Dimension of Taxpayer Perception Regarding Tax Evasion Actions

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Abstract

This study aims to examine the effect of the taxation system, the possibility of fraud, justice and tax sanctions being detected on tax evasion actions in the Makassar South Tax Office. Data collection in this study used a questionnaire instrument by taking as many as 100 corporate taxpayers with incidental sample techniques. The analytical method used is multiple linear regression with the help of SPSS tools. The results of this study indicate that the taxation system, the possibility of detecting fraud, justice and tax sanctions has a negative and significant effect on tax evasion actions in the Makassar South Tax Office.

1 Introduction

Facing the coming Industry 4.0 era will have a profound influence on all fields of life, especially in the economic and industrial fields. Companies are competing to get the maximum profit so that the company's condition is in good condition. However, conflicts often occur where companies as taxpayers want to pay relatively small taxes. Once the role of tax in the APBN is so large, efforts to increase tax revenue continue to be carried out by the government which in this case is the duty of the Directorate General of Taxes (Sudirman & Muslim, 2018).

Tax evasion (tax evasion) as one of the methods used by taxpayers to avoid tax due by breaking tax laws, for example taxpayers do not report actual income and reduce their tax burden. This is because the reduced level of taxpayer compliance triggered by the impact of money spent by taxpayers (WP) has not been fully felt fairly and evenly by the people (Rifani et al., 2019; Mariana & Altin, 2019; Pelu et al., 2020). Implementation of tax planning or tax planning and tax avoidance will make taxpayers more likely to carry out tax evasion(Silaen, 2015). Achievement of the tax revenue realization that has not yet reached the target is seen in the Regional Office of the DGT South, West and Southeast Sulawesi in 2018 which carries the tax revenue target of Rp. 14.079 trillion which is the national tax revenue target of Rp. 1,423.995 trillion. As of December 31, 2018, the Achievement of Realization of the Regional Office of the Regional Tax Office in South Sulawesi was Rp. 12,495 billion or 88.75% of the target. (www.pajak.go.id, 2019). One of the causes of not achieving the target of tax revenue is the existence of tax evasion by taxpayers. Therefore, the government, in this case

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the Directorate General of Tax (DGT), continues to try to deal with fraud in taxation including using technology that makes tax payments and reporting easier. Utilization of technology in the online-based taxation modernization system is expected to facilitate taxpayers in reporting their tax obligations.

Research on the taxation technology system influencing tax evasion has been carried out by several researchers before, including among others(Fatimah & Wardani, 2017)states that the taxation system has a negative and significant effect on tax evasion. Then(Rohmawati & Ririn P, 2018) find that the taxation system has a significant negative effect on tax evasion. Research (Nickerson, Inge, Plestiko, & McGee, 2009) also revealed three dimensions that influence tax evasion behavior, one of which is the taxation system. Some of the descriptions that have been put forward, the researcher develops this hypothesis by using Theory of Planned Behavior or behavioral theory as a grand theory, because the researcher considers that the behavior of taxpayers using information technology-based taxation systems that have been provided by the Directorate General of Taxes to report their tax obligations. Then the hypothesis is formulated as follows:

H1: The Taxation System has a negative and significant effect on the ethics of tax evasion

The possibility of fraud detected by the taxpayer is also one that affects the ethics of tax evasion. The possibility of detecting fraud committed by taxpayers can be found by conducting a tax audit. Tax audits are activities that process data objectively and proportionally in fulfilling tax obligations in accordance with tax laws(Waluyo, 2011).The possibility of detecting fraud on taxpayers' perceptions of tax evasion has been carried out by several researchers before, including by (Indriyani, Nurlaela, & Wahyuningsih) which found that the possibility of detecting fraud affected individual taxpayers regarding tax behavior. Other research results found by (Rohmawati & Ririn P, 2018) show that the possibility of detecting negative fraud does not affect the perception of individual taxpayers regarding tax Evasion behavior. Some description has been stated, the researcher develops this hypothesis by using the Theory of Planned Behavior or behavioral theory as a grand theory, because the researcher considers that the behavior of taxpayers who perceive there are tax authorities who examine the tax can make compromises and work together to reduce the payment of tax debt so the possibility of detecting fraud is small. Then the hypothesis is formulated as follows:

H2: The possibility of fraud being detected negative and significant positive effect on the ethics of tax evasion.

