Strengthening Tax Accounting Literacy and Assisting MSMEs in Preparing Financial Statements in Cikaragеman Village for Access to Credit and Digital Financing

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Abstract.
This research aims to provide an understanding of the importance of Strengthening Tax Accounting Literacy and Assisting MSMEs in Preparing Financial Statements in Cikarageman Village for Access to Credit and Digital Financing. Through this program, MSME actors are equipped with basic knowledge of tax accounting and technical assistance in preparing financial statements that are accountable, transparent, and in accordance with applicable standards. This is conducted to improve business eligibility in accessing banking credit facilities and digital financing platforms that require complete financial administration. In addition, this activity also disseminates the urgency of tax compliance for MSMEs as part of good and sustainable business governance. The method used was a participatory educational approach consisting of outreach, practical training, and direct mentoring conducted in a single face-to-face session, complemented by pre-test and post-test assessments to measure participants' improvement in understanding. The results of the program indicate that participants demonstrated improved understanding of tax accounting, financial reporting, Good Corporate Governance (GCG), and entrepreneurial motivation. The availability of well-structured financial statements and improved governance practices enhanced MSMEs' readiness to access formal credit and digital financing while promoting greater tax awareness. Thus, this program contributes to strengthening the digital economic ecosystem at the village level.
Keywords: *Tax Accounting Literacy, MSME Financial Statements, Credit Access, Digital Financing and Corporate Governance.*

I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role as a driver of the economy, contributing significantly to Gross Domestic Product (GDP) and employment absorption. However, various studies indicate that many MSMEs still face obstacles in financial management, particularly due to low accounting and tax literacy [1]. This lack of understanding means MSME actors have not been able to keep systematic financial records or prepare financial statements that meet applicable standards.

Accounting and tax literacy is one of the factors influencing the level of tax compliance and the quality of MSME financial management. However, MSME actors' understanding of tax obligations, including the simplified Final Income Tax (PPh) rate facility for MSMEs, remains limited. Research shows that financial and tax literacy significantly affects tax compliance and the quality of MSME financial management. Conversely, low literacy levels cause MSME actors to continue experiencing difficulty in obtaining access to credit and digital financing [2], [3].

On the other hand, the development of financial technology opens up significant opportunities for MSMEs to gain broader access to financing. However, such access still requires transparency and business feasibility, as reflected in financial statements supported by accounting information systems and financial digitalization [2]. Thus, MSME actors' ability to prepare and present financial statements becomes an important factor in improving access to both formal and digital financing sources. This condition was also found among MSMEs in Cikarageman Village, Bekasi Regency, West Java.

The village economy is supported by the presence of various micro, small, and medium enterprises operating in the trade, culinary, service, and household industry sectors. However, most MSMEs in Cikarageman Village still face problems in financial record-keeping, tax comprehension, and financial statement preparation. Many MSME actors have not separated personal and business finances, do not keep clear bookkeeping, and do not yet understand the importance of financial statements in supporting access to financing. These problems have resulted in low readiness of MSME financial statements, which is one of the main requirements for accessing both formal and digital financing [4].

In addition to improving accounting literacy, strengthening business governance through the implementation of Good Corporate Governance (GCG) is essential to ensure financial transparency, accountability, and sustainable business management among MSMEs. Furthermore, strong entrepreneurial motivation reflected in confidence, adaptability, and resilience in facing business challenges is equally important to ensure that MSME actors remain consistent in applying sound financial and governance practices amid an increasingly competitive business environment. Based on this condition, empowerment efforts are needed to strengthen MSME actors' capacity in financial and tax management. One form of such efforts is realized through the Community Service Program, which is an implementation of the Tri Dharma of Higher Education aimed at making a real contribution to society through empowerment and mentoring activities. Therefore, the Accounting Study Program of Institut Bisnis dan Informatika (IBI) Kosgoro 1957 carried out a program to strengthen tax accounting literacy and assist MSME actors in Cikarageman Village, Bekasi Regency, West Java, in preparing their financial reports, with the hope that MSME actors could increase their capacity in financial and tax management and thereby be better prepared to access both bank credit and digital financing.

This program is also a follow-up to a previous community service activity carried out by IBI Kosgoro 1957 in Cikarageman Village in the form of business development outreach and simple bookkeeping training for the local Youth Organization (Karang Taruna) [5]. The results of that earlier activity showed that limited understanding of business management and financial record-keeping remained a fundamental problem for business actors in the village, so a more structured program to strengthen tax accounting literacy and assist financial reporting readiness, oriented toward both formal and digital financing access, was deemed necessary to be carried out on an ongoing basis.

