ETHICAL PERCEPTIONS OF TAX EVASION FOR UMKM SMALL BUSINESS TAXPAYERS IN THE SAMARINDA REGION

Ardhelia Irnadianis Ifada[*], Yoremia Lestari Ginting

Fakultas Ekonomi dan Bisnis, Universitas Mulawarman, Indonesia

Abstract

This study aims to examine the effect of tax justice, the tax system, tax discrimination, and the love of money on tax evasion. This type of research was carried out by quantitative research and using primary data. The population in this study is MSME taxpayers who are registered at the Samarinda Ilir and Ulu Tax Office. The sampling method used purposive sampling, the data obtained by 75 small business taxpayer respondents through distributing questionnaires and Google forms. The analytical method for managing data uses multiple regression analysis in the SPSS 29 application, and in analyzing the data in this study using descriptive statistics, classical assumption tests, and hypothesis testing. The theory used in this study is the Theory of Planned Behavior (TPB) using three components, namely attitudes toward behavior, subjective norms, and behavioral control. The results of this study indicate that the four variables have a positive and significant effect on tax evasion.

Keywords: Tax Justice, Tax System, Tax Discrimination, Love of Money, Tax Evasion.

1. INTRODUCTION

The state needs funds to help development progress. Therefore, several countries stipulate taxes as a source of income that will be channeled to state development. According to Tawas et al., (2016), "Taxes are one of the main sources of state revenue used to finance government spending and development. Taxes are a form of community participation in supporting development and the economy in Indonesia. Taxes are collected based on the provisions of the Tax Law without direct reciprocal services from the State.

If the realization of state revenue does not meet the target, it can be caused by various reasons, one of which is tax evasion which leads to tax evasion. Tax evasion can be seen as not achieving targets with inappropriate results. Tax evasion is often carried out by taxpayers who object to paying taxes, so they seek a solution by reducing tax calculations or using fictitious tax invoices in Periodic Value Added Tax (VAT) SPT.

A large number of cases of tax evasion by irresponsible individuals has led to a lack of public trust which has resulted in a reluctance to pay taxes, not submitting tax returns, and failing to register as a taxpayer. One of the cases that occurred in Samarinda was in 2022 where the perpetrator had the position of director of PT HEN and committed tax evasion by collecting VAT from 46 other companies, but the tax that had been collected from 46 companies was not paid to the tax office so that the state suffered a loss of IDR 2,574,998,342.

Micro, Small, and Medium Enterprises (UMKM) have a dominant role in Indonesia's economic development. According to Tambunan (2013: 2) MSMEs are productive business units that stand alone, carried out by individuals or business entities in all economic sectors. UMKM can help the state in increasing the revenue budget and expenditure budget. The following is data on the number of Micro, Small, and Medium Enterprises that have been created by the Samarinda Ilir and Ulu Pratama Tax Office:

Coressponding author. Email address: ardheliaifada@gmail.com

ETHICAL PERCEPTIONS OF TAX EVASION FOR UMKM SMALL BUSINESS TAXPAYERS IN THE SAMARINDA REGION

Table 1. Number of UMKM Taxpayers and Tax Payments Samarinda

Tax year	The number of Taxpayer UMKM		The amount of tax payments UMKM	
	Ilir	Ulu	Ilir	Ulu
2018	4.164	-	Rp23.419.754.570	
2019	4.238	4.040	Rp16.368.076.680	Rp8.921.557.178
2020	3.762	3.110	Rp10.859.794.702	Rp7.454.546.110
2021	3.182	2.348	Rp10.929.876.526	Rp11.286.371.146

Based on the data above, the number of UMKM has decreased from year to year and there have been cases of tax evasion that have occurred in Samarinda. This causes a reduction in state revenue in the tax sector, which has an impact on inhibiting infrastructure development. UMKM are potential objects for instilling tax understanding even though they do not guarantee maturity in one's ethics. How to find out the reaction of UMKM actors to various cases of fraud in tax evasion by carrying out ethical perceptions.

