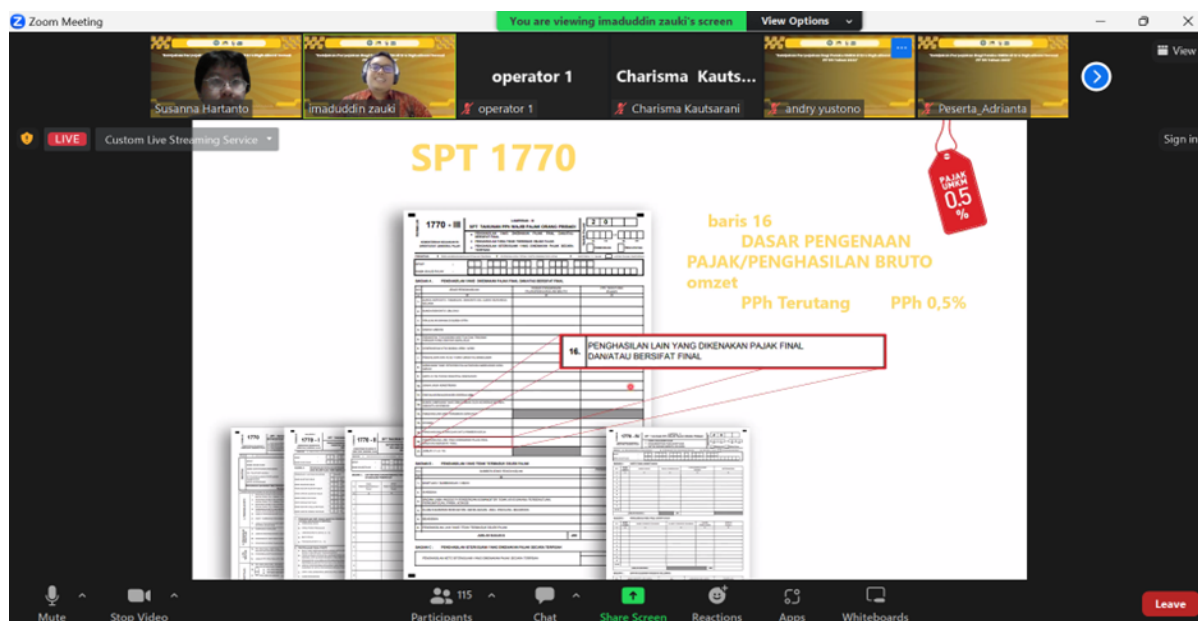


Fig. 3. Presentation about personal tax return



Fig. 4. Presentation about tax services in tax office

The webinar module was also made in spreadsheet files which are shown in Figure 7 to inform taxpayers about new statement letter for gross income not more than IDR 500 million taxpayers, Figure 8 is spreadsheet module about new gross income list for personal taxpayers, and Figure 9 is spreadsheet module about new gross income list for corporate taxpayers. The new statement letter in Figure 7 must be given to the third party if the small and medium enterprises' gross income does not exceed IDR 500 million, so the third party will not be charged final income tax. These new two documents as shown in Figure 8 and Figure 9 must

be attached to the annual tax return. Figure 8 shows an attachment for the annual tax return of personal taxpayers, while Figure 9 shows an attachment for the annual tax return of corporate taxpayers.