II. METHODS

a. Activity Process

This community service program was carried out by the Community Service Team of the Accounting Study Program, IBI Kosgoro 1957, as part of the implementation of the Tri Dharma of Higher Education. Prior to the activity, the team prepared and submitted a proposal to LPPM IBI-K57 and coordinated on licensing with the Karang Taruna (Youth Organization) of Cikarageman Village. The team also conducted a site survey to identify the needs and readiness of the implementation location. Following this process, the core service activity was carried out in a single session on Saturday, 20 June 2026, at the Cikarageman Village Hall, Bekasi Regency, West Java, and was attended by local MSME actors engaged in various types of business. The activity began with a pre-test completed by participants to gauge their initial understanding, followed by material presentation, a discussion session, and concluded with a post-test to measure the improvement in participants' understanding. The community service program was held in a single technical guidance (bimtek) session with the following material:

1. Presentation of material on Tax Accounting Literacy and Assistance for MSME Financial Reporting Readiness for Access to Credit and Digital Financin.
2. Discussion session related to the material presented.

Session	Material	Activity Description
Session 1	Presentation and explanation of Tax Literacy and Financial Reporting for Access to Credit and Digital Financing	Outreach, training, and mentoring carried out in one face-to-face session. Participants completed a pre-test before the material and a post-test after mentoring to measure improvement in understanding.
Session 2	Discussion Session	Further explanation related to questions raised by participants.

Session 3	Evaluation	Using the Kirkpatrick Level 1–3 evaluation model, covering participant reaction, knowledge improvement, and change in record-keeping behavior.

Table 1 Session Material

b. Target Audience dan Servie Method

1. Location and Time

The community service activity was conducted at the Cikarageman Village Hall, Bekasi Regency, West Java, on Saturday, 20 June 2026, from 08:30 a.m. to 12:00 p.m. The activity was organized in a face-to-face format involving MSME actors operating in various business sectors within the village.

2. Purpose

This community service program aimed to improve MSME actors' knowledge and skills in preparing simple financial statements based on SAK EMKM, enhancing tax literacy and compliance, introducing the principles of Good Corporate Governance (GCG), and strengthening their readiness to access formal and digital financing.

3. Target Audience

The target participants consisted of MSME owners operating in the trade, culinary, service, and home-industry sectors in Cikarageman Village. Most participants had limited experience in maintaining financial records, understanding MSME taxation, and implementing proper business governance, making them suitable beneficiaries of this educational mentoring program.

4. Method of Service

The service method employed a participatory educational approach consisting of lectures, interactive discussions, practical demonstrations, and direct mentoring. Participants were introduced to financial reporting practices, MSME taxation, Good Corporate Governance (GCG), and entrepreneurial motivation through case-based learning and practical exercises.

5. Success Indicators

The success of the program was measured through participants' attendance, active participation during discussions, and improvements in knowledge as reflected by the comparison between pre-test and post-test results.

6. Evaluation Method

Program evaluation adopted a results-based evaluation approach using pre-test and post-test assessments to measure participants' knowledge improvement. The evaluation also observed participants' involvement during discussions and their ability to prepare simple financial statements and understand MSME taxation, Good Corporate Governance (GCG), and financing readiness through practical exercises conducted during the mentoring session.

III. RESULT AND DISCUSSION

a. Training Material Delivered

Session 1: Educational Outreach on Basic Financial Statement Preparation and Tax Compliance for MSMEs in Cikarageman Village.

Material 1: Basic Financial Statement Preparation and Taxation for MSMEs

Figure 1 Presentation of basic financial statement preparation and MSME taxation materials

The educational session focused on strengthening MSMEs' understanding of basic financial reporting and taxation as fundamental components of sustainable business management. Participants were introduced to the preparation of simple financial statements based on the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), including the recording of business transactions, preparation of profit and loss statements, and statements of financial position [6]. The discussion also emphasized the role of financial reporting in supporting business evaluation, strategic decision-making, and access to formal financing. In addition, participants received guidance on tax administration, including Annual Income Tax Return (SPT Tahunan) [7]. Reporting, applicable tax regulations, and the tax incentive stipulated under Law No. 7 of 2021 and Government Regulation No. 55 of 2022, whereby individual MSMEs are exempt from income tax on annual gross turnover of up to IDR 500 million, while turnover exceeding this threshold is subject to a final income tax of 0.5% [8], [9].

