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Original Article

Enhancing Tax Literacy and Investment Risk Management for Indonesian Migrant Workers in Malaysia through Online Training and Mentoring

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Abstract: *Low tax literacy and the proliferation of high-risk investment offers create financial vulnerability for Indonesian Migrant Workers (PMI). This community service program aims to improve personal income tax understanding and investment risk-management skills through a 2.5-hour online training combined with modules, consultation clinics, and 30-day follow-up mentoring. The participants were 24 members of Fatayat NU Malaysia and Pertimig. The program proved effective in strengthening basic financial literacy among Fatayat Malaysia and Pertimig members and is recommended for replication in collaboration with relevant stakeholders.*

Keywords: *Tax literacy, Investment risk management, Fatayat, Pertimig, Online training, Mentoring.*

I. INTRODUCTION

However, although the presence of tax-reporting mechanisms is easier through the channels (e-filing) and continued compliance campaigns are conducted, there are still different slants on individual taxpayer annual compliance in the report that demonstrate a lack of understanding among them related to information or knowledge on questions like taxable income categories, non-taxable income threshold (PTKP), e-filing procedure techniques, and administrative penalties. The study conducted by Directorate General of Taxes [DJP] (2024), Hukumonline), 2024 IKPI, 2025). Tax literacy problems are related to a moderate level of financial literacy in Indonesia, too; the national financial literacy index is 49.68 percent (SNLIK 2022), which is way behind the rate of financial inclusion reaching 85.10 percent, resulting in many people acquiring or using financial products or services without knowing their tax implications (OJK, 2022a, 2022b).

Vulnerable nursing home residents 6 of note, among vulnerable populations in Indonesia, such as the Indonesian migrant workers (PMI), many are often targeted for investments with the promise of “a high fixed return and no risk, no license,” which are typical features of Ponzi or pyramid schemes. In principle, such schemes offer unreasonably high returns and pay back initial investors with money invested by later participants, which are therefore simply not sustainable (Investopedia, 2033/visited 2025; Albrecht et al., 2025). At the national level, PASTI Task Force (formerly Investment Alert Task Force) frequently closes hundreds to thousands of banned entities per period; 2014–2028 over 10,000 banned entities and over 1,400 banned investment schemes were stopped which represents the magnitude of the problem and importance of investment literacy education to spot “red flags” (OJK, 2024a, 2024b; Ministry of Communication and Informatics, 2024).

Studies indicate that remittances play a significant role in Indonesian PMI, but many continue to experience shortfalls in financial literacy, which makes them vulnerable to poor financial planning and scams (Juddi, 2020; Jurnal Universitas Negeri Yogyakarta, 2025). There are greater numbers of community service models that focus directly on a single theme (taxation or investment) than integrated models integrating personal taxation literacy, investment risk management, and mentoring post-training tailored to PMI across all jurisdictions. Hence, a combined intervention of training online, PMI-contextualized case examples, and ongoing consultation/mentoring can be an optimal solution to increase knowledge, positive compliant behavioural intentions, and the skill of recognising “red flags” ahead of making financial decisions.

II. METHODOLOGY

The intervention was developed as a multi-component approach combining synchronous online training with case-based practice and individual or small-group consultation clinics to facilitate knowledge translation into practice (Kirkpatrick & Kirkpatrick, 2016; Kolb, 1984). This method combines abstract explanation with specific experience and reflective structuring, allowing participants not only to read about the concepts but also to discuss them interactively (Kolb, 1984).

The respondents were 24 Indonesian–Malaysian migrant workers (PMI) who actively belonged to the organizations of Fatayat Malaysia and Pertimig. They were selected purposively with reference to their interest in taxation and/or finance topics and their availability to participate in all the series of activities. Online The online course was designed in accordance with e-learning principles based on evidence regarding what promotes learning, including segmentation, example-practice sequence, and feedback, which have been shown to maximize students' engagement and material retention (Clark & Mayer, 2016).

A) Implementation of the Community Service Program

The program was conducted on Saturday, 20th September 2025, from 18.30 to 22.00 WIB, held online via Zoom: https://us02web.zoom.us/j/4748197622?pwd=FU7Ohw0aB4goELSezb992ivFWIwTpK.1&omn=86102896325. The session was moderated by Dr. Nurmala Ahmar and featured two lecturer speakers from Universitas Pancasila, Dr. Endang Etty and Dr. Susilawati, who presented materials on *Investment, Its Risks, and Tips for Choosing Trusted Investments* and on the *Tax Clinic*. Participants were Indonesian Migrant Workers (PMI) affiliated with Fatayat NU and Pertimig, chaired by Dian Astuty Pratiwi and Uli Rini.

a. Material 1: Investment, Its Risks, and Tips for Choosing a Trusted Investment

PMI must begin by establishing clear financial goals such as emergency funds, education, homecoming travel, or retirement before translating these goals into a risk profile (risk tolerance and capacity) and investment horizon. This approach is consistent with international financial literacy guidelines: good investment decisions are based on a foundation of knowledge and understanding, disciplined behaviours, and constant prudence (OECD, 2020). With these guidelines, the training stressed that products should be selected after you figure out your goals and understand what kind of risk is suited for you (not the other way around).