Related to tax evasion actions, justice in taxation is one of the things that affects because the community will assume that tax evasion is an act that violates the rule of law and is detrimental to society if they feel that justice has been upheld in the fight. Justice meant that the government in issuing laws tax law in general and equitably adjusted to the ability of the community to pay their tax obligations. Permatasari, (2013) states that the tax levied on taxpayers must have a final, fair and equitable nature, meaning the tax imposed on the public as taxpayers must be balanced with the respective income capacity in paying taxes and it is expected that the tax paid is equal to the benefits to be received. Research result Fatimah & Wardani, (2017) found that justice had a significant negative effect on tax evasion. Research result(Rahayu & Madjid, 2018)also found that justice had a significant negative effect on tax evasion. However, research results Pratiwi & Prabowo, (2019) therefore the researcher considers that the higher the fairness in taxation, the less tax evasion by taxpayers. Then this study will test the following hypothesis:

H3: Justice has a negative and significant effect on tax evasion ethics

Tax sanctions are issued by the Directorate General of Taxes with the hope that it will reduce tax evasion actions to be carried out by taxpayers. It is expected that with tax sanctions taxpayers will comply in submitting their tax obligations.(Mardiasmo, 2016). Mardiasmo, (2016) Also provides an explanation that taxation sanctions are guarantees of the provisions of the tax laws and regulations (tax norms) that have been set to be obeyed /obeyed / complied with by taxpayers. Theory of Planned Behavior explains one of the main factors that can influence the actions taken by individuals is subjective norms. Subjective norm (subjective norm), is the perception of taxpayers regarding tax sanctions as a tool to control so that taxpayers obey in paying their tax obligations. Therefore, researchers assume that the tax sanctions imposed will minimize tax evasion actions that will be carried out by taxpayers. Research result (Greetings & Wombs, 2016) shows that tax sanctions have

a significant negative effect on tax evasion. Then this study will test the following hypothesis:
   H4: Tax Sanctions negative and significant effect on tax evasion ethics

   Researchers develop based on a reference of research that has been done by (Fatimah & Wardani, 2017)which has tested the fairness, taxation system and taxpayer compliance which has an influence on tax evasion. The differences that exist from this study with research Fatimah & Wardani, (2017) is the study of adding two variables, namely the possibility of detecting fraud and fairness. Another difference is in the sample used in this study, namely corporate taxpayers at the Makassar South Tax Office, while the research Fatimah & Wardani, (2017) using a sample of individual taxpayers at Temanggung Primary Tax Office.

2 Research Method

The quantitative research approach is used in this study in the form of numbers or tables that are analyzed with a mathematical model that will test the effect between two or more variables (Sugiyono, 2015).The population in this study is the taxpayer corporate taxpayers registered at the Makassar South KPP as many as 18,296 people (South Makassar KPP, 2019). The incidental sampling technique was 100 people.Data collection used in this study through the distribution of questionnaires, namely by providing a series of written statements in connection with the research variables to the respondent to be answered (Sugiyono, 2015). The data analysis of this research was carried out with several stages of analysis, namely: 1) normality test through the chart of Normal Probability Plot to see the regression model of the dependent variable (dependent) and the independent variable (independent) having a normal contribution. 2) Multicollinearity test is needed to find out whether there are independent variables that have similarities with other independent variables in one model. 3) heteroscedasticity test aims to test whether in the regression model there is an inequality of variance and residuals from one observation to another (Ghozali, 2016). Then, to test the relationship between variables, this study conducted a multiple regression analysis through the SPSS program with the following equation:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$

   Information :
   α : Constants.
   β : Regression Coefficient.
   e : Error.
   Y : Tax Evasion
   X_1: Taxation system
   X_2: The possibility of fraud being detected
   X_3: Tax Justice
   X_4: Tax sanctions

3 Result and Discussion

Result
In this research, to test normality, we use Normal PP Plot of Regression Standardized Residual graphic to see the regression model of the dependent (dependent) variable and the independent (independent) variable whether or not it has contributed. Normal PP Plot of Regression Standardized Residual Graph as presented in Figure 1 shows the points spread around the diagonal line, and the direction of its spread follows the direction of the diagonal line. This shows that the regression model is feasible because it meets the normality assumption.

