

PERCEPTION OF PROSPECTIVE TAXPAYERS: TAX ETHICS AND TAX EVASION

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Abstract

This study aimed to determine the arguments of prospective taxpayers at the Faculty of Economics and Business of Universitas Brawijaya to justify tax evasion. This study was an exploratory research with a survey approach involving 96 respondents from the Faculty of Economics and Business, Brawijaya University. The data obtained was analyzed using descriptive statistics used Statistical Package for The Social Science program. Previous research determined that the higher a person's earnings, the lower his or her tendency to commit evasion of tax, while based on respondent perceptions this study showed that the higher someone's income, the greater her or his probability to commit tax evasion. Related to employment, no significant distinction regarding employment and tax evasion. However, this study showed that some jobs encourage the workers to commit tax evasion. The study found obstacles in the research subjects and did not get in-depth results. Focusing attention on factors including gender, income, major, education, employment can increase the application of tax ethics and reduce the rate of tax evasion.

Keywords: Tax Evasion; Taxpayer; Ethics

Abstrak

Penelitian ini bertujuan untuk mengetahui argumen calon wajib pajak di Fakultas Ekonomi dan Bisnis Universitas Brawijaya untuk melakukan penggelapan pajak. Penelitian ini merupakan penelitian eksploratif dengan pendekatan survei yang melibatkan 96 responden dari Fakultas Ekonomi dan Bisnis Universitas Brawijaya. Data yang diperoleh dianalisis dengan menggunakan statistik deskriptif dengan menggunakan program Statistical Package for The Social Science. Penelitian sebelumnya menentukan bahwa semakin tinggi penghasilan seseorang, maka semakin rendah kecenderungannya untuk melakukan penggelapan pajak, sedangkan berdasarkan persepsi responden penelitian ini menunjukkan bahwa semakin tinggi penghasilan seseorang, maka semakin besar kemungkinannya untuk melakukan penggelapan pajak. Terkait dengan pekerjaan, tidak ada perbedaan yang signifikan antara pekerjaan dengan penggelapan pajak. Namun, penelitian ini menunjukkan bahwa beberapa pekerjaan mendorong pekerja untuk melakukan penggelapan pajak. Penelitian ini menemukan kendala pada subjek penelitian dan tidak mendapatkan hasil yang mendalam. Memfokuskan perhatian pada faktor-faktor seperti jenis kelamin, pendapatan, jurusan, pendidikan, pekerjaan dapat meningkatkan penerapan etika perpajakan dan mengurangi tingkat penggelapan pajak.

Kata kunci: Penggelapan Pajak; Wajib Pajak; Etika

INTRODUCTION

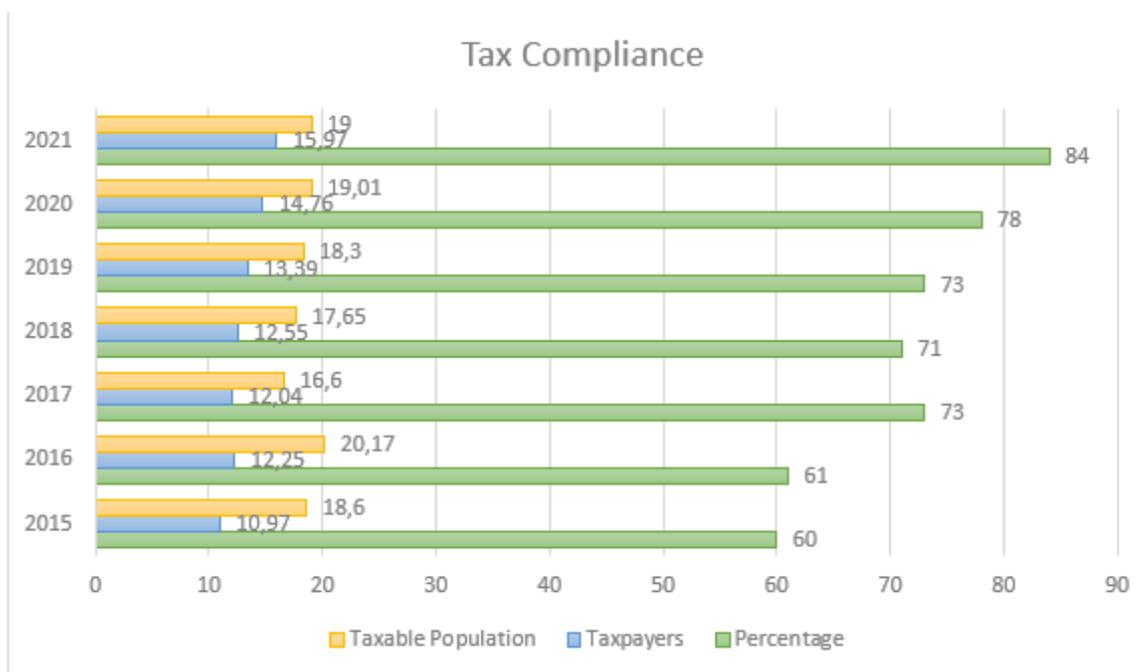
Taxes are contributions that the public must pay to the state, are force based on applicable laws, without direct reimbursement, and are utilized for the benefit such as government and interests of general public. Every countries related to economy is inseparable from various macroeconomic policies applied thereof. In Indonesia, one of largest source of state income are taxes.

