



# Implementation of SAK EMKM as the Basis for Annual Tax Reporting

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**Abstract:** This community service activity aimed to enhance the understanding and practical skills of Grade XII Accounting students at SMK Negeri 1 Geger in applying the Financial Accounting Standards for Micro Small and Medium Enterprises (SAK EMKM) as the basis for annual tax reporting. Conducted on September 2 2025 the in person program covered four key topics the role of MSMEs in the national economy components of SAK EMKM based financial statements transaction recognition methods and simplified tax calculation approaches. Through a combination of socialization hands on Excel based financial statement preparation and interactive discussions participants' demonstrated improved comprehension of SAK EMKM principles journal entries and basic tax computation. Although challenges remain particularly in grasping abstract accounting concepts such as cost of goods sold depreciation and liability classification the activity successfully laid a foundational framework for future competency development. The use of Microsoft Excel proved effective for automation yet highlighted the need for technical guidance to avoid errors. This initiative underscores the importance of integrating SAK EMKM into vocational accounting education to produce job ready graduates who can support transparent accountable and tax compliant financial management in Indonesia's MSME sector. Continued mentoring and collaboration between educational institutions and stakeholders are recommended to sustain and expand these outcomes.

**Keywords:** SAK EMKM, MSMEs, Vocational Education, Financial Reporting Tax Compliance, Community Service, Accounting Literacy.

## Introduction

Efforts to enhance the quality of vocational education, particularly at Vocational High Schools (SMK), must align with the dynamics of the business world (Hu & Li, 2024), and (Somantri & Pramudita, 2024). This aims to equip students with relevant skills that meet industry needs. One strategic step to achieve this alignment is the introduction of the Financial Accounting Standards for Micro, Small, and Medium Enterprises (SAK EMKM), given that the micro, small, and medium enterprise (MSME) sector serves as a cornerstone of the national economy (Wahyudi et al., 2024a).

MSMEs make a highly significant contribution to Indonesia's economy, particularly in terms of employment generation, contribution to Gross Domestic Product (GDP), and exports. Data from the Ministry of Cooperatives and SMEs (2023) shows that from 2019 to 2023, MSMEs consistently accounted for more than 96 percent of the total number of business entities in Indonesia (Table 1). Although the sector experienced fluctuations due to the COVID-19 pandemic in 2020, the number of MSMEs remained stable and even showed an upward trend in subsequent years, demonstrating the resilience of this sector against economic shocks (Kussudyarsana et al., 2023), and (Wahyudi et al., 2024b).

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**Table 1.** Proportion of MSMEs to Total Business Entities in Indonesia (2019–2023)

Year	Enterprises	MSMEs	%
2019	2.200.000	65.470.000	67.670.000
2020	2.050.000	64.000.000	66.050.000
2021	2.150.000	65.460.000	67.610.000
2022	2.180.000	65.000.000	67.180.000
2023	2.250.000	66.000.000	68.250.000

According to Government Regulation No. 7 of 2021, MSMEs are classified based on business capital and annual sales volume. Micro enterprises are defined as entities with business capital of up to IDR 1 billion (excluding land and buildings used for business operations) and annual sales of up to IDR 2 billion. Small enterprises have business capital ranging from IDR 1 billion to IDR 5 billion and annual sales of up to IDR 2 billion. Meanwhile, medium enterprises have business capital between IDR 5 billion and IDR 10 billion and annual sales ranging from IDR 15 billion to IDR 50 billion.

SAK EMKM (Ikatan akuntan Indonesia, 2024) is intended for non-public accountability entities that meet the MSME criteria as stipulated in applicable laws and regulations for at least two consecutive years. The scope of SAK EMKM application encompasses three main aspects: first, the standard applies exclusively to entities that meet the MSME definition; second, entities that do not fall under the MSME category may still adopt it, provided that no regulatory authority prohibits its use; third, SAK EMKM is designed to simplify financial statement presentation without compromising the quality of information.

Financial statements under SAK EMKM consist of the Statement of Profit or Loss, the Statement of Financial Position, and the Notes to the Financial Statements (CALK) (Saputra & Putrayasa, 2020). The Statement of Profit or Loss reflects an entity's performance over a specific period through its revenues and expenses, both directly and indirectly related to business operations. Indirect revenue may include bank interest income, while indirect expenses encompass bank administrative fees, donations, and foreign exchange differences. Profit margins vary depending on the business sector.

