



Enhancing MSME Tax Compliance through CORTEX Training in Partnership with the Regional Directorate General of Taxes, Central Java I

Ginanjar Suendro^{1*}

¹Sekolah Tinggi Ilmu Ekonomi Cendekia Karya Utama, Indonesia

*Correspondence author email: gsuendro@gmail.com

Keywords: MSME Tax Compliance, CORTEX Training, Tax Education, Administrative Capacity, Voluntary Compliance, Tax Awareness, Fiscal Sustainability, Tax Administration, Regional Tax Directorate, Tax Obligations, MSME Development, Taxpayer Education, Training Effectiveness, Taxpayer Interaction, Compliance Gap, Tax Reporting, Administrative Practices, Local Tax Authorities, Capacity Building, Tax Compliance Improvement

Abstract:

Micro, Small, and Medium Enterprises (MSMEs) play a critical role in Indonesia's economy, yet their level of tax compliance remains relatively low due to limited knowledge and administrative capacity. This research aims to analyze the effectiveness of the CORTEX (Corporate Tax Extension) training program in improving tax compliance among MSMEs in collaboration with the Regional Directorate General of Taxes, Central Java I. The study employs a qualitative descriptive method, using interviews and observations from a series of CORTEX training sessions conducted in Semarang. The findings reveal that participants showed increased awareness, understanding, and willingness to comply with tax obligations after attending the training. Improved interaction between MSME actors and tax authorities also contributed to more transparent reporting and better administrative practices. This study highlights the importance of targeted education and capacity-building initiatives in bridging the compliance gap. The implications suggest that similar training programs, when conducted systematically and supported by local tax offices, can significantly boost voluntary compliance rates and contribute to broader fiscal sustainability.

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in Indonesia's economy, both in job creation, income distribution, and contribution to Gross Domestic Product (GDP). This sector serves as the backbone of the national economy, especially in facing global and domestic economic challenges. However, one of the obstacles faced by many MSME actors is the lack of understanding of the applicable tax regulations, including obligations related to tax reporting and payment.

The lack of tax literacy among MSMEs often leads to discrepancies in tax reporting, whether due to ignorance, errors in calculation, or limited understanding of the continuously evolving tax policies. This not only poses a risk of sanctions for business owners but also has the

potential to affect the long-term sustainability of their businesses. Therefore, tax education becomes crucial in raising awareness and ensuring compliance among MSME actors in fulfilling their tax obligations.

To address this challenge, the Central Java I Regional Directorate General of Taxes (DJP), through the Tax Counseling and Tax Cooperation Sections, initiated the CORTEX (Comprehensive Tax Extension) Training at the MSME Center. This training aims to provide a more comprehensive understanding of tax aspects relevant to MSMEs, such as tax calculation mechanisms, reporting procedures, and tax policies and incentives that business owners can utilize. The training is expected to help MSMEs not only understand their tax obligations but also improve their ability to comply with tax regulations.

Additionally, this training provides participants with an opportunity to directly discuss issues with experts from the DJP, allowing them to gain a clearer understanding of the tax problems they often face. Through this interaction, MSME actors are expected to find concrete solutions and feel more confident in managing the tax aspects of their businesses.

Beyond compliance, good tax understanding can also enhance the credibility of MSMEs in the eyes of stakeholders, including investors, banks, and other business partners. MSMEs with a good tax track record will have easier access to financing, gain trust from customers, and expand their business networks. Therefore, this training not only aims to improve tax compliance but also to help MSMEs grow sustainably in a more formal and professional business ecosystem.

Through the synergy between the DJP and MSMEs in this activity, it is hoped that a healthier, more transparent, and conducive business climate will emerge. As more MSME actors understand and fulfill their tax obligations, the sector's contribution to the national economy will continue to increase. Therefore, this training is a strategic step in supporting the growth of stronger and more competitive MSMEs in the future.

2. METHOD

This community service activity employs a participatory approach through a community organizing process, emphasizing the active involvement of MSME actors as the primary subjects throughout all stages of the activity. The subjects of this service program are Micro, Small, and Medium Enterprises (MSMEs) located in the city of Semarang, Central Java, who participated in

the CORTEX (Comprehensive Tax Extension) training program. This activity was carried out in collaboration with the Regional Office of the Directorate General of Taxes (DGT) Central Java I, particularly through its education and partnership division.

The planning process began with a needs assessment through preliminary discussions with the DGT and MSME representatives. This stage aimed to explore the real issues faced by MSMEs in fulfilling their tax obligations. Subsequently, coordination between parties (academics, tax authorities, and MSME communities) was conducted to design a training curriculum that is relevant and applicable. The assisted subjects were involved in the planning process through Focus Group Discussions (FGDs) to ensure the training materials matched their actual conditions and needs.