An essential source of governmental revenue such as taxes must be managed effectively. Taxpayers' compliance with their tax duties is expected to go smoothly. However, in practice, the implementation of tax responsibilities does not entirely conform to what the government determines. Some taxpayers violate the regulations by failing to pay or being in arrears on their taxes due to a continuing lack of understanding and accountability for their tax duties, making it difficult for the government to maximize tax collection.

Tax evasion is the act of taxpayers attempting to lawfully lower their liabilities by not breaking the established tax regulations (Monica & Arisman, 2018). Since the government imposed taxes, there has been tax evasion. Tax evasion is willful violation of tax laws and failed to meet tax payment obligations. Furthermore, many taxpayers not explicitly disobey tax regulations but more like evading payout taxes by exploiting an absence of specific regulations. In this context, tax ethics are shaped by societal limitations and urges the government to impose laws on how taxpayers act in relation to tax obligations.

According to cnbcindonesia.com, the level of tax compliance among Indonesians remains quite low. In truth, the proportion of Indonesians who pay their taxes has been stable since 2015. This suggests that there

has been no major change in the number of persons who pay taxes during the previous six years. The compliance ratio for filing Annual Tax Returns has not grown much since 2015. According to the records cited by CNBC Indonesia, the tax compliance percentage has not grown much, despite the fact that the number of people working and becoming taxpayers continues to rise. Only 10.97 million people obeyed in 2015, out of a total taxable population of 18.6 million, informing that the compliance ratio was barely 60%. In 2016, the tax reporting compliance percentage was just 61%, or 12.25 million taxpayers out of a total of 20.17 million. The ratio increased by only 1% in 2015. Meanwhile, the tax ratio climbed dramatically in 2017 from 61% to 73%, while there was a tax amnesty scheme in 2016-2017. In 2018, the tax return rate witnessed a significant decline of 71%, leaving only 12.55 million individuals out of a total of 17.65 million taxpayers who fulfilled their tax obligations. In the subsequent year, 2019, the tax compliance rate rebounded to 73%, matching the figures seen in 2017. In this year, just 13.39 million individuals paid their taxes. Moving forward to 2020, the tax compliance rate further increased to 78%. However, it's worth noting that the growth in the number of compliant citizens compared to the previous year was not substantial. In 2020, only 14.76 million individuals among the 19.01 million taxpayers were tax-compliant, indicating that approximately 5 million taxpayers were still not meeting their tax obligations. The ratio of taxpayer compliance in filing an annual tax return then reached 84%, according to Taxku.com. Based on Directorate General of Taxes (DGT), there were 15.97 million in 2020 out of 19 million people submitting Annual Tax Tax Returns as of December 31, 2021.



Tax avoidance is closely related to ethics. Tax ethics is defined as the ethical duty from taxpayers to payout tax and is inspired by means of the connection among taxpayers, citizens, and government. Tax evasion meant to individuals intently try to evade taxes while tax ethics indicate to any non-economic incentive to obey with tax laws.

Collymore (2020) discovered that gender effects judgments of the ethics of tax evasion. Gender described in this context are behavioral theory and opportunity theory. According to Torgler and Valev (2010), the underpinnings of gender differences exist at the cognitive, affective, and behavioral levels. Meanwhile, because males have historically held more authoritative jobs than women, opportunity theory presents a variety of perspectives. Torgler and Valev (2010) discovered that women strongly disagree that tax avoidance is legitimate. Based on studies concerning gender variances in attitudes towards tax evasion ethics, it appears that women tend to hold a lower belief in the ethicality of tax evasion compared to men.

Then, in a preceding study by Drogalas et al. (2018), women were shown to be resistant against tax avoidance than men in Guatemala, Hong Kong, Hubei,

China, Spain, and Thailand. Then, in another survey, men were shown to be more opposed and much more averse to tax avoidance in Romania and Slovakia, respectively. Furthermore, research done in Argentina, Beijing, China, Guangzhou, Macau, Poland, and Ukraine discovered no significant differences in women's and men's perspectives on the ethics of tax avoidance. As a result, the link between gender and tax avoidance ethics is inconsistent.

Research conducted by McGee and Gupta (2008) shows that age influences perceptions of the ethics of tax evasion; The research concluded that respondent favor to against tax evasion when they older. A study by McGee and Gelman (2009) regarding age raise that respondent will be more ethical as they get older. The research divided into four categories: 21 or less, 22-30, 31-40, and over 40. Another study arise that more mature respondents had minor doubts regarding tax evasion than the younger ones. It was found in another study that differences in age were more influenced by culture. Younger people in the United Kingdom, France, and United States are more likely unethical than older people in the same countries. Meanwhile, younger people in Austria are more likely

to be ethical than older people. In Hong Kong, age has no significant effect on tax evasion. Meanwhile, in Brunei, research results were more varied: some younger and older people tended to be ethical while others tended to be unethical.