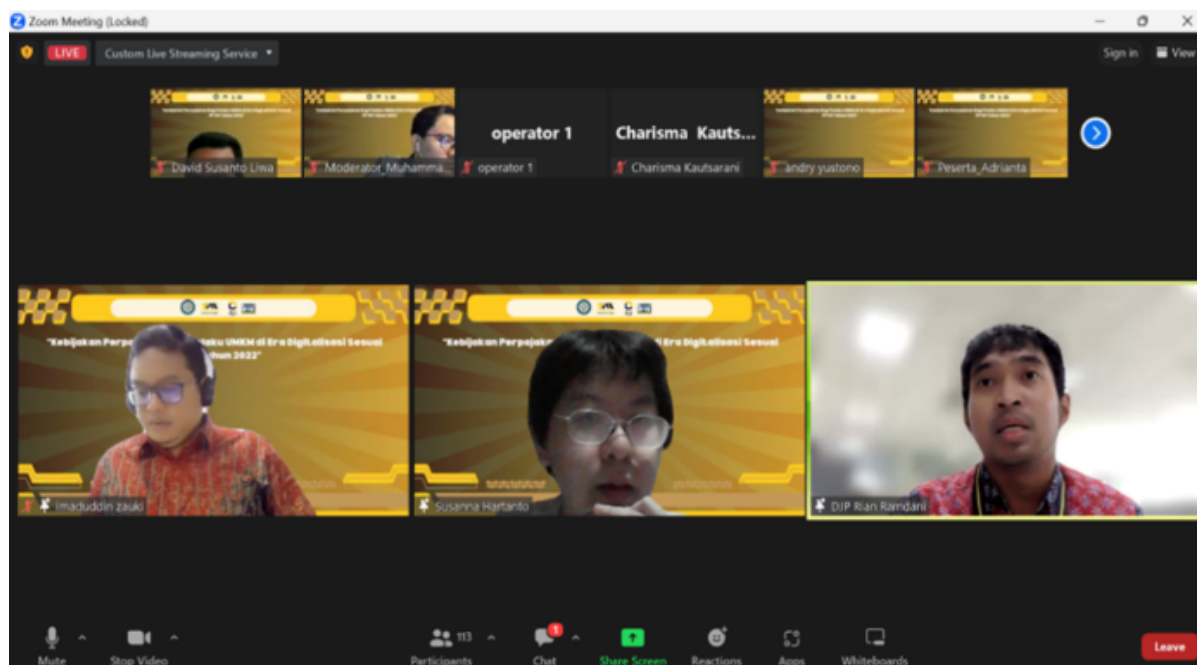


Fig. 5. Question and answer session with participants

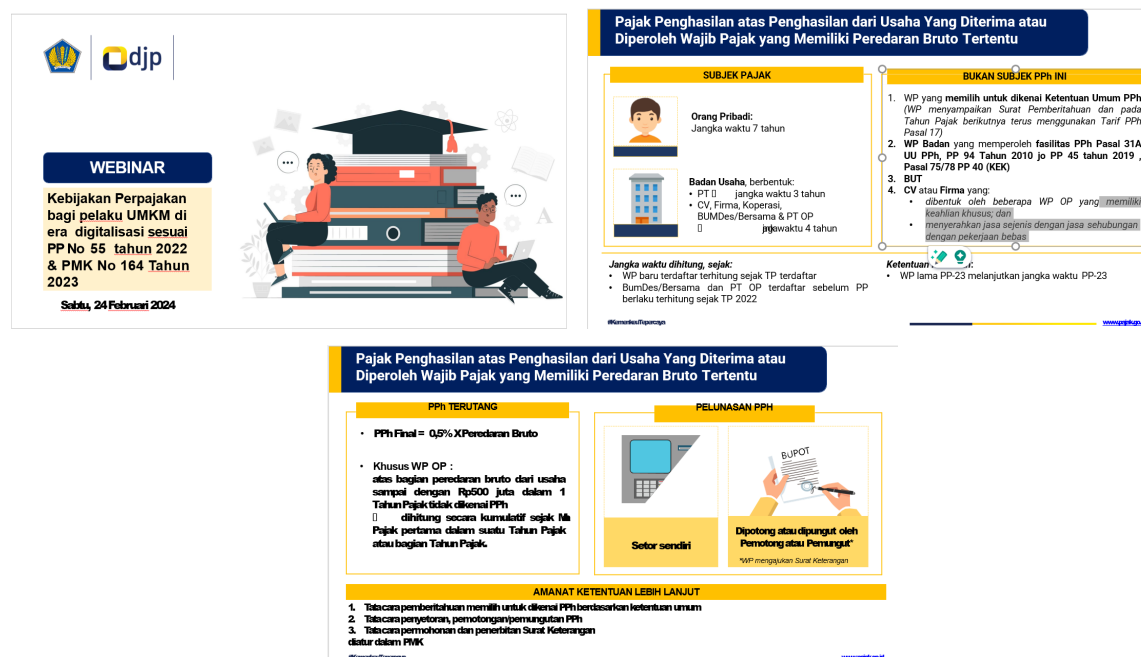


Fig. 6. Powerpoint webinar module

PERHATIAN		LAPORAN RINCIAN PEREDARAN BRUTO										LAMPIRAN SPT		
LAMPIRAN INI HARUS DISI OLEH WAJIB PAJAK ORANG PRIBADI YANG BERKEWAJIBAN MELAPORKAN RINCIAN PEREDARAN BRUTO.		BAGI WAJIB PAJAK ORANG PRIBADI										TAHUN PAJAK		
		NIK/NPWP												
ALAMAT TEMPAT USAHA														
No.	NPWP/NIK/ID TKU	NAMA TEMPAT USAHA	ALAMAT	KELURAHAN	KECAMATAN	KOTA/KABUPATEN	PROVINSI							
RINCIAN PEREDARAN BRUTO														
No.	NPWP/NIK/ID TKU	Januari	Februari	Maret	April	Mei	Juni	Juli	Agustus	September	Oktober	Nopember	Desember	Jumlah
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
		10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	120.000.000
		10.000.000	10.000.000	10.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	930.000.000
		10.000.000	10.000.000	10.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	930.000.000
a.	JUMLAH PEREDARAN BRUTO	30.000.000	30.000.000	10.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	970.000.000
b.	AKUMULASI PEREDARAN BRUTO	30.000.000	60.000.000	70.000.000	170.000.000	270.000.000	370.000.000	470.000.000	570.000.000	670.000.000	770.000.000	870.000.000	970.000.000	970.000.000
c.	PEREDARAN BRUTO TIDAK KENA PAJAK													500.000.000
d.	PEREDARAN BRUTO KENA PAJAK								70.000.000	100.000.000	100.000.000	100.000.000	100.000.000	470.000.000
e.	JUMLAH PPh FINAL TERUTANG (0,5% X d)								350.000	500.000	500.000	500.000	500.000	2.350.000
f.	PPh FINAL DISETOR SENDIRI								350.000	500.000	500.000	500.000	500.000	2.350.000
g.	JUMLAH PPh FINAL YANG DIPOTONG PIHAK LAIN													
h.	SELISIH													

KETERANGAN :
 Dalam hal terdapat selisih kelebihan pembayaran sebagaimana tercantum pada huruf h kolom 15, Wajib Pajak mengajukan permohonan pengembalian dengan permohonan tersendiri sesuai dengan ketentuan peraturan perundang-undangan di bidang ketentuan umum dan tata cara perpajakan.

Fig. 8. Webinar module (spreadsheet) about new gross income list for personal taxpayers