The method used in this activity was a participatory-descriptive method, combining educational and advocative approaches for community empowerment. Data collection techniques included direct observation, in-depth interviews, activity documentation, and training evaluation. The main strategy was experiential learning, utilizing simulations, open discussions, case studies, and direct Q&A sessions with speakers from the DGT.

The stages of the community service activity included:

1. Needs identification and mapping of MSMEs
2. Coordination and action plan development with the DGT
3. Implementation of CORTEX training at the MSME Center
4. Participant evaluation and feedback
5. Strategic recommendations for program sustainability

3. RESULTS AND DISCUSSION

The results of this community service activity demonstrate a positive dynamic in the mentoring process for MSME actors in Semarang City. Various activities were carried out to support improved understanding and tax compliance through the CORTEX (Comprehensive Tax Extension) training, including tax material dissemination, tax form simulation exercises, group discussions, case studies, and direct consultation sessions with representatives from the Directorate General of Taxes (DGT).

These activities were not only educational but also technical and practical, effectively addressing the real problems faced by MSMEs. For example, participants learned how to calculate

taxes in a simplified manner, access digital tax services, and understand tax incentive policies available to them. The program also encouraged the formation of independent tax learning groups, facilitated by local community representatives and supported by tax outreach officers.

Beyond technical capacity-building, the program resulted in social impacts such as the emergence of new awareness regarding the importance of tax compliance as a civic duty and as a means to strengthen business sustainability. Significant behavioral changes were observed, including increased willingness to report and pay taxes on time, along with growing confidence in engaging with tax authorities.

Furthermore, the activity successfully encouraged the emergence of local leaders from among the MSME participants. These individuals took initiative in facilitating discussions and became key figures in spreading tax-related information within their communities. This indicates the early development of new community-level institutions where tax knowledge and compliance are becoming internalized as part of business culture.

In conclusion, this community service initiative not only provided technical solutions to taxation issues but also fostered broader social transformation through an educational, collaborative, and participatory approach.

The results of the community service program through the CORTEX training demonstrate that a participatory approach to tax education can positively impact MSME actors' awareness and tax compliance. This finding aligns with Arnstein's (1969) theory in the *Ladder of Citizen Participation*, which suggests that active community involvement in decision-making increases ownership and commitment to change.

The facilitation process—from needs identification, training material development, to implementation and evaluation—reflects the principles of *community organizing* as described by Rothman (2001). This approach emphasizes collaboration between external parties (academics and tax authorities) and the target community to create contextual and sustainable solutions.

The empirical findings also support Bandura's (1986) social learning theory, which posits that individuals can modify their behavior through observation and social interaction. The CORTEX training employed *experiential learning* and open discussions, allowing MSME participants to learn from each other and reflect on proper tax practices. As a result, participants demonstrated deeper understanding and newly adopted behaviors toward better tax compliance.

From a social change perspective, this program encouraged the emergence of *local leaders* and self-learning structures among MSMEs. This supports Rogers' (2003) diffusion of innovations theory, which explains that change within a community often begins with early adopters before diffusing to others.

Additionally, this initiative is relevant to the literature on *tax morale*—the intrinsic motivation to pay taxes. According to Torgler (2007), factors such as trust in institutions, social interaction, and tax education significantly affect voluntary compliance. In this context, the CORTEX training served not only as a knowledge-transfer effort but also as a means to foster trust and stronger relationships between MSMEs and tax authorities.

Therefore, this community service program has impacted not only the technical aspects of tax administration but also created behavioral and social structural changes that support more transparent and sustainable business practices.

4. CONCLUSION

The community service activity through the CORTEX training demonstrated that a participatory approach involving MSME actors actively can significantly enhance awareness and compliance with tax obligations. The community organizing process, carried out in collaboration with the Regional Directorate General of Taxes (DGT) Central Java I, successfully created an adaptive and contextual educational space tailored to the needs of participants. This strengthens the theoretical framework of community participation and social learning, emphasizing the importance of direct involvement as a means for behavioral transformation.

The theoretical reflection of this activity confirms that experience-based tax education (experiential learning), combined with open communication between tax authorities and business actors, can strengthen tax morale and foster institutional trust. The emergence of local leaders and the formation of learning networks among MSMEs also indicate social changes that lead to the development of a more transparent and sustainable business ecosystem.