2. LITERATURE REVIEW

Theory of Planned Behavior (TPB) is the theory that will be used to conduct this research related to tax evasion. TPB has several characteristics to determine the relationship between behavior that occurs when everyone responds to something. Attitudes can be associated with the characteristics of tax justice and the tax system, subjective norms are associated with tax discrimination, and behavioral control can be associated with the love of money. The behavior that will be assessed is the ethical perception of tax evasion to find out someone's views based on an assumption or a thought to see tax evasion fraud that occurs. The object of this research is small businesses UMKM in the form of businesses owned by individuals or entities.

UMKM actors will provide ethical perceptions of tax evasion using four variables, namely tax justice, Siahaan (2005) explains that justice is considered a basic right, consequently, examples of perceived injustice can generate intense personal emotions. tax fairness leads to a better and positive attitude toward taxes. It can be said that tax justice affects the ethical attitude of the taxpayer. The second is the taxation system, Suminarsasi & Supriyadi (2012) state that the taxation system is described in terms of lower and higher tax rates, and where tax payments are collected. Is it used for public spending, or corrupted by the state or tax authorities? The third is tax discrimination. Discrimination in taxation can be in the form of unfair regulations set by the government, where these regulations provide benefits only to certain parties or can also be explained as discrimination in action for all taxpayers (Silaen 2015). Fourth is the love of money According to Sofha & Utomo (2018), the attitude of love for money owned by someone will make that person compete to earn money. The framework for thinking in the research model can be seen in Figure 1
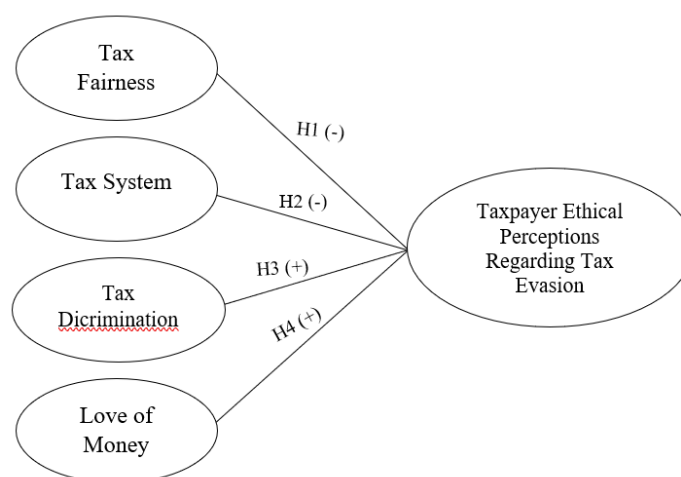
Figure 1. Research Concept Framework

Based on the theoretical basis and research concept framework above, the hypotheses in this study are as follows:

H1: Tax fairness has a negative effect on the ethical perception of taxpayers regarding tax evasion.

H2: The tax system has a negative effect on the ethical perception of taxpayers regarding tax evasion.

H3: Tax discrimination has a positive effect on the ethical perception of taxpayers regarding tax evasion.

H4: Love of Money has a positive effect on the ethical perception of taxpayers regarding tax evasion.

3. RESEARCH METHODS

The variables used in this study are independent and dependent. This variable is carried out to obtain empirical evidence on tax justice, the tax system, tax discrimination, and the love of money. The population in this study is small business UMKM taxpayers residing in Samarinda. Determining the number of samples in this study used the Isaac and Michael formula and obtained a total of 67, so a minimum of 67 small business UMKM taxpayers in Samarinda is needed. This research was conducted using a survey method, in which researchers obtained direct data from the first party (primary data). The method of collecting data in this study was through distributing questionnaires with the sampling method, namely purposive sampling, namely taking samples with several considerations taken as samples.

The data analysis method in this study will use the descriptive analysis method, and classic assumption test, and be implemented using SPSS Ver.29 software. Descriptive statistical analysis is a management technique as well as quantitative data analysis to obtain an estimate of an activity. Descriptive analysis was carried out to identify variable data that has been distributed through the minimum, maximum, average, and standard deviation values. The classical assumption test method includes tests for normality, heteroscedasticity, autocorrelation, and multicollinearity.

4. RESULTS AND DISCUSSION

Description of Respondents

Data collection by distributing questionnaires was carried out conventionally and online via Google Forms.

