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## Community Service Project At Smes In Batam: Reviewing Financial Statements and Calculating Corporate Annual Income Tax

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### Abstract

Following the Decree of the Minister of Education and Culture Number 3 of 2020, Universitas Internasional Batam implements the *Merdeka Belajar Kampus Merdeka* (MBKM) policy. This community service project implemented MBKM policy. A team consisting of a student and a lecturer from the Undergraduate Program in Accounting conducted this project. Team members helped SMEs in Batam reviewed and improved their financial statements and calculated their annual corporate income tax. We implemented this project jointly with PT Anugerah Manajemen Abadi during the period of August to December 2022. PT Anugerah Manajemen Abadi introduced us to four SMEs with limited knowledge and human resources who needed help understanding tax regulations. Those SMEs are engaged in onion trading, machinery, freight forwarding, and housing development. The Team analyzed the financial reports presented by SMEs and adjusted them according to tax regulations (Government Regulation of The Republic of Indonesia Number 7 of 2021 about general provisions and tax procedures). Adjustments were made, among others, to expenses related to "3M" (earning, collecting, and maintaining income) by fiscal reconciliation. Based on the adjusted financial reports, the Team calculated the 2022 corporate income tax expense (PPh article 29). Moreover, the Team provided SMEs with assistance in clarifying the results of their tax reporting to the tax office, including if the tax officer required additional explanations. As a result, four SMEs, which are lacking in human resources and knowledge of taxation, can receive assistance in calculating their corporate tax expenses.

**Keywords:** *Community Service, Accounting, Financial Statements Review, Tax Calculation*

### Introduction

Universitas Internasional Batam (UIB) organizes community services to implement the *Merdeka Belajar Kampus Merdeka* (MBKM) policy as mandated by the Decree of the Minister of Education and Culture Number 3 of 2020. MBKM policy requires universities to facilitate undergraduate students to study for three semesters outside their study program. The UIB community service

program is designed to improve undergraduate students' practical experience according to their field of knowledge. Students will have the opportunity for one to two semesters to study in partner industries/outside of campus. Students during the community service programs will be accompanied by mentors from partners and lecturers. Therefore, students will have experiential learning. The community service program is also one of UIB's efforts to increase mutually beneficial cooperation between industry and campus. This community service project is intended to assist SMEs in Batam to comply with tax regulations and continue to provide accurate and accountable financial statements. The scope of this project is to review and improve financial statements and to calculate corporate income taxes annually. The objective of this community service initiative with PT Anugerah Manajemen Abadi is to provide users of financial statements with accurate and relevant information. The review of financial statements in accordance with Indonesian accounting standards (PSAK). It helps to simplify the preparation of financial statements in order to facilitate the use of the financial statements by third parties (Christian *et al.*, 2021; Edi & Yopie, 2019). Furthermore, it prevents fraud as many small, medium, and large organizations are often faced with this issue (Mardianto & Tiono, 2019). Some companies present incorrect financial statements in part for the purpose of avoiding large tax liabilities (Harsono & Susanti, 2022; Yopie, 2021; Karina, 2021). This project promotes the development of competent graduates capable of adapting to the changing environment, both in terms of their hard skills and soft skills, in the age of technology and globalization. A team consisting of a student and a lecturer from the Undergraduate Program in Accounting at UIB conducted this project in partnership with PT Anugerah Manajemen Abadi. By participating in this community service program, the team members can enhance their networks within the industrial environment in which the community service is carried out. Furthermore, this project provides input to study programs (namely the Undergraduate in Accounting at UIB) regarding learning materials, teaching methods, and research topics related to the development of industry. The team was introduced to four SMEs with limited knowledge and resources who needed assistance understanding the rules and regulations relating to taxes by PT Anugerah Manajemen Abadi. These SMEs are engaged in the trading of onions, manufacturing machinery, providing freight forwarding services, and building homes. The implementation of this project took place during the period of August to December 2022. The team member participated actively in the internal activities of the SMEs, including internal meetings pertaining to the project. In addition, the team studied the relevant regulations (PSAK) and evaluated the financial statements of four SMEs to establish the basis for calculating and reporting their annual income tax.

### **Methods**

Methods of community service using literature study, observation, exploration, and problem-solving (Sekaran & Bougie, 2016). Literature study methods are carried out by studying and understanding accounting standards and tax regulations in Indonesia, studying and understanding technical work methods

for completing financial statements and calculating annual income tax for SMEs (observation), studying and understanding how a transaction and business process of the SMEs occurs (exploration), and implementing the findings into the preparation of financial statements in accordance with accounting standards and tax regulations in Indonesia (problem resolution). PT Anugerah Manajemen Abadi is the partner of this project. The location for the community service program is in Ruko Batamas Pasir Putih A No. 8, Sadai, Bengkong, Batam, and is about 6.1 Km from Batam International University. The project started from the period August 2022 to January 2023. The period 01 August 2022-31 August 2022 is a preparation phase which includes introduction and discussions with partner and SMEs, signing the memorandum of understanding and agreement (MoU and MoA), and submission of proposal of community services project. The next stage is implementation (01 September 2022-30 November 2022). The team evaluated and adjusted the financial reports, and calculated their annual income tax. Dissemination process taken place from December 1, 2022, to the second week of January 2023 (see Table 1).