According to Drogalas et al. (2018), income does not influence the ethics of tax evasion. Taxpayers do not evade taxes for personal motives but because the government cannot allocate tax revenues based on the public's needs. As a result, to strengthen tax ethics and minimize tax avoidance, the government must persuade individuals to believe in it. Furthermore, income has a favorable influence on the ethics of tax evasion, according to another study done by Putra et al. (2017), implying that the greater the taxpayer's income, the higher the ethical perspective of tax evasion.

Putra et al. (2017) also found the employment does not affect tax avoidance ethics. So, tax evasion committed by taxpayers in the context of the ethical perception of tax evasion is influenced by the demographic characteristics of the taxpayers. In Drogalas et al. (2018), employment does not affect people's perceptions of the ethics of tax evasion. The study concluded taxpayers commit tax avoidance because they believe that tax funds are not allocated efficiently by the government for the public. In other studies, taxation-related occupations significantly influence the ethics of tax avoidance.

According to Collymore's (2020) research, education has a substantial impact on the ethics of tax evasion since it influences tax evasion decisions. Another consideration is the taxpayer's age. Then, according to McGee and Gelman (2008), variations in education have little bearing on tax evasion. In Vietnamese of survey opinions, the most educated group was substantially less averse to tax avoidance. Other research in Australia, New Zealand, and the United States revealed no link between education and the ethics of tax evasion.

No significant difference was found in Hertiningtyas and Yustina's (2021) research on the influence of ethical issues on the ethics of tax evasion because there was no empirical research that ranked the occurrence of tax problems. Moreover, such research also had limitations of a few respondents, thus unfeasible to be generalized. Furthermore, according to Drogalas et al.'s (2018) research, ethical problems have little influence on the ethics of tax evasion since taxpayers commit tax evasion because they do not trust the government to use these funds properly and efficiently.

Collymore (2020) showed that majors have no considerable effect on the ethics of tax avoidance. However, result of this conclusion were based only on a limited sample population. The sample was only limited to accounting and business students, thus not feasible to generalize. Meanwhile, McGee and Gupta (2008) showed two different results. There was a significant difference between students majoring in law and those majoring in accounting in terms of perspective. Business and economics students rejected tax evasion more strongly than law students did, while those majoring in accounting and students majoring in business and economics did not have a significant difference from each other in the ethics of tax avoidance. However, in another study conducted by McGee et al. (2012), students who were study in business and economics accepted tax evasion more than those majoring in law. Based on this opinion, this is an interesting matter to discuss considering that business and economics is a sector that is closely related to taxes, as students studying business and economics should understand well the necessity of paying taxes. Several different studies stated that no significant distinction in perspective of the ethics of tax avoidance between the students majoring in accounting and those in business and economics. Referring to the inconsistency of previous research results, we were

interested in conducting research with the independent variables gender, age, education, employment, income, ethical issues, and majors and the dependent variable, namely the perceptions of the ethics of tax avoidance.

LITERATURE REVIEW AND HYPOTHESES FORMULATION

Taxes

In accordance with the provisions outlined in Law Number 7 of 2021, which deals with the alignment of tax regulations, a tax is described as a mandatory payment to the government, imposed by legal obligation upon individuals or entities, without direct repayment, and utilized for the betterment of the state and the welfare of its citizens. Taxes play an essential position for the operation of a country, specifically within the implementation of development, because they are a source of state revenue and are used to finance all expenses, such as development expenditures (Halomoan and Situbwana, 2022). Tax functions include

Budgetary function

Taxes function as a source of budget earmarked for financing government cost. In the State Revenue and Expenditure Budget, taxes are a source of domestic revenue.

Regulatory function

Taxes function as an instrument to adjust or carry out policies in the social and economic fields, such as VAT on liquor and other luxury goods.

Redistributive function

This function maintain the elements of equity and justice in society. The function can be seen from the leveling of rates in taxation; higher tax rates for higher income levels.

Democratic function

Taxes in a democratic function is an establish of mutual assistance system. This

function is related to the level of government service to the public paying taxes.

Ethics and Ethical Issues

Moral can be interpreted as ethics. Moral origins can be traced back to the Latin words *moralia*, derived from the adjectives *mos* (customs) and *mores* (behavior). Similarly, ethics finds its roots in the Greek term *ethikos*, an adjective stemming from *ethos* (behavior). As Akrim (2022) asserts, ethics constitutes a theoretical framework for evaluating human actions based on their moral value and ethical quality. Ethics are grouped into three namely:

Hedonistic Ethics

Ethics that directs to the need to produce as much pleasure for humans. From the perspective of ethical philosophers who believe that humans tend toward pleasure as the ultimate goal of actions, hedonism is considering pleasure as value criterion and ultimate link behind all human actions. As some researchers have stated, human beings desire peace and tranquility and peace in the single unalloyed pleasure, in other words, human beings seek pleasure and inner peace is the best type of pleasure (Boluki et al, 2016)

Utilitarian Ethics

Ethics that corrects by adding that pleasure or happiness is produced by a good ethic which is the happiness of everyone. an understanding that assumes that a person can act according to the situation benefit himself. So you can pretend to be respectful, has a sycophantic character as long as his actions bring it benefits (uses) for individuals.

