Tax Education for Micro, Small, and Medium Enterprises: Understanding Final Income Tax At 0.5% for Online Traders in Salatiga City

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Abstract

Tax compliance among micro, small, and medium enterprises (MSMEs) in Indonesia remains considerably low, particularly among online traders who operate through digital platforms. This community service study aims to improve the understanding of online traders in Salatiga City regarding their Final Income Tax (PPh Final) obligation at a rate of 0.5% as stipulated under Government Regulation No. 55 of 2022. The methods employed include structured counseling sessions, hands-on training, and guided tax reporting through the Directorate General of Taxes e-Filing application. The program was conducted from August to October 2023, involving 47 online traders affiliated with the Salatiga Digital MSME Community. Results demonstrated a statistically significant increase in participants' mean comprehension score from 48.3 to 82.6 (on a 100-point scale), alongside a 73.4% increase in tax compliance intention. A total of 38 out of 47 participants successfully created tax accounts and completed annual tax return (SPT) submission simulations independently. These findings confirm that structured, practice-based education effectively promotes voluntary tax compliance among MSME taxpayers and may serve as a replicable model for similar initiatives across Indonesian cities.

Keywords: Final Income Tax 0.5%, MSMEs, Online Traders, Tax Education, Salatiga, Tax Compliance

INTRODUCTION

The micro, small, and medium enterprise (MSME) sector constitutes one of the most vital pillars of the Indonesian national economy. According to data published by the Ministry of Cooperatives and SMEs in 2022, the number of MSMEs in Indonesia reached 65.47 million units, absorbing approximately 97% of the national labor force and contributing 61.07% to the Gross Domestic Product (GDP). These figures underscore the sector's significant role in stimulating economic growth, generating employment, and reducing income inequality across societal groups.

The rapid advancement of information technology has further accelerated the transformation of MSME business models. The e-commerce phenomenon has expanded dramatically, particularly in the period following the Covid-19 pandemic. Data from the Indonesian Internet Service Providers Association (APJII) in 2022 recorded 210.03 million internet users in Indonesia, equivalent to approximately 77.02% of the total population. This digital expansion has led increasing numbers of MSME operators to migrate their commercial activities onto digital platforms such as Shopee, Tokopedia, Instagram, and WhatsApp as their primary sales channels. In Salatiga City specifically, the Department of Cooperatives, SMEs, and Industry recorded approximately 4,200 MSME actors by the end of 2022, with more than 35% already utilizing digital platforms to conduct their business operations.

Notwithstanding the growth in the number of online traders, tax compliance among MSME actors remains a pressing issue. The Directorate General of Taxes (DGT) reported that of approximately 65 million MSME operators, only around 2.7 million are registered as active taxpayers, representing a mere 4.1% of the total. The annual tax return (SPT) filing compliance ratio among MSME taxpayers also remained low, hovering between 37% and 45% throughout 2020-2022. This condition is attributable in large part to limited knowledge and awareness among business actors regarding their tax obligations.

The Indonesian government has introduced a series of regulatory reforms to simplify the tax system for MSMEs. Among the most significant is the application of a Final Income Tax (PPh Final) at a flat rate of 0.5% on gross turnover, initially regulated under Government Regulation (PP) No. 23 of 2018 and subsequently refined through PP No. 55 of 2022 concerning Adjustments to Income Tax Regulations. This scheme is designed to reduce administrative burdens for MSME operators while simultaneously encouraging greater compliance. The 0.5% rate applies to individual and corporate taxpayers whose gross annual turnover does not exceed IDR 4.8 billion, with the duration of application varying by taxpayer category.

Nevertheless, the dissemination of information concerning these provisions remains uneven, particularly among small-scale online traders. Several studies have identified low regulatory knowledge as a primary determinant of poor tax compliance among MSME taxpayers. Rahayu (2020) demonstrated that tax knowledge exerts a positive and significant effect on MSME taxpayer compliance, with a regression coefficient of 0.421. Consistent findings were reported by Kurniawan and Syafruddin (2021), who conducted research across major cities in Central Java, including Salatiga, and found that only 28.3% of online traders understood their Final Income Tax obligations.

Salatiga City, despite its relatively small geographic area of 56.78 square kilometers, is one of the fastest-growing digital MSME hubs in Central Java. Its strategic position as an educational city with a sizeable student population has fostered a young, digitally driven entrepreneurial ecosystem. However, a preliminary survey conducted by the research team in June 2023 involving 60 online traders in Salatiga revealed that 72% of respondents were unaware of the applicable PPh Final rate, and 85% had never filed a tax report online. This finding reveals a substantial gap between the simplified tax policy framework and its implementation at the ground level.

Against this backdrop, the research team from the Department of Accounting designed and implemented a community service program comprising structured tax education for online traders in Salatiga City. The program objectives were threefold: to improve participants' understanding of PPh Final 0.5% provisions, to provide practical training in the use of the e-Filing application for online tax reporting, and to foster voluntary tax compliance behavior among digital MSME actors. The findings of this study are expected to yield direct benefits for participants while also offering a replicable educational model for similar programs in other regions of Indonesia.