Table 1.  
Project Implementation Schedule

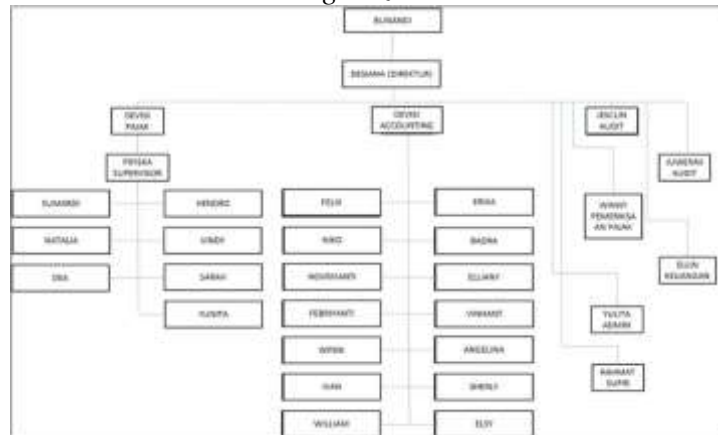
<b>Time</b>	<b>Activities</b>
August 01, 2022- August 31, 2022	Introduction; Discuss the details project with PT Anugerah Manajemen Abadi, Signing MoU and MoA, Initial meeting with the Four SMEs, Submitting proposal to UIB.
September 01, 2022- November 30, 2022	Implementing the project: review financial statement, and calculate the annual income tax.
December 01-31, 2022, and January 01-18, 2023	Evaluating the implementation and its result, Drafting progress report and article, Submitting the article, and Presenting the result of this project at ConCEPt - 2023.

Source: Author (2022)

### **Result and Discussion**

The community service started with the creation of an MoU and MoA with PT Anugerah Manajemen Abadi and submitting a proposal to the study program until the two partners agreed. The first week of this community service started by introducing work colleagues at PT Anugerah Manajemen Abadi from staff to the head of the company. The work environment introduction stage was continued by discussing the agreement/regulations of PT Anugerah Manajemen Abadi.

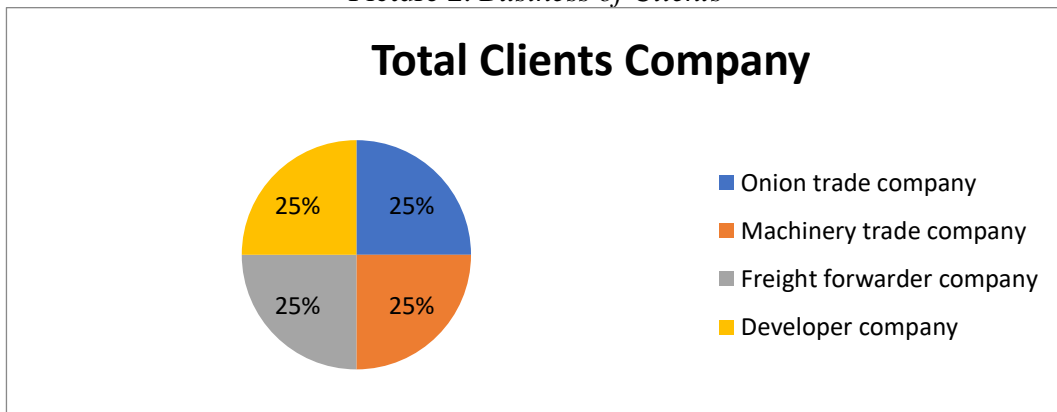
Picture 1. *Organization Structure*



Source: Author (2022)

The project on the SMEs annual tax review and calculation project is accompanied by experienced senior staff. The review work is guided from the first step until the end of review. The project carried out during this community service period reviewed 4 client companies with different fields and sizes. The community service activity also helps educate taxpayers in awareness of complying with existing tax regulations also thereby helping to contribute to the government in complying with tax regulations (Merliyana & Saefurahman Asep, 2017). The problem encountered while reviewing the financial statements of these 4 SMEs was that they did not have an in-depth accounting educational background. Some transactions are still using cash basis method.