Deontological Ethics

Ethics views that the source of ethical action is a sense of obligation.

According to Bethencourt and Kunze (2020), in general, the fundamental on the ethics of tax evasion has three views, which are sometimes ethical, never ethical, and

always ethical. The scale's ethical of tax evasion is appraised to be most justified in cases which the tax system is visible as unfair, cultures are different, and historical and religious views have an influence on ethical views on tax evasion.

Thus, ethics is the behavior or actions of people and related parties to establish ethical standards with the aim that members and parties behave ethically according to existing laws, regulations and guidelines.

Gender

Gender is a cultural concept that seeks to make a difference in terms of roles, actions, attitudes, and emotional characteristics between men and women that develop in society (Priyoga & Ayem, 2019). Gender is also a concept used to identify, explain, or describe differences between men and women (Nurachmi, 2020). Differences in perception are influenced by things that are closely related to psychological elements, which can be seen through gender differences (Sofha and Utomo, 2018).

Taxpayer behavior towards tax obligations is influenced by various factors, one of which is gender. In previous research conducted by McGee and Gelman (2020) regarding the effect of gender on the ethics of tax evasion, it was found that women are more ethical than men. On the other hand, another study conducted by Khalil (2022) found no significant effect of gender on the ethics of tax evasion.

Income

Income level is always considered the main factor in committing tax evasion (Kirchler et al., 2010). McGee (2012) described such association based on two perspectives. In the first point of view, taxpayers with high income levels are expected to be more involved in tax evasion to avoid excessive tax burdens. Meanwhile, in the second, those with low income are expected to engage in tax evasion due to their inability to meet their basic needs. In conclusion, there is no visible trend

between income levels and tax evasion. Then research conducted by Khalil S (2022) concerning the effect of income on the ethics of tax evasion showed that the higher the income, the lower the tax evasion behavior.

Major

Previous research by McGee et al. (2012) found that students majoring in accounting were sometimes significantly more opposed to tax evasion than those in business and economics majors. However, other research, in the same context, found no significant effect between students majoring in accounting and those majoring in business and economics. Thus, it cannot be said that students majoring in accounting are always against tax evasion. In addition, in a study conducted by McGee and Gupta (2008) on the effect of majors on the ethics of tax evasion, it was found that students majoring in accounting were more against tax evasion than those majoring in law and those in business and economics. Collymore (2020), who examined the influence of majors on the ethics of tax evasion, found no differences between students majoring in accounting, those in business students, and those in other majors. This conclusion, however, is considered inadequate because of the limited sample population.

Education

Previous research found that education has no significant effect on the ethics of tax avoidance because taxpayers assume that the taxes they pay are not managed effectively and efficiently by the government, thus committing tax evasion. In addition, Khalil (2022) found that the higher the education level of the taxpayer, the lower the tendency to commit tax evasion. Another study by Collymore (2020) found that education has a significant effect on the ethics of tax evasion. The results of such study supported previous literacy about

differences in student and non-student perspectives..

Employment

In research conducted by Khalil (2022), in terms of employment, respondents were divided into two groups: self-employed and employees. The results of this study indicated that the self-employed group is more likely to commit tax evasion than the employee group. Meanwhile, research by Drogalas et al. (2018) concerning the effect of employment on the ethics of tax evasion categorized respondents into employees, civil servants, self-employed, retired, unemployed, and others. In previous research, employment has no significant effect on the ethics of tax avoidance because taxpayers do not avoid taxes for personal gain but for their trust in the government in allocating taxes, the tax system, and the government's ineffective and inefficient performance.

Previous Research

McGee and Gupta (2008) conducted a study to investigate the perceptions of the ethics of tax evasion in New Zealand, involving 620 respondents consisting of graduate and undergraduate students from several demographic backgrounds such as gender, age, major, student status, ethnicity, and religion. The survey instruments included the three views of tax avoidance used by Crowe (1944) and identified in that study. There were 18 statements including the 15 arguments identified by Crowe plus the three most recent ones. The statements started out with the phrase "Tax evasion is ethical if ...", with which each respondent selected a number from one to seven to reflect his or her agreement or disagreement. The conclusion were tabulated, and the arguments were ranked from strongest to weakest. Males and females were also compared based on age, student status, ethnicity, major, and religion. The conclusion said that there was a wide distribution of perceptions regarding

the obligation to payout tax, but the obligation was less absolute. Some arguments in favor of tax evasion had been stronger than others. Women were extra against tax evasion than men. People resisted tax evasion more as they got older. Undergraduate students were less opposed than graduate students regard to tax avoidance. Academic majors were not the factors that influenced the perception of the ethics of tax avoidance. And finally, people of European ethnicity were more acceptable to against tax avoidance than those of Asian or Pacific ethnicities.