Mutual funds were created to get a low-cost, legal, diversified, very liquid product for the average investor money market mutual funds (lowest risk), fixed income mutual funds, balanced or asset allocation mutual funds, and stock and stock index mutual funds (highest risk volatility). They operate on Net Asset Value (NAV) per unit basis and involve purchase and sale transactions at official platforms or through licensed intermediaries. Mutual funds in general are liquid, where products may be redeemed as per product time frame (e.g., anytime or T+1–3) that is in line with investment horizon based on financial objectives (Indonesia Stock Exchange [IDX], n.d.; OJK, 2023).

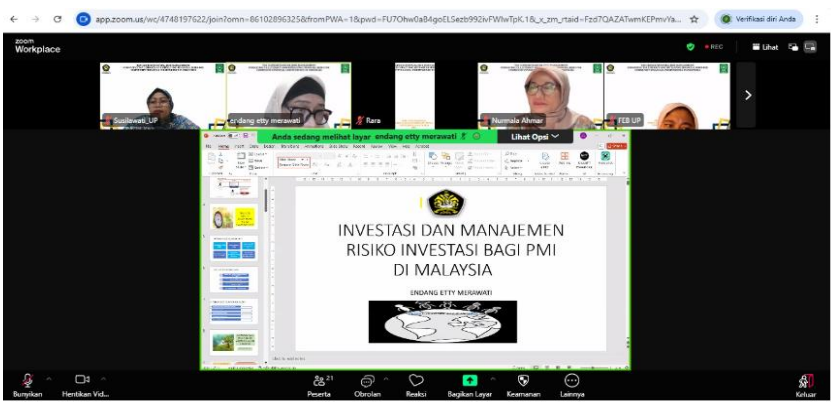

Figure 1. The presentation for Material 1 on investment

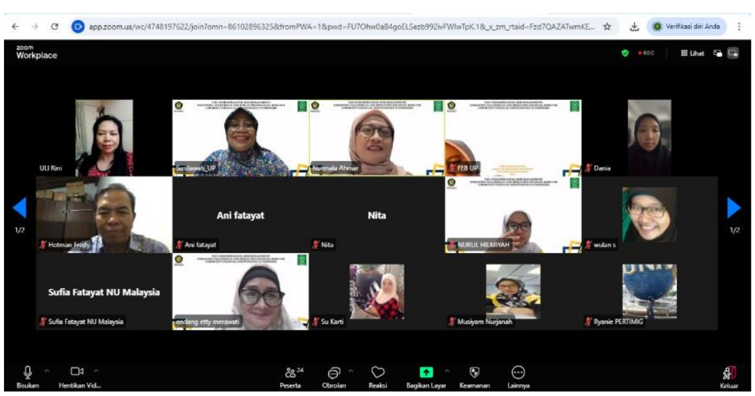

Figure 2. The presentation for Material 1 on investment

Participants were asked to pay attention to costs and features such as purchase/sale/management fees, minimum investment amounts, and transaction channels, as well as to understand mutual fund dividends (which may be automatically reinvested to increase units or withdrawn as cash flow). Fee structures and distribution policies are crucial because they directly influence net returns, as well as the alignment with household cash-flow needs (OJK, 2023).

And as a supplement, gold (physical, savings, or digital gold) was discussed in relation to its medium- and long-term hedging role when it comes to understanding buy-sell spreads and storage charges. In order to reduce both volatility and emotional bias, it would have been more appropriate for entrants to apply a Dollar Cost Averaging (DCA) system, investing fixed amounts at regular intervals, which helps with maintaining discipline in reality but can be inferior to lump-sum methods in swiftly rising markets. Thus, the choice between these two mechanisms of investing will largely depend on investors' risk attitudes and preferences (Investopedia, 2025; Barron’s, 2025).

A proprietary approach designed for PMI in Malaysia included the MYR→IDR aspect: DCA, where funds were first directed to emergency savings (money market funds), goals ≤3 years (fixed income or balanced), and >5 years (balanced or equity) with a limited exposure to gold. All investment transactions should be conducted via a registered/licensed party, and the legality of the company can be checked directly on the OJK website or financial services provider as well as signs such as guaranteed high fixed return, chain pyramid schemes, non-transparent fees or performance (NOTE: Before making any investment, make sure members have been approved by the relevant regulatory body. Practical references were notations to the Waspada Investasi portal and the list of illegal entities by the PASTI Task Force (OJK, 2024, 2025).

b. Material 2: Recent Indonesian Taxation Updates and Their Implications for Migrant Workers

Sensitively, during a session discussing partner issues, the lack of PMI tax literacy among Partners came up -Some were unclear about tax residency status and whether they would be required to pay taxes in both Indonesia AND Malaysia. Classification of status, examples of tax treatment on income derived from Indonesia, and practical administration steps (eg, e-Filing procedures, filing documents requirements, and due date) are the main agenda topics. The Directorate General of Taxes has even set out on the issues of Indonesians working abroad, stating that the determination of taxpayer status is a basic mediation, which becomes the basis of other obligations and rights in tax.