Picture 2. *Business of Clients*

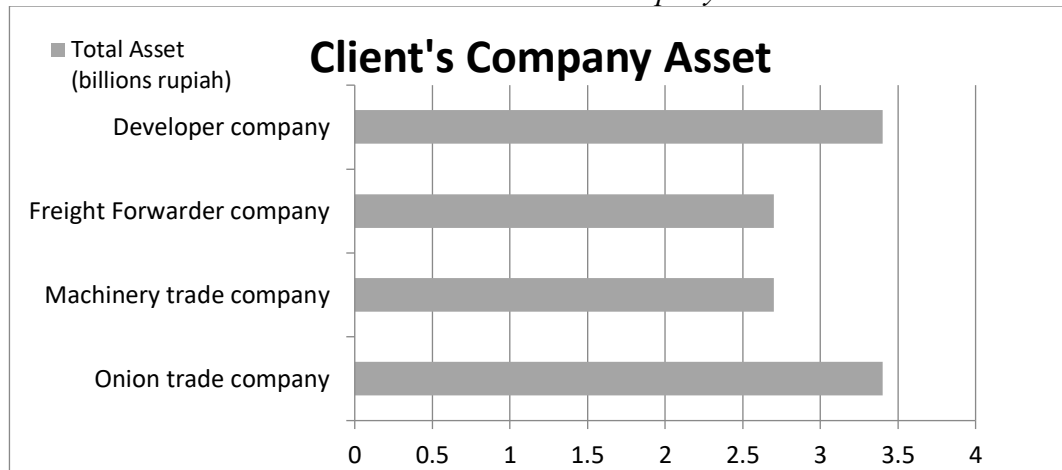


Source: Author (2022)

There are still errors in the concept of recording inventory periodically or perpetually. These SMEs also do not know historical data that has been around for a long time because there is no proper documentation. In terms of taxation, there is much lack of determining transactions that are objects or not objects of tax and deductions/collections. The misunderstanding causes additional tax costs to SMEs for not deducting/collecting tax from transactions. SMEs Knowledge of tax regulations is still lack of education about fiscal financial statements reconciliation which are the basis for calculating annual corporate taxes. The

SMEs are helped by classifying deductible expense and non-deductible expense fiscal adjustments based on government regulation of tax harmonization Number 7/2021 Article 6 on income tax. The financial statements that have been fiscally reconciled will be calculated for annual income tax article 29 based on the rate reduction facility stipulated in Article 17 paragraph (1) part b of tax harmonization government regulation.

Picture 3. *Total Client's Company Asset*



Source: Author (2022)

The SMEs sometimes carry out consultations related to bookkeeping because of a lack of accounting principles. The point that was consulted included journalizing withholding tax, journalizing *BPJS* deductions of salary payable, and classifying expenses. SMEs are also recommended to keep invoices related to the sale/purchase of fixed assets for clarification to the directorate general of taxes. The SMEs are also still confused about the classification of fixed assets based on Minister of Finance Regulation Number 96/PMK.03/2009 and usually help educate them so that in the future they are not in the wrong categorization. Other activities besides reviewing and calculating SMEs taxes are carried out, handling SMEs several letters of appeal from the tax office for the nominal reported on the Annual tax report. The SMEs sometimes ask to estimate the next year's Article 29 income tax for tax planning purposes.

### Conclusions

In Indonesia, most SMEs lack the necessary human resources to prepare financial statements in accordance with PSAK. Also, they have limitations regarding the calculation of annual corporate income tax that are in compliance with tax laws. In collaboration with PT Anugerah Manajemen Abadi, this community service initiative is able to assist four SMEs in providing accurate and valuable information through financial statements. In line with expectations, these 4 SMEs were assisted to calculate their corporate taxes more accurately.

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Appendix 1. Example Statement Of Profit Or Loss

PT. XYZ LAPORAN LABA RUGI PERIODE 01 JANUARI 2022 s.d. 31 DESEMBER 2022			
	KOMERSIAL	KOREKSI	FISKAL
<b>PENDAPATAN</b>			
Pendapatan			
Pendapatan Fiskal			
Diskont dan Retur Pendapatan			
<b>JUMLAH PENDAPATAN</b>			
<b>HARGA POKOK PENDAPATAN</b>			
Perolehan Awal Bahan Baku			
Pembelian			
Diskont Pembelian			
Beban Pengiriman Transporasi			
Perolehan Akhir Bahan Baku			
<b>JUMLAH HARGA POKOK MATERIAL</b>			
Beban Tenaga Kerja			
<b>BEBAN OVERHEAD</b>			
Beban Upah Buruh			
Beban Reparatif dan Pemertan			
Beban Material			
Beban Bahan Bakar			
Beban Survey			
Beban Penyelidikan Lapangan			
Beban Pemeliharaan Mesin			
Beban Sewa Tunggang			
Beban Sewa Mesin			
Beban Penyusutan Jetty			
Beban Penyusutan Mesin			
Beban Penyusutan Kelong			
Beban Penyusutan Inventaris Lapangan			
Beban Keperluan (Pelebaran)			
Beban Perizinan (Pemasalahan)			
Beban PNPB			
Beban Listrik			
Beban Asuransi			
Beban Sewa Perumahan (PNBP)			
<b>JUMLAH BEBAN OVERHEAD</b>			
<b>JUMLAH HARGA POKOK PRODUKSI</b>			
Perolehan Dalam Proses Awal			
Perolehan Dalam Proses Akhir			
<b>JUMLAH HARGA POKOK PENDAPATAN</b>			
<b>LABA KOTOR</b>			
<b>BEBAN OPERASIONAL</b>			
Beban Gaji Karyawan			
Beban Ipinindo			
Beban Telekomunikasi			
Beban Makan dan Minum			
Beban Entertainment			
Beban Penyediaan Dana			