PERHATIAN		LAPORAN RINCIAN PEREDARAN BRUTO										LAMPIRAN SPT		
LAMPIRAN INI HARUS DISI OLEH WAJIB PAJAK BADAN YANG BERKEWAJIBAN MELAPORKAN RINCIAN PEREDARAN BRUTO.		BAGI WAJIB PAJAK BADAN										TAHUN PAJAK		
		NPWP												
ALAMAT TEMPAT USAHA														
No.	NPWP/ID TKU	NAMA TEMPAT USAHA	ALAMAT	KELURAHAN	KECAMATAN	KOTA/KABUPATEN	PROVINSI							
RINCIAN PEREDARAN BRUTO														
No.	NPWP/ID TKU	Januari	Februari	Maret	April	Mei	Juni	Juli	Agustus	September	Oktober	Nopember	Desember	Jumlah
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
		10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	10.000.000	120.000.000
		10.000.000	10.000.000	10.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	930.000.000
		10.000.000	10.000.000	10.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	930.000.000
a.	JUMLAH PEREDARAN BRUTO	30.000.000	30.000.000	10.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	100.000.000	970.000.000
b.	JUMLAH PPh FINAL TERUTANG (0,5% X a)	150.000	150.000	50.000	500.000	500.000	500.000	500.000	500.000	500.000	500.000	500.000	500.000	4.850.000
c.	PPh FINAL DISETOR SENDIRI	150.000	150.000	50.000	500.000	500.000	500.000	500.000	500.000	500.000	500.000	500.000	500.000	4.850.000
d.	JUMLAH PPh FINAL YANG DIPOTONG PIHAK LAIN													
e.	SELISIH													

KETERANGAN :
 Dalam hal terdapat selisih kelebihan pembayaran sebagaimana tercantum pada huruf h kolom 15, Wajib Pajak mengajukan permohonan pengembalian dengan permohonan tersendiri sesuai dengan ketentuan peraturan perundang-undangan di bidang ketentuan umum dan tata cara perpajakan.

Fig. 9. Webinar module (spreadsheet) about new gross income list for corporate taxpayers

The overall knowledge and comprehension of micro, small, and medium enterprise taxpayers on the regulations, calculation, filling out, and reporting of income tax for these taxpayers makes this event successful. The pre-test and post-test findings, which showed a growth in correctly answered questions, were in line with the aim. These tests were completed by taxpayers from micro, small, and medium-sized enterprises at the start and end of the event.