The discussion revealed that the principal challenge faced by participating MSMEs was the inconsistent maintenance of financial records, which limited their ability to evaluate business performance, calculate the Cost of Goods Sold (COGS), manage cash flow, and comply with tax obligations. Inadequate financial administration also reduced opportunities to obtain external financing and establish partnerships, as financial institutions generally require reliable financial statements and evidence of tax compliance. These findings underscore that financial reporting and tax administration constitute complementary elements of accountable business governance. Accordingly, continuous capacity-building initiatives are essential to strengthen financial literacy, improve tax compliance, and enhance the long-term sustainability and competitiveness of MSMEs [6], [10].

Material 2: The Introduction of Good Corporate Governance to MSME Operators in Cikarageman Village

Fig. 2 Presentation on Good Corporate Governance (GCG) principles to strengthen sustainable MSME management

Beyond strengthening tax accounting literacy and assisting MSMEs in preparing financial statements, the educational program also introduced the basic principles of Good Corporate Governance (GCG). The implementation of GCG was presented as a supporting element to strengthen financial accountability, improve tax compliance, and enhance the credibility of MSMEs in accessing formal credit and digital financing. The educational activities revealed that the implementation of Good Corporate Governance (GCG) among Micro, Small, and Medium Enterprises (MSMEs) in Cikarageman Village remains suboptimal. Although business operations have been established, governance practices have not yet been systematically integrated into business management. This condition is reflected in inadequate administrative documentation, inconsistent financial recordkeeping, and the limited application of the principles of transparency, accountability, responsibility, independence, and fairness. Consequently, governance deficiencies reduce the quality of managerial information, weaken internal control mechanisms, and limit business credibility in the eyes of financial institutions and potential business partners. These findings indicate that the challenges faced by MSMEs extend beyond resource constraints to include the absence of effective governance systems that support accountable and sustainable business management [11]. Consequently, strengthening governance practices is expected to improve the quality of financial reporting, reinforce tax compliance, and increase MSMEs' eligibility for formal and digital financing.

In addition to governance improvement, the educational session emphasized entrepreneurial motivation as a supporting factor for the sustainable implementation of financial management, tax compliance, and business governance among MSMEs. Participants were encouraged to develop entrepreneurial characteristics, including self-confidence, creativity, innovation, discipline, responsibility, and adaptability in responding to an increasingly dynamic business environment. Furthermore, the discussion highlighted the importance of expanding business networks, improving entrepreneurial competencies, conducting regular business evaluations, and utilizing digital technologies, such as social media, digital marketplaces, digital payment systems, and financial recording applications, to enhance operational efficiency and broaden market access [12]. These entrepreneurial competencies are expected to encourage MSMEs to consistently implement financial recordkeeping, comply with taxation regulations, and improve overall business performance.

To reinforce the sustainability of business development, the program further emphasized the practical implementation of Good Corporate Governance through systematic administrative management, accurate financial reporting, clear organizational responsibilities, and compliance with taxation regulations, including Annual Income Tax Return (SPT Tahunan) reporting. The integration of tax accounting literacy, financial reporting, Good Corporate Governance, and entrepreneurial motivation forms a comprehensive approach to improving MSME management capacity. The integration of sound governance practices with entrepreneurial capacity development is expected to strengthen business accountability, minimize operational risks, increase stakeholder confidence, and improve the long-term competitiveness and sustainability of MSMEs.

Session 2: Discussion Session

The discussion that developed during the session showed that the problems faced by MSME actors are not only related to taxation and financial statement preparation, but also to access to business financing and sustainable business development strategies. One participant, an MSME actor in the culinary sector, raised a common complaint among MSME actors in her community: business and personal finances are mixed into a single pocket, making it difficult for business actors to monitor their business's financial condition in an organized and directed manner. In response, the resource person explained that financial management is an inseparable part of overall business governance. The resource person advised MSME actors to first estimate the amount of business capital they hold, and then consistently set aside a certain percentage of income to cover operational needs, so that business cash flow can be clearly separated from personal needs and managed in a more organized manner.

The second question came from a participant running a meatball (bakso) business, who raised the difficulty of obtaining additional capital to increase her business capacity. This issue illustrated that limited access to capital remains one of the factors hindering MSME growth in Cikarageman Village. In response, the resource person explained that the opportunity to obtain financing increases when business actors have well-organized business administration, systematically prepared financial statements, complete business legality, and compliance with tax obligations. These four aspects are important indicators used by financing institutions to assess business feasibility, while also reflecting the level of accountability and credibility of MSME actors.