The Statement of Financial Position presents the entity's assets, liabilities, and equity at a specific date. Assets are classified into current assets (cash, receivables, inventory, and prepaid expenses) and non-current assets (tangible assets net of accumulated depreciation). Liabilities are categorized based on maturity: short-term (due within one year) and long-term (due after one year). Equity includes owner's capital, retained earnings, current period profit, and

drawings. This statement must satisfy the fundamental accounting equation:

$$\text{assets} = \text{liabilities} + \text{equity}. \quad (1)$$

The Notes to the Financial Statements (CALK) are an integral part of the financial statements, providing explanations of accounting policies, detailed breakdowns of material line items, and other necessary supplementary disclosures (Siagian et al., 2025). In the context of SAK EMKM, CALK includes a statement of compliance with the standard, a summary of significant accounting policies, and other relevant supporting information essential for users of the financial statements.

Within the vocational education framework Vocational High Schools (SMK) play a strategic role in preparing job ready graduates who are competent in accounting and entrepreneurship (Putranto, 2017). Introducing SAK EMKM to students is essential as the majority of SMK graduates are likely to enter the MSME sector directly whether as entrepreneurs bookkeeping staff or supporters of family businesses. SMK Negeri 1 Geger with its expertise in accounting and management serves as an ideal location for community service activities aimed at promoting awareness and understanding of SAK EMKM.

The objective of this activity is to provide students with an understanding of the principles and application of SAK EMKM in MSME financial management and to equip teachers with technical knowledge so they can integrate this standard into the learning curriculum. Through this socialization it is expected that students will be able to (1) understand the basic accounting principles for MSMEs (2) prepare financial statements in accordance with SAK EMKM (3) become competent and adaptive workforce members aligned with business sector needs and (4) contribute to enhancing the credibility and quality of MSME financial reporting which in turn supports local and national economic growth.

## Method

This community service activity was carried out in the form of a socialization program on the implementation of the Financial Accounting Standards for Micro Small and Medium Enterprises (SAK EMKM) as the basis for preparing financial statements used in annual tax reporting. The activity was conducted in person on September 2 2025 at SMK Negeri 1 Geger Madiun Regency East Java. Participants consisted of Grade XII students who expressed interest in entering the workforce or pursuing entrepreneurship after graduation. The socialization covered four main topics

(1) basic understanding of MSMEs and their role in the national economy (2) components of financial statements according to SAK EMKM (3) transaction recognition methods under the SAK EMKM framework and (4) calculation of annual income tax based on MSME financial statements.

The community service activity was implemented through three main stages preparation, implementation and evaluation. This initial stage aimed to ensure technical and substantive readiness for the activity. Preparation activities included identifying the location and target participants coordinating with the school to conduct a needs analysis preparing socialization materials and arranging supporting documents such as banners attendance lists and evaluation instruments.

The activity was delivered through three complementary teaching methods. First the socialization method involved presenting material on the application of SAK EMKM in preparing financial statements as the basis for annual tax reporting using Microsoft PowerPoint. Second the hands on practice method provided students with direct experience in automating journal entries to generate a Statement of Profit or Loss and a Statement of Financial Position using Microsoft Excel. Third the question and answer method allowed participants to clarify their understanding of the presented material.

The final stage focused on evaluating both the process and outcomes of the activity. Evaluation was conducted through a reflective discussion between the community service team and the school's designated activity coordinator. The purpose was to identify strengths weaknesses and challenges encountered during implementation to inform improvements for similar future activities

## Result and Discussion

This community service activity aims to enhance participants understanding and practical skills in applying the Financial Accounting Standards for Micro Small and Medium Enterprises (SAK EMKM) as the basis for preparing financial statements used in annual tax reporting. The activity was conducted in person in collaboration with SMK Negeri 1 Geger Madiun Regency East Java. Participants were Grade XII students from the Accounting Expertise Program most of whom plan to enter the workforce or start their own businesses after graduation with interests spanning accounting entrepreneurship and digital creative content.