LITERATURE REVIEW

FINAL INCOME TAX AT 0.5% FOR MSMES

Final Income Tax refers to a tax levied on certain categories of income at a fixed rate, the result of which is not recalculated in the computation of total tax liability at the end of the fiscal year. For MSMEs, this mechanism is applied to reduce the complexity of tax obligations. PP No. 55 of 2022 stipulates that individual taxpayers with annual gross turnover not exceeding IDR 500 million are exempt from PPh Final, while those with turnover above this threshold but below IDR 4.8 billion per annum are subject to a rate of 0.5% of total gross turnover.

The payment mechanism requires taxpayers to remit the tax on a monthly basis, no later than the 15th day of the following month, accompanied by a report filed through the DGT Online e-Filing system. This simplified arrangement is designed to enable MSME taxpayers to fulfill their obligations without maintaining complex accounting records; rather, they need only to document their total monthly gross turnover. As Waluyo (2022) notes, the self-assessment system adopted in Indonesian taxation entrusts taxpayers with full responsibility to calculate, pay, and report their own tax liabilities, rendering taxpayer knowledge and awareness the cornerstone of the system's effectiveness.

MSME TAX COMPLIANCE

Tax compliance refers to a taxpayer's willingness to fulfill tax obligations in accordance with prevailing regulations without external coercion. Nurmantu (2020) distinguishes between two dimensions of compliance: formal compliance, which concerns adherence to administrative procedures, and material compliance, which relates to the accuracy of tax calculations and payments. In the MSME setting, formal compliance frequently presents the first obstacle, given the limited procedural knowledge among business operators.

The Theory of Planned Behavior advanced by Ajzen (1991) and widely applied in tax compliance research posits that compliant behavior is shaped by attitudes, subjective norms, and perceived behavioral control. Effective tax education plays a crucial role in forming positive attitudes toward tax obligations. Research by Handayani and Supadmi (2019) on MSMEs in Bali found that tax socialization programs increased taxpayer compliance by 31.7% compared to a control group that did not receive any socialization.

TAX EDUCATION AS AN INSTRUMENT FOR IMPROVING COMPLIANCE

Tax education serves as one of the primary policy instruments employed by governments and academic institutions to improve taxpayer awareness and compliance. A growing body of evidence supports the effectiveness of tax education programs, particularly those utilizing participatory and practice-based methodologies. Kirchler (2019) argues that experiential learning approaches are considerably more effective than one-way lectures in fostering compliant tax behavior, as they engage participants actively in the learning process.

In the context of higher education community service, tax education represents a concrete application of the Tridharma of Higher Education that bridges academic inquiry with the practical needs of society. Astuti and Yuniasih (2021) demonstrated that university-administered tax training programs successfully improved MSME taxpayer compliance by up to 68.4% in Central Java. Collaborative frameworks involving academics, local government, and MSME communities have been shown to amplify the impact of such programs significantly.

METHODS

This community service study was conducted over the period of August to October 2023 in Salatiga City, Central Java. The target participants were online traders affiliated with the Salatiga Digital MSME Community, with a final sample of 47 participants following a process of registration, selection, and attendance confirmation. Participants were active sellers on digital platforms including Shopee, Tokopedia, Instagram, and WhatsApp Business, with an average annual business turnover below IDR 4.8 billion.

The program adopted a participatory action learning approach, which prioritizes active participant engagement at every stage of implementation. This approach was selected because tax-related subject matter is inherently procedural and requires direct practice to be effectively understood by participants who, for the most part, lack a formal background in accounting or taxation.

The program was structured in three phases. The first phase consisted of counseling sessions, conducted over two sessions totaling four hours, covering the legal basis for PPh Final 0.5%, eligibility criteria for MSME taxpayers, the calculation mechanism based on gross turnover, and the applicable deadlines for tax remittance and reporting. The second phase comprised hands-on training using participants' own laptops and smartphones, encompassing account creation on the DGT Online portal, generation of billing codes, tax remittance via authorized banks, and simulation of annual SPT filing through the e-Filing system. The third phase involved individual mentoring conducted over four weeks following the training, in which participants received guidance through a WhatsApp group moderated by the program team.

Measurement instruments included pre-test and post-test questionnaires to assess participants' level of understanding, as well as a five-point Likert scale questionnaire to measure tax compliance intention. Data were analyzed using descriptive quantitative methods, with a paired t-test employed to assess mean score differences before and after the program. Program success was defined by the magnitude of improvement in mean comprehension scores and the proportion of participants who independently completed the tax filing simulation.