These two questions reflected two fundamental problems commonly faced by MSME actors in Cikarageman Village: (1) the failure to separate personal and business financial management, and (2) limited access to capital due to incomplete business administration and financial statement readiness. The results of this discussion further reinforced the urgency of the material previously presented, particularly regarding the importance of separating business and personal finances and the readiness of administrative documents as key prerequisites for obtaining both formal (banking) and digital financing access.

b. Evaluation Results

The pre-test recapitulation results showed that most participants had not routinely practiced business financial record-keeping and had never previously received outreach on MSME tax obligations, as presented in Table 2.

Numbers	Pre-Test Statement	Yes	No
1	Recording business income and expenses routinely	32%	68%

2	Knowing the business's monthly profit/loss	88%	12%
3	Having previously received outreach on MSME tax obligations	20%	80%
4	Having a clear division of tasks/responsibilities	44%	56%
5	Feeling bored/losing motivation when turnover declines	76%	24%

Table 2 Recapitulation of Participants' Pre-Test Results

Based on Table 2, only 32% of participants routinely recorded their business income and expenses, and only 20% had previously received outreach on MSME tax obligations. Conversely, as many as 76% of participants admitted to feeling bored or losing motivation when sales turnover declined. This condition confirms the need to strengthen both tax accounting literacy and entrepreneurial motivation among MSME actors in Cikarageman Village.

After participating in the outreach and mentoring, participants completed a post-test consisting of multiple-choice questions to measure their understanding of the material presented. The post-test recapitulation results are presented in Table 3.

Numbers	Post-Test Material	Percentage of Correct Answers
1	Reasons for separating personal and business money in MSME accounting	92%
2	Calculation of net business profit (turnover minus operating costs)	96%
3	Simplified tax rate facility (Final Income Tax) for MSME actors	88%
4	Principles of Good Corporate Governance (Transparency and Accountability)	96%
5	Growth mindset in responding to sales failure/new competitors	92%

Table 3 Recapitulation of Participants' Post-Test Results

Table 3 shows that the average percentage of correct answers among participants across all post-test material was above 88%, with the highest achievement in understanding net business profit calculation and good governance principles (96% each). The comparison between pre-test and post-test results shows a fairly significant improvement in understanding, particularly in the aspect of MSME tax literacy, which was understood by only 20% of participants at the pre-test stage but, at the post-test stage, was correctly answered by an average of 88% of participants regarding the simplified final tax rate facility for MSMEs. This indicates that the practice-based mentoring and direct discussion method was fairly effective in improving MSME actors' tax accounting literacy within a relatively short period.

1. Impact

The implementation of the community service program generated positive outcomes in strengthening the financial and tax literacy of Micro, Small, and Medium Enterprises (MSMEs) in Cikarageman Village. Through educational and mentoring activities, participants demonstrated improved understanding of systematic financial reporting, MSME taxation, Good Corporate Governance (GCG), and entrepreneurial development, thereby enhancing their administrative capacity and readiness to comply with applicable regulations and access formal financing opportunities.

Furthermore, the pre-test and post-test results provided valuable information for academic institutions and local government in identifying the capacity and development needs of participating MSMEs. These findings may serve as a reference for designing future community empowerment programs, supporting evidence-based policy formulation, and promoting the long-term sustainability and scalability of MSMEs through continuous mentoring and capacity-building initiatives.

IV. CONCLUSION

The Community Service Program implemented in Cikarageman Village, Bekasi Regency, demonstrated a positive contribution to strengthening the financial and administrative capacities of Micro, Small, and Medium Enterprises (MSMEs). The integration of educational sessions, practical training, mentoring, and interactive discussions effectively enhanced participants' understanding of simple financial reporting based on SAK EMKM, tax administration, the implementation of Good Corporate Governance (GCG), and entrepreneurial development. The improvement observed through the pre-test and post-test assessments indicated that the program successfully increased participants' knowledge and awareness of sound financial management and business governance practices. Consequently, the participants are expected to be better equipped to prepare systematic financial records, fulfill their tax obligations, and improve their readiness to access formal and digital financing. Continuous mentoring and follow-up capacity-building initiatives are recommended to ensure the sustainable implementation of the knowledge acquired, thereby enhancing the resilience, competitiveness, and long-term sustainability of MSMEs in Cikarageman Village.

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