   Detection of heteroscedasticity is done by the scatterplot method by looking at the spread of the points generated randomly, not forming a specific pattern and the direction of spread is above or below the number 0 on the Y axis. The scatterplot graph show in Figure 2 shows that the data is spread on the Y axis and does not

form a clear pattern in the distribution of the data. This shows that heterokedactivity does not occur in the regression model, so the regression model is feasible to use to predict tax evasion with variables that influence the taxation system, the possibility of fraud, fairness and tax sanctions.
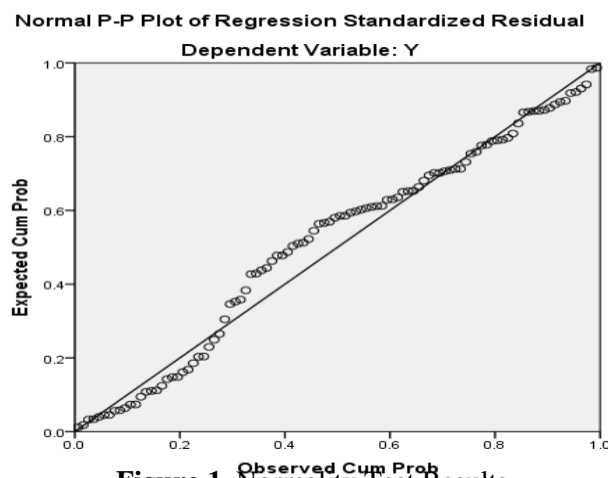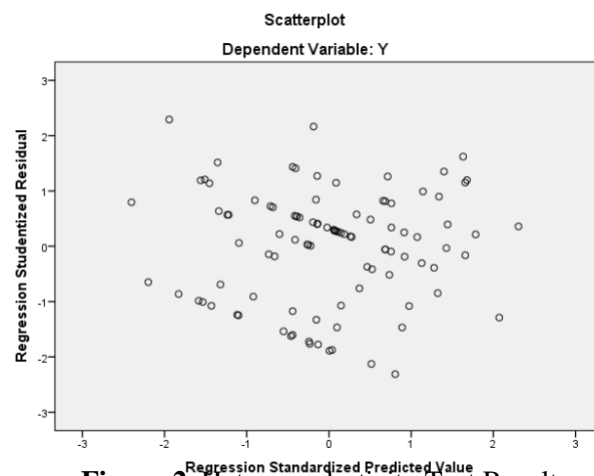

Figure 1. Normality Test Results

Figure 2. Heteroscedasticity Test Results

If there is a high correlation between the independent variables, then the relationship between the independent variables and the dependent variable is disturbed. To test multicollinearity can be seen from the value of tolerance and the value of VIF (Variance Inflation Factor). If the VIF value is not more than 10 and the tolerance value is not less than 0.1 then the model can be said to be free from multicollinearity (Sunjoyo, 2013). The multicollinearity test results in table 1 show that the taxation system variables, the possibility of fraud, fairness and tax sanctions detected have a tolerance value above 0.1 and VIF less than 10 and show that in the regression equation model there are no symptoms of multicollinearity so that the data can be used in this research.