Source: Author (2022)

Appendix 2. Example Statement Of Profit Or Loss

PT. XYZ LAPORAN LABA RUGI PERIODE 01 JANUARI 2022 s.d. 31 DESEMBER 2022			
Beban Pemangsaan / Intelektual			
Beban Apaid			
Beban Pajak dan Retribusi Daerah			
Beban BPJT			
Beban Penyelidikan Kantor			
Beban Pengiriman			
Beban Pengiriman Lain			
Beban Sewa/nyawa			
Beban PBB			
Beban Riset			
Beban Pinang Tak Terjual			
Beban Lunas - Lun			
Beban Misyaratan			
Beban Penyusutan Bangunan			
Beban Penyusutan Kendaraan			
Beban Penyusutan Inventaris Kantor			
Beban Ponggok			
Beban STP / SIKPB			
Beban Pemukiman			
Beban Pajak Lain-lain			
Beban Politan			
Beban Penggajian Lain-lain			
<b>JUMLAH BEBAN OPERASIONAL</b>			
<b>LABA OPERASIONAL</b>			
<b>PENDAPATAN LAINNYA</b>			
Pendapatan atas Sewa Alat Berat			
Pendapatan Bangun Bank			
Pendapatan Lain-lain			
<b>JUMLAH PENDAPATAN LAINNYA</b>			
<b>BEBAN LAINNYA</b>			
Beban Administrasi Bank			
Beban Pajak Jasa Gaji			
Tagg Salak Kur			
Beban Bangun Pajanan Bank			
<b>JUMLAH BEBAN LAINNYA</b>			
<b>LABA SEBELUM PAJAK</b>			
Beban Pajak Penghasilan			
Beban Pajak Fiskal Kontribusi			
<b>LABA SETELAH PAJAK</b>			

Source: Author (2022)

Appendix 3. Example Statement Of Financial Position

PT XYZ NERACA PER 31 DESEMBER 2022	
<b>ASET</b>	
<b>ASET LANCAR</b>	
Kas dan Setara Kas	
Pinjaman Usaha	
Pinjaman Lain-lain	
Utang Muka Persewaan	
Utang Muka Pajak	
Aset Dalam Proses	
Persediaan Dalam Proses	
Persediaan Material	
<b>JUMLAH ASET LANCAR</b>	_____
<b>ASET TETAP</b>	
Harga Perolehan Aset Tetap	
Akumul. Peny. Aset Tetap	
<b>JUMLAH ASET TETAP</b>	_____
<b>JUMLAH ASET</b>	_____
<b>KEWAJIBAN DAN EKUITAS</b>	
<b>KEWAJIBAN</b>	
<b>KEWAJIBAN LANCAR</b>	
Utang Usaha	
Utang Biaya	
Utang Pajak	
Pendapatan Ditertarikan	
<b>JUMLAH KEWAJIBAN LANCAR</b>	_____
<b>KEWAJIBAN JANGKA PANJANG</b>	
Utang Bank	
<b>JUMLAH KEWAJIBAN JANGKA PANJANG</b>	_____
<b>JUMLAH KEWAJIBAN</b>	_____
<b>EKUITAS</b>	
Modal	
Tambahan Modal Disetor - TA	
Laba/Rugi Ditahan	
Laba/Rugi Tahun Berjalan	
<b>JUMLAH EKUITAS</b>	_____
<b>JUMLAH KEWAJIBAN DAN EKUITAS</b>	_____

Source: Author (2022)

Appendix 4. Example Report Of Income Tax Article 29

PT. XYZ PAJAK PENGHASILAN TAHUN 2022	
<b>Laba Fiskal</b>	
Laba Fiskal Setelah Pembulatan	
<b>Pajak Terhutang</b>	
	X 22.00% =
<b>Kredit Pajak</b>	
Utang Muka PPh Pasal 25	
Utang Muka PPh Pasal 23	
Utang Muka PPh Pasal 22	_____
<b>PPh Pasal 29 Tahun 2021</b>	

Source: Author (2022)