McGee and Gelman (2009) conducted a study on the perception of the ethics of tax avoidance in the United States and six Latin American countries. They used some independent variables: country, gender, age, religion, and level of education. The results showed that women were more ethical than men; older people had a lower tendency to commit tax avoidance; people with secondary education levels committed tax avoidance more than those with lower and higher levels of education, and; the level of religious devotion had no considerable effect on the ethics of tax avoidance.

McGee et al. (2012) also studied the ethics of tax avoidance from Hispanic opinion perspective to determine the various arguments used to validate tax avoidance and decide differences in conclusion regards of demographic variables. The instruments of survey used seven Likert points and were assigned to 316 business students at the University of South Texas. The 18 arguments had been sorted by strength, from weakest to strongest. Comparisons were also made by age, gender, and academic major to define which demographics significantly differed in the opinions found. For the 18 arguments identifying tax evasion, students majoring in accounting were extensively more reluctant to commit tax evasion than those majoring in business and economics. Any arguments justified tax evasion more strongly than the others did. The strongest

argument for tax evasion was that the government is violating human rights. Other strong arguments were that tax funds are not being used wisely, tax system is seen as unjust, tax rates are too high, and the government is corrupt.

Strater (2016) also studied the effect of moderating international relations between corporate social responsibility (CSR) and tax avoidance. This research examines how the economic, environmental, and social aspects of CSR activities related to tax avoidance. The samples taken in this study were companies with 266 years of observation; divided by the average of companies that practiced tax avoidance and tax compliance with a new approach to identify companies based on tax avoidance and tax disputes. The regression results showed that the more CSR activities a company carries out, the more likely it is to avoid taxes. In addition, the main regression also supported a positive international moderating effect on the relationship between social CSR and tax avoidance.

In addition, a study conducted by Drogalas et al. (2018), which aimed to find out the opinion on tax ethics and tax avoidance in Greece, showed that taxpayers in Greece carry out tax avoidance when they believe that the tax money is not efficiently used by the government for the public benefit. Thus, transparency is important for taxpayers so that they can believe that the contributions made are important and needed. Moreover, the government needs to have legal provisions and be accountable for tax- and money-related decisions and actions.

In a similar study conducted by Wijerathna & Perera (2019) that aimed to determine the perception of the people of Sri Lanka of the ethics of tax avoidance as represented by 60 students and 60 taxpayers, the reason for considering students as a sample was to provide unbiased opinions towards tax avoidance. This study used primary data through questionnaires. The questionnaires were

developed and distributed to the sample. The questionnaire consisted of 22 questions, which were divided into two parts named A and B. Part A was planned to acquire records about the respondents' demographic characteristics. In this section, the question were asked about about gender, age, religion, marital status, academic qualifications, majors, and knowledge about taxes. Part B contained of 15 statements using the "Five Point Likert Scale." This method was used to obtain respondents' opinions regarding tax avoidance. The conclusion of this research showed that the overall demographic results of each category disallowed tax avoidance. Then, there were three main arguments against tax avoidance, as follows:

1. Tax avoidance is ethical if every person is doing it.
2. Tax avoidance is ethical if most of the collectible tax goes to projects that benefit society.
3. Tax avoidance is ethical if most of the collectible tax collected goes to projects that are unprofitable to the respondent.

Then, previous research by Collymore (2020) that aimed to determine perceptions of the ethics of tax avoidance in the United Kingdom and the factors that influence tax compliance used a sample of the student population and British society and looked for differences in views of gender, age, and educational status. This study also studied the connection between government trust and tax fulfillment. This research used a Robert McGee 18-statement survey to rate tax avoidance and tax ethics (McGee, 2012). Study on tax ethics and tax avoidance in the United Kingdom was restricted as part of a six-country research and has not been completely publicated as a stand-alone study. This study used primary data collected through online questionnaires about individual perceptions of tax avoidance used in previous research in the field. 204 respondents filled out the

questionnaire; in general, the sample consisted of college students. This study concluded that women are more reluctant to engage in tax avoidance than men; students allow tax avoidance more than non-students do; there are differences in accepting tax evasion based on the view of whether or not breaking the law is justifiable; there were differences insight of tax ethics between this research and preceding research carry out in the United Kingdom; and, there are differences insight of tax ethics in the United Kingdom and various countries.

Research conducted by Hertiningtyas and Yustina (2021) on the issue of tax ethics from the perspective of tax professionals in Indonesia showed that tax avoidance is considered the most critical problem and often occurs in Indonesia. The study compared the top 10 ratings and occurrence problems; eight issues were added in both rankings, such as proceeding to action, reporting position, tax audit, loophole finding, tax minimization, technical competence, audit supervision, and tax evasion. The results also showed that the climate of professional ethics examiners revealed through peer review that tax professionals have lived in an environment that they perceive as ethical, despite their belief that there are many opportunities for them to commit unethical acts.

Research conducted by Khalil (2022) on empirical studies on the demographics of tax evasion behavior in Lebanon shows that religion and gender are not the main explanatory variables influencing tax evasion behavior in Lebanon. Factors that influence tax evasion include age and income. Education and employment become variables that influence tax evasion more. The results of the study found that taxpayers with higher age, education, and income levels exhibited less interest in committing tax evasion. Entrepreneurs were also more susceptible to tax evasion than employees.