Table 1. Participant Profile of the MSME Tax Education Program in Salatiga City

Characteristic	Category	Number (n)	Percentage (%)
Digital Platform Used	Shopee / Tokopedia	28	59.6%
	Instagram / Facebook	12	25.5%
	WhatsApp Business	7	14.9%
Monthly Turnover	< IDR 10 million	21	44.7%
	IDR 10-50 million	19	40.4%
	> IDR 50 million	7	14.9%
Education Level	Senior High School	18	38.3%
	Diploma / Bachelor’s	26	55.3%
	Master’s / Doctoral	3	6.4%
NPWP Status	Registered taxpayer	29	61.7%
	Not yet registered	18	38.3%

RESULTS AND DISCUSSION

IMPROVEMENT IN PARTICIPANT COMPREHENSION

Pre-test and post-test results revealed a statistically significant improvement in participants' understanding of PPh Final 0.5% provisions. The mean pre-test score was 48.3 out of 100, reflecting a markedly limited baseline understanding among participants. Following the counseling and training sessions, the mean post-test score increased to 82.6, representing an improvement of 34.3 points or 71.0%. A paired t-test yielded a t-value of 18.42 with a significance level of 0.000 ($p < 0.01$), confirming that the improvement was statistically significant.

Table 2. Comparison of Participant Comprehension Scores Before and After the Program

Comprehension Aspect	Mean Pre-Test	Mean Post-Test	Improvement (%)
Legal basis of PPh Final 0.5%	44.2	85.1	92.5%
MSME taxpayer eligibility criteria	51.7	88.3	70.8%
Gross turnover calculation	46.8	81.9	75.1%
Tax remittance via e-billing	39.4	79.6	102.0%
e-Filing SPT procedure	41.5	78.1	88.2%
Overall mean	48.3	82.6	71.0%

The aspect that recorded the highest improvement was tax remittance through the e-billing system, with an increase of 102.0%. This finding is consistent with the expectation that online remittance procedures represented a wholly unfamiliar process for the majority of participants prior to the program. In contrast, the criterion for MSME taxpayer eligibility yielded the smallest gain (70.8%), suggesting that this particular concept was relatively more accessible and could be partially grasped without formal instruction, though further reinforcement remains warranted in future programs.

INDEPENDENT TAX FILING PRACTICE

Of the 47 participants who completed the program, 38 (80.9%) successfully created a DGT Online account independently and completed the annual SPT filing simulation during the training sessions. Nine participants (19.1%) were unable to complete all procedural steps, primarily due to technical constraints including unactivated taxpayer identification numbers (NPWP) for five participants and internet connectivity issues for four participants. Among the 18 participants who had not previously held an NPWP, 14 (77.8%) subsequently registered and obtained a new NPWP within the mentoring period.

Table 3. Independent Tax Filing Achievement Among Program Participants

Achievement Indicator	Number of Participants	Percentage
Successfully created DGT Online account	42	89.4%
Successfully generated e-billing code	40	85.1%
Completed e-Filing SPT simulation	38	80.9%
Registered new NPWP (of 18 unregistered)	14	77.8%
Stated intention to file taxes routinely	41	87.2%

TAX COMPLIANCE INTENTION

Measurement of tax compliance intention using the five-point Likert scale showed a mean score increase from 2.31 prior to the program to 4.01 following its completion, equivalent to a 73.4% increase. A total of 87.2% of participants expressed the intention to file their taxes on a monthly basis after participating in the program. This declaration aligns with observations made by the program team during the mentoring phase, wherein participant engagement and enthusiasm were observed to strengthen consistently from the first to the final session.

These results support the findings of Handayani and Supadmi (2019), who demonstrated that tax education programs designed with a practical and participatory orientation substantively improve taxpayers' compliance intentions. The combination of conceptual instruction and direct hands-on practice proved more effective than lecture-based approaches alone, as participants acquired firsthand experience in resolving their own tax obligations during the program itself.

Facilitating factors that contributed to the program's success included the direct relevance of the material to participants' daily business activities, the use of accessible language that avoided unnecessarily complex tax terminology, and the involvement of student mentors whose demographic profile was comparable to that of younger MSME actors. Constraining factors included limited digital infrastructure among certain participants and delays in the NPWP verification process that exceeded the planned timeframe.

CONCLUSION

The community service program on PPh Final 0.5% tax education for online traders in Salatiga City successfully achieved its stated objectives. The mean participant comprehension score increased significantly from 48.3 to 82.6, and 80.9% of participants completed the tax filing simulation independently through the e-Filing system. Tax compliance intention among participants increased by 73.4%, and 87.2% expressed their intention to file taxes on a regular basis.

This program demonstrates that limited tax knowledge among MSME actors is not primarily a function of cognitive capacity, but rather a consequence of insufficient access to information that is relevant, practical, and clearly communicated. Structured, participatory educational approaches reinforced by post-training mentoring have proven effective in promoting voluntary tax compliance among MSME taxpayers. Local government authorities, regional tax service offices, and universities are encouraged to strengthen collaborative frameworks that expand the reach of similar programs, particularly in cities experiencing rapid growth in digital MSME activity.

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