The socialization covered four main topics basic understanding of MSMEs components of financial statements under SAK EMKM transaction recognition methods and annual tax calculation. Overall the activity ran smoothly and received enthusiastic responses from

participants particularly during the hands on session on financial statement preparation and the use of Microsoft Excel.

Financial statements under SAK EMKM are indeed designed to be simpler than general accounting standards consisting only of the Statement of Profit or Loss the Statement of Financial Position and the Notes to the Financial Statements. Participants generally grasped the structure of the Statement of Profit or Loss although some still struggled with the concept of cost of goods sold. Similarly in the Statement of Financial Position several participants had not yet fully understood the classification of liabilities into short term and long term the calculation of fixed asset depreciation and the criteria for categorizing current assets.

Additionally understanding of accounting journals both special and general journals remained limited. Special journals such as the sales journal for credit sales the purchases journal for credit purchases the cash receipts journal (covering cash sales receivable collections and non operating income) and the cash disbursements journal (including cash payments for operating expenses and supplier payments) were not yet fully mastered. The general journal used for recording adjusting entries such as monthly supplies usage and depreciation also posed a challenge for participants.

Nonetheless this training made a significant contribution in bridging participants knowledge gaps regarding SAK EMKM and fundamental taxation principles. After the session participants were able to understand the structure of SAK EMKM based financial statements differentiate types of accounting journals perform basic tax calculations and automate financial statement preparation using Microsoft Excel. Excel was chosen because it is widely accessible free of charge and allows participants to customize report formats according to MSME needs.



Figure 1. The accounting lecturer team is teaching.

However the use of Excel in this context has certain limitations. These include formulas that do not use absolute references making them prone to errors when rows or columns are added or deleted the absence of auto save features and potential system performance

issues as transaction volume increases. Therefore clear technical guidance is needed on Excel file management including best practices for cell locking data structuring and worksheet organization.

Despite overall improvement in understanding some participants still found it difficult to grasp abstract accounting terms and concepts particularly those related to revenue recognition and liability measurement. This highlights the need for ongoing mentoring to ensure theoretical knowledge translates into accurate and consistent accounting practice.

The implementation of SAK EMKM has important implications for MSME tax compliance. With financial statements prepared according to the standard taxpayers can calculate taxable income more accurately thereby reducing the risk of errors in filing Annual Tax Returns (SPT) and avoiding potential administrative penalties. Thus SAK EMKM socialization not only enhances technical capacity but also supports transparent and accountable financial governance at the MSME level.

The main challenge following this activity is ensuring the sustainability of SAK EMKM understanding and application. Given the evolving nature of tax regulations and potential updates to accounting standards continuous support programs are essential such as self-learning modules periodic training sessions and collaboration between vocational education institutions and relevant stakeholders. This is crucial to ensure that SMK graduates are not only job ready but also capable of contributing to improved financial reporting quality and tax compliance in the MSME sector.



Figure 2. Group photo with the team and participants

## Conclusion

The community service activity on the implementation of the Financial Accounting Standards for Micro, Small, and Medium Enterprises (SAK EMKM) as the basis for annual tax reporting has delivered significant positive impacts for students of SMK Negeri 1 Geger. Overall, the activity successfully enhanced

participants' understanding and ability to prepare financial statements in accordance with applicable accounting standards and simplified the annual tax calculation process for MSMEs.

This training provided tangible benefits, including participants' comprehension of the scope of SAK EMKM, transaction recognition principles, and the structure of financial statement components. Additionally, participants gained the ability to understand basic tax calculation methods through three approaches: based on gross revenue, deemed profit norms, and net profit. Although challenges remain in grasping more complex accounting concepts, this activity has laid a strong foundation for participants to further develop their competencies in MSME financial management.

Given the importance of strengthening accounting capacity among prospective vocational workforce members, such community service initiatives should be continued through ongoing mentoring and educational programs. These efforts could include consistent application of SAK EMKM, use of Microsoft Excel for financial statement automation, and more detailed and accurate tax calculations. Through a sustained approach, it is expected that SMK graduates will not only possess technical skills but also a strong awareness of the importance of financial transparency and tax compliance.

Thus, this activity holds strategic potential to contribute meaningfully to enhancing the professionalism of financial reporting and strengthening tax compliance within Indonesia's MSME sector.

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