RESEARCH METHOD

Research Sample and Population

This study was an explanatory research with survey approach. The population used by researchers is all undergraduate, master's and doctoral students at the Faculty of Economics and Business, Brawijaya University who have taken or are currently taking taxation courses or working and earning an income. Selecting a population with these characteristics helps researchers obtain detailed information about taxation so that research objectives can be achieved.

Data Collection Techniques

To obtain the required data, the researchers used a questionnaire survey technique. Surveys are a data collection technique in which researchers distribute questionnaires to respondents. The questionnaire used a Likert scale 1-7. In the survey instrument used, the researcher adjusted the statements regarding the ethics of tax evasion according to conditions in Indonesia.

Research Instruments and Measurement

Data were processed with descriptive statistical analysis using Statistical Package for the Social Science (SPSS) software. The variables were measured using instruments used by previous researchers. The indicators gender (male & female), age (<18,18-20,>20), employment (student, self-employment, employee), education (Accounting Profession Education, Bachelor Degree, Master Degree), department (accounting, economic sciences, management), income (1 million – 3 million), and ethical issues (Table 2) were adopted from Mcgee et al. (2012). Each variable was measured with a 7-point Likert Scale: 1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = neutral, 5 = somewhat agree, 6 = agree, 7 = strongly agree.

RESULTS AND DISCUSSION

Measurement Model

The model of this study was measured using SPSS based on data obtained from the questionnaires. The distribution of the questionnaires is shown in Table 1.

Table 1: Total Sample Demographic Data

Age	%	Department	%
<18	0%	Accounting	96.9%
18 – 20	68.8%	Economic Sciences	3.1%
> 20	31.3%	Management	0%
Gender	%	Income	%
Male	38%	< IDR 1,000,000	53.1%
Female	63%	IDR 1,000,000 – IDR 3,000,000	34.3%
		>IDR 3,000,000	12.5%
Employment	%	c	%
Student	84.4%	Accounting Profession Education	0%
Self-employment	0%	Bachelor Degree	90.6%
Employee	9.4%	Master Degree	9.4%
Others	6.2%	Doctoral Degree	0%

Table 1 shows the demographic profiles of 96 respondents with the main criteria: age, gender, employment, education, major, and income. Most of respondents were female; those filling out the questionnaires were aged ranging from

18 to 20 years old and were currently or had completed their Bachelor's degree. Most of those filling out the questionnaires were majoring in accounting and had an income of less than IDR 1,000,000.

Table 2 Total Value Average of Sample Statements (1 = Strongly Disagree; 7 = Strongly Agree)		
No.	Statement	Value
1	Tax avoidance is ethical if the tax system is unjust	3.86
2	Tax avoidance is ethical if the tax rate is too excessive	4.03
3	Tax avoidance is ethical if most of the cash obtained goes to waste	3.98
4	Tax avoidance is ethical even if the tax rate is not very excessive because the government is not entitled to take as much as it takes out of my taxes	3.57
5	Tax avoidance is ethical even if most of the cash is spent accurately	3.32
6	Tax avoidance is ethical if most of the cash accumulated is spent on projects that I do not morally approve of	3.85

Table 2 Total Value Average of Sample Statements (1 = Strongly Disagree; 7 = Strongly Agree)		
7	Tax avoidance is ethical even if most of the cash gathered is spent on worthy projects	3.15
8	Tax avoidance is ethical if most of the cash collected is spent on projects that don't benefit me	3.70
9	Tax avoidance is ethical even if most of the cash collected is spent on projects that benefit me	3.47
10	Tax avoidance is ethical if every person commits it	3.36
11	Tax avoidance is ethical when large sums of cash go to corrupt politicians or their friends and relatives	4.25
12	Tax avoidance is ethical if you can't get caught	3.48
13	Tax avoidance is ethical if it helps fund wars that I consider immoral	4.00
14	Tax avoidance is ethical if I don't have enough cash to pay	3.91
15	Tax avoidance is ethical even if I pay less, someone else has to pay more	3.11
16	Tax evasion is ethical if the government discriminates in opposition to me	4.25
17	Tax avoidance is ethical if the government imprisons people due to their political opinions	4.02
18	I believe in my government and believe that it is fair and free from corruption	3.92
19	Breaking the law is not justified under any occasions	4.91

Table 3 Highest and Lowest Ratings of Statements Supporting Tax Evasion (1 = Strongly Disagree; 7 = Strongly Agree)		
Order	Statement	Value
1	Breaking the law is not justified under any occasions	4.91
2	Tax avoidance is ethical when large sums of cash go to corrupt politicians or their friends and relatives	4.25
3	Tax evasion is ethical if the government discriminates in opposition to me	4.25
4	Tax avoidance is ethical if the tax rate is too excessive	4.03
5	Tax avoidance is ethical if the government imprisons people due to their political opinions	4.02
6	Tax avoidance is ethical if it helps fund wars that I consider immoral	4.00
7	Tax avoidance is ethical if most of the cash obtained goes to waste	3.98
8	I believe in my government and believe that it is fair and free from corruption	3.92
9	Tax avoidance is ethical if I don't have enough cash to pay	3.91
10	Tax avoidance is ethical if the tax system is unjust	3.86
11	Tax avoidance is ethical if most of the cash accumulated is spent on projects that I do not morally approve of	3.85