Table 1. Multicollinearity Test Results

<div align="center">Coefficients a</div>

		Collinearity Statistics	
Model		**Tolerance**	**VIF**
1	**(Constant)**		
	Taxation System	943	1,060
	The possibility of fraud being detected	.933	1,072
	Justice	.976	1,025
	Tax Sanctions	.972	1,029

a. Dependent Variable: Tax Evasion

Source: SPSS Output, (2020)

The coefficient of determination test aims to find out how much the ability of the dependent variable can be explained by the independent variable. Display of the determination coefficient test results in table 2 shows the R value of 0.485 which shows that the relationship between tax evasion and the four independent variables is 48.5%. While the R square value of 0.235 or 23.5 %% shows that the tax evasion variable can be explained by the taxation system variable, the possibility of fraud, fairness and tax sanctions detected by 23.5% while the remaining 76.5% can be explained by other variables not found in this study.

This test uses α 5%. With provisions, if the significance of F arithmetic <0.05 then the hypothesis proposed can be accepted. Table 3 shows that the significance level is less than 0.05, so it can be said that the taxation system, the possibility of detecting fraud, justice and tax sanctions simultaneously (together) has an influence on tax evasion, with a probability of 0,000. Because the probability is much smaller than the significant value of 0.05, the regression model can be used to predict tax evasion.

Table 2. R_2 Test Results

Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.485a	.235	.203	.46763

a. Predictors: (Constant), the taxation system, the possibility of fraud, justice, tax sanctions

b. Dependent Variable: Tax evasion

Table 3. Simultaneous Test Results (Test F)

ANOVA a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6,395	4	1,599	7.311	.000b
	Residual	20,775	95	.219		
	Total	27,170	99			

a. Dependent Variable: Tax evasion

b. Predictors: (Constant), the taxation system, the possibility of fraud, justice, tax sanctions

Source: SPSS Output, (2020)

In this study, the t test was used to test whether the hypothesis proposed in this study was accepted or not by knowing whether the independent variables individually influenced the dependent variable. The results of multiple linear regression tests shown in table 2 show the regression coefficient values formed in this test are:

$$Y = 4,583 - 0,336 \ X1 - 0,260 \ X2 - 0,304 \ X3 - 0,292 \ X4 + e$$

The regression equation above shows a constant value of 10.326 and states, if the independent variable (taxation system, the possibility of fraud, fairness and tax sanctions) is zero (0), the value of the dependent variable (tax evasion) is 4,583 units. The regression coefficient on the taxation system variable of -0.336 means that there is an inverse relationship with the tax evasion variable. The higher the taxation system is 0.336 or 33.60%, the less tax evasion will occur. The taxation system, with other variables being considered constant. For the regression coefficient on the probability of fraud being detected by -0.260, this result states that there is an inverse relationship between the possibility of fraud detected by the tax evasion variable. The higher the likelihood of fraud being detected, the tax evasion action will decrease by 26%. The regression coefficient on the justice variable is equal to-0.340, this result states that there is an opposite relationship between justice and the tax evasion variable. If justice increases by 30.4% the variable tax evasion will decrease by 30.4%. The regression coefficient on the variable tax sanctions amounted to-0,292, this result states that there is an inverse relationship between tax sanctions and tax evasion variables. The higher the tax sanctions, the tax evasion action will decrease by 29.2%.

Table 4. Partial Test Results (t Test)

Coefficients a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,583	.529		8,663	.000
	Taxation System	-.336	.101	-.307	-3,327	.001
	The possibility of fraud being detected	-.260	.126	-191	-2,054	.043
	Justice	-.304	102	-271	-2,985	.004
	Tax Sanctions	-.292	.136	-196	-2.149	.034

a. Dependent Variable: Tax evasion

Source: SPSS Output, (2020)

Discussion

Effect of Taxation System on Tax Evasion

Based on the hypothesis test, it was found that the independent variable of the negative taxation system significantly influenced the dependent variable, namely tax evasion. This means that the hypothesis tested is supported. This means that the taxation system with competent tax officers and inconvenient tax procedures has an impact on taxpayers reluctant to embezzle taxes. The results of the study support the theory of behavior or Theory of Planned Behavior which states that the behavior of taxpayers has used information technology-based taxation systems that have been provided by the Directorate General of Taxes to report their tax obligations such as e-filing and e-SPT. Good or bad the current taxation system does not have an impact on the perception of taxpayers to carry out tax evasion (Agus, Umiyati, I, & Kurniawan, 2019). This study supports the results of the study (Fatimah & Wardani, 2017; Rohmawati & Ririn P, 2018) found that the taxation system had a negative and significant effect on tax evasion. The results of this study also support the results research (Nickerson, Inge, Plestiko, & McGee, 2009) also revealed three dimensions that influence tax evasion behavior, one of which is the taxation system.