As a recommendation, similar training programs should be conducted regularly and expanded to other regions by involving local MSME communities. Collaboration between academics, tax authorities, and MSME actors must be continuously strengthened to establish a sustainable mentoring model. Moreover, it is important to develop training modules that are responsive to the dynamics of the latest tax regulations, allowing MSMEs to continually adapt to

evolving policy environments.

ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to all parties who have supported the implementation of this community service program. Special appreciation goes to the Regional Office of the Directorate General of Taxes, Central Java I, particularly the Public Relations and Cooperation Division, for their collaborative spirit and full support in organizing the CORTEX (Comprehensive Tax Extension) training program for MSME participants in Semarang City.

My sincere thanks also go to the Micro, Small, and Medium Enterprises (MSMEs) who have actively participated in this program, for their enthusiasm, cooperation, and willingness to share their experiences throughout the mentoring and training sessions.

I extend my heartfelt appreciation to the leadership and fellow lecturers at STIE Cendekia Karya Utama, whose continuous motivation, moral support, and institutional facilities greatly contributed to the success of this activity. I am also grateful to the entire implementation team and students who assisted in every phase of the program, from planning to evaluation.

It is my hope that this activity provides meaningful contributions to enhancing MSME tax capacity and fosters a stronger path toward social transformation within the community.

REFERENCES

- Andriani, L., & Saefullah, K. (2020). *Peningkatan Kepatuhan Pajak UMKM melalui Literasi Perpajakan*. Jurnal Ekonomi dan Bisnis, 15(2), 101–110.
- Ariyanto, D. (2021). *Pajak dan Perilaku Wajib Pajak: Kajian Empiris UMKM di Indonesia*. Jakarta: Prenada Media.
- Atmodiwirjo, B., & Nugroho, R. A. (2019). Tax knowledge, tax awareness, and tax compliance of MSMEs. *Jurnal Akuntansi Multiparadigma*, 10(3), 502–512.
- Bandura, A. (1977). *Social Learning Theory*. Englewood Cliffs, NJ: Prentice Hall.
- Basri, F. (2019). *Ekonomi Indonesia: Tantangan dan Harapan UMKM*. Jakarta: Gramedia Pustaka Utama.
- Brinkerhoff, D. W., & Crosby, B. L. (2002). *Managing policy reform: Concepts and tools for decision-makers in developing and transitioning countries*. Kumarian Press.

- Djatismiko, A. (2020). Peran pelatihan terhadap peningkatan kepatuhan pajak pelaku usaha kecil. *Jurnal Administrasi Publik*, 7(1), 77–84.
- Direktorat Jenderal Pajak. (2021). *Panduan Pajak UMKM*. Jakarta: Kementerian Keuangan RI.
- Dilla, S., & Ramadhani, F. (2020). Evaluating community development through participatory training. *Jurnal Pengabdian Kepada Masyarakat*, 2(1), 45–53.
- Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*. Semarang: Universitas Diponegoro.
- Kementerian Koperasi dan UKM. (2022). *Data Statistik UMKM Indonesia Tahun 2021*. Retrieved from <https://kemenkopukm.go.id>
- Kurniawan, D. (2020). Strategi peningkatan kepatuhan pajak melalui penyuluhan dan pelatihan. *Jurnal Ilmu Sosial dan Politik*, 9(2), 122–131.
- Lestari, E., & Setiawan, B. (2019). The effect of tax understanding and awareness on MSME tax compliance. *International Journal of Accounting and Taxation*, 7(1), 56–65.
- Moleong, L. J. (2017). *Metodologi Penelitian Kualitatif* (Revisi ed.). Bandung: Remaja Rosdakarya.
- Nasution, Z. (2022). Collaborative governance in tax outreach program for SMEs. *Journal of Public Policy and Administration*, 4(1), 34–42.
- Notoatmodjo, S. (2012). *Promosi Kesehatan dan Perilaku Kesehatan*. Jakarta: Rineka Cipta.
- OECD. (2019). *Tax Morale: What Drives People and Businesses to Pay Tax?*. Paris: OECD Publishing. <https://doi.org/10.1787/f3d8ea10-en>
- Pratama, A., & Wahyuni, I. (2021). Pendampingan perpajakan dalam meningkatkan pemahaman pelaku UMKM. *Jurnal Pengabdian Masyarakat Indonesia*, 4(3), 221–229.
- Suryadi, M. (2020). *Kepatuhan Pajak dan Tata Kelola UMKM di Era Digital*. Surabaya: Airlangga University Press.
- Widodo, W. (2021). The role of participatory training in empowering micro entrepreneurs. *Community Development Journal*, 6(2), 113–125.