No.	Statement	Rating
12	Tax avoidance is ethical if most of the cash collected is spent on projects that don't benefit me	3.70
13	Tax avoidance is ethical even if the tax rate is not very excessive because the government is not entitled to take as much as it takes out of my taxes	3.57
14	Tax avoidance is ethical if you can't get caught	3.48
15	Tax avoidance is ethical even if most of the cash collected is spent on projects that benefit me	3.47
16	Tax avoidance is ethical if every person commits it	3.36
17	Tax avoidance is ethical even if most of the cash is spent accurately	3.32
18	Tax avoidance is ethical even if most of the cash gathered is spent on worthy projects	3.15
19	Tax avoidance is ethical even if I pay less, someone else has to pay more	3.11

No.	Statement	Value of Male	Value of Female	Difference	<i>p</i> -value
1	Tax avoidance is ethical if the tax system is unjust	4.14	3.70	.4	.335
2	Tax avoidance is ethical if the tax rate is too excessive	3.81	4.17	.4	.596
3	Tax avoidance is ethical if most of the cash obtained goes to waste	3.61	4.20	.6	.871
4	Tax avoidance is ethical even if the tax rate is not very excessive because the government is not entitled to take as much as it takes out of my taxes	4.06	3.28	.8	.324
5	Tax avoidance is ethical even if most of the cash is spent accurately	3.47	3.23	.2	.370
6	Tax avoidance is ethical if most of the cash accumulated is spent on projects that I do not morally approve of	4.00	3.77	.2	.490
7	Tax avoidance is ethical even if most of the cash gathered is spent on worthy projects	3.33	3.03	.3	.939

8	Tax avoidance is ethical if most of the cash collected is spent on projects that don't benefit me	3.56	3.78	.2	.209
9	Tax avoidance is ethical even if most of the cash collected is spent on projects that benefit me	3.69	3.33	.4	.203
10	Tax avoidance is ethical if every person commits it	3.19	3.47	.3	.700
11	Tax avoidance is ethical when large sums of cash go to corrupt politicians or their friends and relatives	4.25	4.25	.0	.273
12	Tax avoidance is ethical if you can't get caught	3.42	3.52	.1	.016
13	Tax avoidance is ethical if it helps fund wars that I consider immoral	4.47	3.72	.8	.631
14	Tax avoidance is ethical if I don't have enough cash to pay	4.56	3.72	.8	.907
15	Tax avoidance is ethical even if I pay less, someone else has to pay more	3.44	2.92	.5	.926
16	Tax evasion is ethical if the government discriminates in opposition to me	4.31	4.22	.1	.614
17	Tax avoidance is ethical if the government imprisons people due to their political opinions	4.03	4.02	.0	.649
18	I believe in my government and believe that it is fair and free from corruption	4.19	3.75	.4	.908
19	Breaking the law is not justified under any occasions	5.11	4.78	.3	.764
Average value		3.93	3.73		

Table 2 contains the average values of each of the 19 statements for the entire sample. Table 3 explains the statements sorted from the lowest average to the highest average. The highest and lowest are 4.91 and 3.11, respectively, on the 7 Likert scale, where 1 indicates strongly disagree and 7 is highly agree. The table in the appendix shows the results of each independent variable such as gender, major, education, income, etc.

compared to each statement and the average value of each of these variables.

Gender to Tax Avoidance

Based on the data that 38% and 62% of the respondents were male and female, respectively, the results were also analyzed through an independent sample t-test to determine whether or not women's perceptions of tax avoidance were different

from men's. Table 4 compares each statements between men and woman. A study conducted by McGee and Gelman in 2009 revealed that women exhibit greater hesitancy towards engaging in tax evasion when compared to men. Their research found significant disparities between women and men in 14 out of 18 statements. However, in a separate study by McGee et al. in 2012, there was no notable divergence in perception between genders. Wijerathna and Perera's research (2019) found the same. In another study by Collymore (2020), women were more reluctant to engage in tax evasion than men, with ratios of 4.94 and 5.07, respectively, where in the Likert scale used in this study 1 meant strongly agree and 7 meant strongly disagree.

In the results of this study, women were more reluctant to commit tax evasion than men, with 14 out of 18 arguments having significant differences. These results were the same as previous studies conducted by McGee and Gelman (2008), McGee et al., (2012) and Collymore (2020).

Age to Tax Avoidance

Based on the age group of the respondents, most of them were in the age group of 18-20 years with a percentage of 68% and the age group was more than 20 years. The conclusion of the study were compared with age to define whether there was diversity in perception. In the study of McGee and Gupta (2008), people are more opposed to tax avoidance when they get old; the youngest group has a larger average than the oldest group. Then, another study by McGee and Gelman (2009) showed that the older a person is, the less likely he or she is to commit tax evasion. Furthermore, in another study by Collymore A. (2020) it was not explained whether age had an effect on tax evasion. In Wijerathna and Perera's research (2019), it was explained that age did not have a significant effect on the difference in perceptions regards of age groups.