The participants' evaluation of the activities revealed that the micro, small, and medium enterprise actors were satisfied with their newfound knowledge and comprehension of the latest taxation for these businesses. They also expressed a desire for the activity to be repeated, preferably in a face-to-face setting and for a longer duration, so that participants could confer

on the application of micro, small, and medium enterprise taxation (e.g., the format and procedures for completing the latest gross circulation list attachment and a certificate of gross circulation still below 500 million rupiah) and the tax issues that these actors were facing (e.g., the Letter of Request for Explanation of Data and or Information (SP2DK) and tax audit).

Table 1. Pre-test and post test for participants

Number	Questions	Percentage of Correct Answers (%)	
		Pre-test	Post test
1	Tax obligation for Small and Medium Enterprises	60	70
2	Final Income Tax Rate Procedures	50	65
3	Final Income Tax Usage period	45	65
4	Bookkeeping obligation for Small and Medium Enterprises	30	50
5	Final Income Tax Payment Deadline	60	70
6	Final Income Tax Return Deadline	50	65
7	VAT Obligation for Small and Medium Enterprises	30	45
8	Tax Procedures after Final Income Tax Usage Ended	20	35
9	Annual Tax Payment Deadline	65	75
10	Annual Tax Return Deadline	70	80

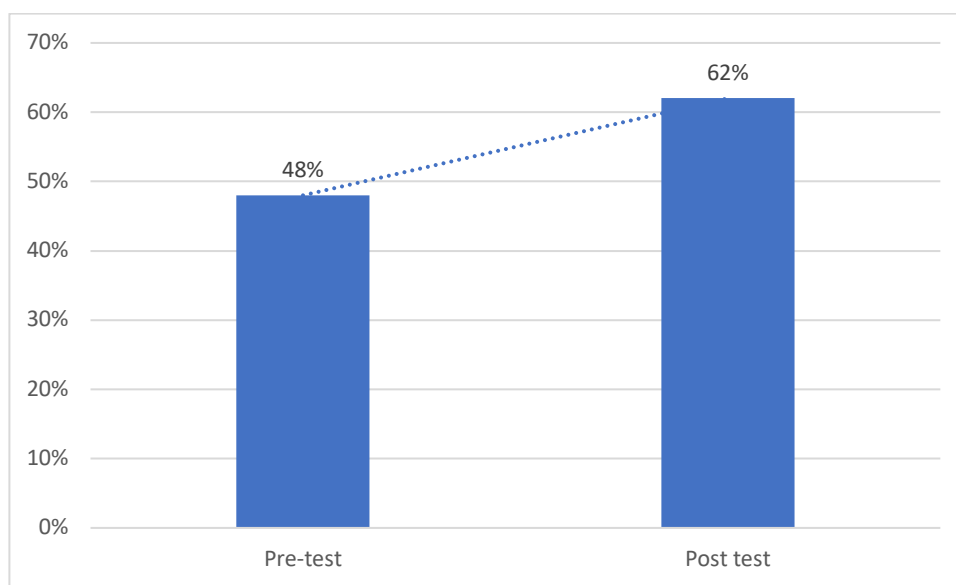


Fig. 10. Pre-test and post-test results of participants

Conclusion

Micro, small, and medium business taxpayers can benefit from enhanced tax knowledge and comprehension through community service activities in the form of tax webinars on the topic of Taxation Implementation for Micro, Small, and Medium Business in the Digitalization Era

in compliance with Government Regulation No. 55 of 2022 and its implementing regulations, namely Regulation of the Minister of Finance No. 164 of 2023. An average increase of 10%–20% in right responses between the participants' post-test results and their pre-test results indicates that micro, small, and medium business taxpayers have become more knowledgeable.

After attending this training, micro, small, and medium-sized business taxpayers should be able to apply tax requirements for these types of businesses, including accurate, timely, and comprehensive tax calculation, payment, and reporting. This community service project's online nature and time constraints make it difficult to give participants a thorough understanding of how taxes work for micro, small, and medium-sized businesses. Therefore, in order to help taxpayers who own micro, small, and medium-sized businesses implement tax reporting accurately, fully, and on time, in-person tax training is required and a monthly assistance schedule would be needed to review and follow up on the implementation of taxes for micro, small, and medium enterprises including giving updates for rapid tax changes like Coretax System that will be implemented at the beginning of 2025. These changes will have a high impact on all taxpayers, especially micro, small, and medium-sized business taxpayers. The tax training can also be implemented for taxpayers in another regional office of the Directorate General of Taxes.

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