Influence of the possibility of fraud detected on tax evasion

Based on the hypothesis test, it was found that the independent variable is likely to be detected by negative fraud significantly affecting the dependent variable, namely tax evasion. This means that the hypothesis tested is supported. That is, even though the likelihood of being caught carrying out tax evasion is high or not, taxpayers still carry out tax evasion with the aim of avoiding tax payments. This research supports the Theory of Planned Behavior as it explains that the behavior of taxpayers who perceive that there are tax authorities who examine taxes can make compromises and work together to minimize payment of tax debt so that the possibility of small fraud is detected. This research supports research (Lewis, 2009) who found that the detection rate significantly affected their performance in paying taxes because they had the desire to maximize their satisfaction. The results of this study also support the results of the study (Indriyani, Nurlaela, & Wahyuningsih) and (Rohmawati & Ririn P, 2018) show that the possibility of detecting negative fraud does not affect the perception of individual taxpayers regarding tax Evasion behavior.

Effect of Justice on tax evasion

Based on the hypothesis test it was found that the independent variable of negative justice significantly influenced the dependent variable, namely tax evasion. This means that the hypothesis tested is supported. That is, the application of justice in the taxation system will have implications for the lack of tax evasion behavior. With regard to justice, external conditions that affect taxpayers' perceptions of tax evasion behavior are that if the tax money paid by the public is used properly and the imposition and collection of taxes on the community is treated equally (Nickerson, Inge, Plestiko, & McGee, 2009). Justice carried out by the Government in the field of taxation felt by the taxpayer will reduce tax evasion in paying tax obligations. This study supports the results of the study (Kurniawati & Agus, 2015) and research results (Paramita & Budiasih, 2016)which found that justice had a negative and significant effect on perceptions of taxpayers regarding tax evasion. Research result (Fatimah & Wardani, 2017), (Yusmananda, 2018) and (Rahayu & Madjid, 2018) also supported by this research which shows that justice has a significant negative effect on tax evasion.

Effect of tax sanctions on tax evasion

Based on the hypothesis test, it was found that the independent variable is likely to be detected by negative fraud significantly affecting the dependent variable, namely tax evasion. This means that the hypothesis tested is supported. That is, tax sanctions are effective for taxpayers who carry out disobedience to the applicable tax rules or laws. The tighter sanctions are made effective, it will minimize taxpayers to take action on tax evasion. The results of this study support the Theory of Planned Behavior which explains one of the main factors that can influence the actions taken by individuals is subjective norms. Subjective norm (subjective norm), is the perception of taxpayers regarding tax sanctions as a tool to control so that taxpayers obey in paying their tax obligations. Therefore, researchers assume that the tax sanctions imposed will minimize tax evasion actions that will be carried out by taxpayers. Research result (Greetings & Wombs, 2016) support the results of this study which show that tax sanctions have a negative effect on tax evasion. Then, the results of the study(Adisty, Herwinarti, & Ardiansah, 2017)also supports the results of research that found that tax sanctions significantly influence the taxpayer's perception of the ethics of tax fraud. Research result(Sundari, 2019) also supported in

this study which shows that tax sanctions have a significant negative effect on tax evasion.

4 Conclusions

The results of the research that have been carried out are found conclusions based on the results of the analysis namely the taxation system, the possibility of detecting fraud, justice and tax sanctions have a significant negative effect on tax evasion. The results of this study can provide input to the South Makassar KPP that is still needed to tighten the application of tax sanctions to taxpayers and the possibility of fraudulent tendencies can minimize tax evasion actions.

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