In the results of this study, the older a person is, more likely she or he is not commit tax evasion, with average values of 3.79, for the age range of more than 20 years, and 3.82, for the age range of 18 to 20 years. The

conclusion of this study were the same as those of McGee and Gupta (2008) and McGee and Gulman (2009).

Employment

In terms of demographic percentages, students, employees, and others have percentages of 84%, 10%, and 6%, respectively. The results of research by Khalil (2022) showed no significant difference between employees and entrepreneurs in committing tax evasion. Dragalas et al. (2018) also found no significant difference between employment and tax evasion.

In this study, the results showed an average score of 3.81, 3.98, and 3.42 for students, employees, and others, respectively, indicating that other employment tended not to commit tax evasion then students and employees who had an the largest average values after the average of other employment.

Education

The percentage of research demographics is owned by the majority for S1 by 90.6% and S2 by 9.4%. Khalil's research (2022) showed that the average of Master's Degree was higher than that of Bachelor's Degree, and the higher the education, the lower the tendency to commit tax evasion.

In this study, the results showed that the average of Master's Degree was higher than that of Bachelor's Degree with values of 3.91 and 3.71, so that the higher the education, the lower the tendency to commit tax evasion.

Income

Demographic percentages in the study were 53.1% for income less than IDR 1,000,000, 34.3% for income between IDR 1,000,000 – IDR 3,000,000, and finally 12.5% for income more than IDR 3,000,000. When compared with Khalil's research (2022), it was concluded that the higher the income, the less the tendency to commit tax evasion.

In this study, the highest income group on average was more than IDR 3,000,000, followed by IDR 1,000,000 – IDR 3,000,000, and lastly was less than IDR 1,000,000 with

values of 4.10, 3.80, and 3.73, respectively. This shows that the higher a person's income, the higher her or his tendency to commit tax evasion.

Major

The percentages of accounting and management were 96.9% and 3.1%, respectively. In a previous study by Wijerathna and Perera (2019), there was no significant difference between each major. In another study by Collymore A. (2020), there was no difference in perception between students majoring in accounting and business.

In this study, the management group had a significant average difference of 4.44, while the accounting group had 3.78. Thus, students majoring in management tended to accept tax evasion more than those majoring in accounting because of their lower average value.

Ethical Issues

Demographic percentages in this study amounted to 96 respondents with the aforementioned demographic variations. The results of the respondents were tested for reliability and obtained Cronbach's Alpha of 0.654, which means that the data were normally distributed. In ethical issues, 19 statements were given and the statements with the highest and lowest average scores were sorted. Consequently, the primary three viewpoints on the ethical dilemma were that there can be no justification for breaking the law, tax avoidance can be considered morally acceptable if substantial amounts of money find their way to corrupt politicians or their associates, and tax evasion may be ethically justified when the government exhibits discriminatory behavior towards me.

Conversely, the least popular ethical positions encompassed the belief that tax avoidance remains ethical even if it results in my paying less while others pay more, that tax avoidance retains its moral standing if the majority of collected funds are allocated to worthwhile projects, and that tax avoidance can be deemed ethical if a portion of the collected funds is allocated wisely. Survey participants expressed greater support for tax evasion when it pertained to government practices that were perceived as unfair to taxpayers, and they did not endorse tax evasion if tax revenue was allocated and managed in alignment with societal needs.

Implications

This research had theoretical and practical implications. In theory, it could develop taxpayers' perceptions of the ethics of tax evasion and provide empirical evidence for the literature needed for the perceptions of the ethics of tax evasion. Practically, the perceptions of these respondents can be used as input for the government in designing guidance for the community so that people are more obedient in paying taxes. This can be capital for the government in order to repair or improve state income through tax revenues.

Limitations and Suggestions

This study had limitations in collecting subjects. The collection of subjects was limited in a one-way relationship, so the researchers were unable to ensure that the respondents had filled out the questionnaire appropriately. Future research can use a qualitative approach to deepen taxpayers' perceptions and knowledge of tax evasion.

CONSLUSION

There were variation in the conclusion of this study and from previous studies in terms of income and employment. Regarding income, previous studies showed that the higher the income, the less the tendency to commit tax evasion,

but this study showed that the higher the income, the higher the tendency to commit tax evasion. In terms of employment, there was no significant difference between employment with tax evasion, but this study showed that some people engaged in other occupations tended not to commit tax evasion.

Gender, ethical issues, majors, and education were the same as those found previous studies. In terms of gender, this study showed that women are more reluctant to commit tax evasion than men. In relation to ethical issues, this study showed that tax evasion is not allowed if the government does not treat taxpayers fairly and does not support tax evasion if tax money is used and managed according to the needs of society. Regarding majors, this study showed that students majoring in management are more supportive of tax evasion than those majoring in accounting. Related to education, this study showed that the higher the education, the lower the tendency to commit tax evasion.

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