Figure 3. The Presentation for Material 2: Tax Clinic

Residency status is determined by the 183-day rule. In a nutshell, the classification of an individual is Wowing Pemeliharaan Dalam Negeri (WPDN) when staying in Indonesia or present continuously or cumulatively exceeding 183 days within a 12-month period; vice versa, Wowing Pajak Luar Negeri (SPLN) if the criterion of WPDN is not met, for example, PMI who stay outside Indonesia for more than 183 days. This status decides the categories of revenues chargeable to tax in Indonesia. Legal basis The legal basis can be found in the Income Tax Law (UU PPh) and the official explanations provided by the Directorate General of Taxes with regard to Indonesian employees stationed overseas.

For Foreign Taxpayers (SPLN), Taxes in Indonesia for SPLN are generally levied only on income received from within Indonesia (e.g., rental income of property in Indonesia or dividends paid by Indonesian issuers), typically at the time of payment through the withholding mechanism under Art. 26 Income Tax by the withholding agent in Indonesia. Meanwhile, Wajib Pajak Dalam Negeri (WPDN) has a wider coverage of liabilities. Knowing what comprises “Indonesia-sourced income” and who is required to withhold or even collect the tax is important in preventing under-reporting and administrative fines.

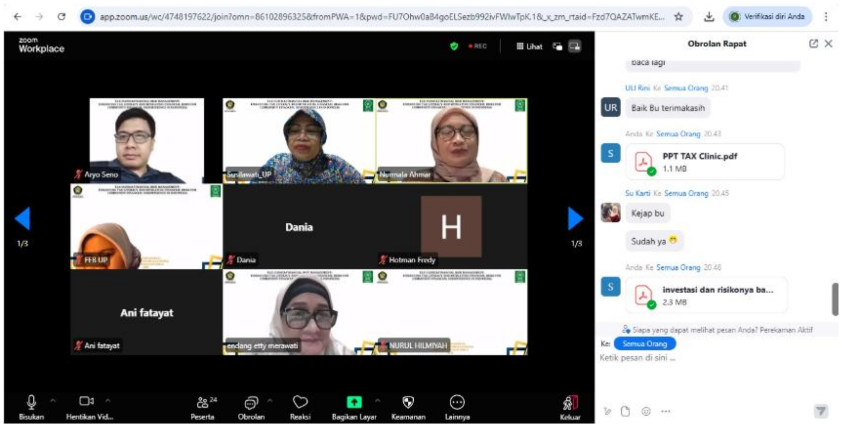

Fig. 4 The Presentation for Material 2: Tax Clinic

To avoid double taxation that might occur from transactions here and there, we exposed them to the topic of Tax Treaties (P3B), especially the Indonesia–Malaysia treaty (as modified by MLI). Tax Treaties govern the division of taxing rights, applicable rates for withholding tax, and the mechanisms available for the resolution of disputes. So, articulation to relevant articles (e.g., dividends, interest, royalties, or resident) of similar provisions permits PMI to verify if reduced rates are applicable or relaxation given under the treaty relief. Official treaty documents and other international tax information are available on the website of the Directorate General of Taxes.

The action plan concluded with a checklist: (1) nature of taxpayer status (≥/≤ 183 days); (2) categorize income sources and gather withholding slips; (3) create an account and follow the e-Filing process for the Annual Tax Return at DJP Online; (4) reference existing treaty rights if subject to tax in two countries; (5) consider electing for Non-Effective(NE)-status if temporarily failing subjective/objective tests, to avoid red tape administratively(as allowed by decree). The DJP publishes OFE guidance and the explanation of the NE policy on its website.

III. CONCLUSION & RECOMMENDATION

The service-based program that was based on two issues, namely tax literacy and investment risk management, has been effective in improving the participants' financial knowledge and prudence, especially those in the Indonesian–Malaysian migrant worker (PMI) community. The rise in the post-training scores suggests a substantial transfer of learning, and these changes in attitudes and behavioural intentions demonstrate trainees' preparedness to use such knowledge in real-life situations, whether that be respect for tax-reporting obligations or exercising due diligence before entering new investments".

The participants were highly spirited during activities while going on virtually for PMI communities under Fatayat NU and Pertimig. This was clear from the multitude of questions about how to identify secure investments and maximize returns after taxes. Many told me they were previously duped in corrupt investment plans where they lost out big time financially. As a result, many were afraid to invest again. But receiving education from the Community Service team of Universitas Pancasila again gave them trust that they could make future investments.

This program can be expanded to more advanced training packages, i.e, investment implementation work practise not only in paper, practice different investment platform demonstrations or clinic tax with simulation of the So-called Annual Tax Return (SPT) preparation and family financial clinics on budgeting and long-term planning. Also, a follow-up three-month post-training observation is very much needed so as to be able to determine the extent of retention and application of sound financial know-how. Working with stakeholders will ensure the sustainability of the program, and further dissemination to other areas will recognise wider benefits, including broader social impacts on PMI communities and society in general.

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