Table 2. Research Sample Data

No	Information	Amount	Percentage
1	The number of questionnaires distributed	80	100%
2	Number of questionnaires that were not returned	0	0%
3	The number of questionnaires that can not be processed	5	6,3%
4	The number of questionnaires that can be processed	75	93,7%

Questionnaires that have been distributed amounted to 80 respondents. Questionnaires that could not be processed were 5 questionnaires or 6,3% because they did not meet the predetermined characteristics of the respondents, namely having an annual turnover of < Rp300 million. Questionnaires that can be processed amount to 75 questionnaires or 93,7%.

Table 3. Statistics Description

Research Variable	Minimum	Maximum	Mean	Std. Deviation
Tax Fairness	8	28	21,20	5,24
Tax System	7	24	18,78	4,38
Tax Discrimination	8	19	14,22	2,92
Love of Money	34	60	49,50	5,18
Tax Evasion	11	34	26,17	6,62

The tax equity variable has a minimum value of 8 and a maximum value of 28 which has an average value of 21,20 and a standard deviation value of 5,24. The tax system variable has a minimum value of 7 and a maximum value of 24 which has an average value of 18,78 and a standard deviation value of 4,38. The tax discrimination variable has a minimum value of 12 and a maximum value of 20, then has an average value of 14,22 and a standard deviation of 2,92. The love of money variable has a minimum value of 34 and a maximum value of 60, then has an average value of 49,50 and a standard deviation of 5,18. The tax evasion variable has a minimum value of 11 and a maximum value of 34, an average value of 26,17, and a standard deviation value of 6,62.

Classic Assumption Test

Normality Test

Table 4. Kolmogorov-Smirnov Normality Test

Asymp. Sig. (2-tailed)	Information
0,200	Normal

The results of the Kolmogorov-Smirnov statistical test stated that Asymp.Sig. of 0,200 which can be concluded that it passed the normality test because it has a value of $\geq 0,05$.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test of the Glejser Method

Variable Independen	T	Sig.	Information
Tax Fairness	-1,075	0,286	Free of Heteroscedasticity
Tax System	-1,647	0,104	Free of Heteroscedasticity
Tax Discrimination	0,085	0,933	Free of Heteroscedasticity
Love of Money	1,532	0,130	Free of Heteroscedasticity
Variabel Dependen: Abs_Res			

The significant value on tax equity is 0.286, the tax system is 0,104, tax discrimination is 0,933, and the love of money is 0,130. The results of the significance value (sig) between the independent variables and the absolute residual are greater than 0,05, so there is no heteroscedasticity problem.

Autocorrelation Test

Table 6. Autocorrelation Test

Asymp. Sig. (2-tailed)	Information
0,909	Normal

It is known if the value of Asymp. Sig. (2-tailed) of 0,909 > 0,05, it can be concluded that there are no symptoms of autocorrelation, so the linear regression analysis can be continued.

Multicollinearity Test

Table 7. Multicollinearity Test

Variable Independen	*Collinearity Statistics*		Information
	Tolerance	VIF	
Tax Fairness	0,288	3,474	Multicollinearity Free
Tax System	0,186	5,372	Multicollinearity Free
Tax Discrimination	0,252	3,969	Multicollinearity Free
Love of Money	0,613	1,630	Multicollinearity Free

The results of the multicollinearity test on the collinearity statistics tolerance value for tax justice is 0,288 and the VIF value is 3,474. The collinearity statistics tolerance value in the taxation system is 0,186 and the VIF value is 5,372. The collinearity statistics tolerance value for tax discrimination is 0,252 and VIF is 3,969. The collinearity statistics tolerance value for the love of money is 0,613 and the VIF value is 1,630. The conclusion from the results of the collinearity statistics tolerance value is that multicollinearity does not occur because the value obtained is greater than > 0,10 and the VIF value is less than < 10,00.

Hypothesis Testing

F Test

Table 8. F Test Results

	Model	*Sum of Square*	Df	*Mean square*	F	Sig.
1	Regression	1753,838	4	438,459	65,493	<0,001
	Residual	468,635	70	6,695		
	Total	2222,472	74			

The results of the F test can be concluded that the ethical perception variable of tax evasion for small business UMKM taxpayers in the Samarinda region is influenced by tax justice, the tax system, tax discrimination, and the love of money significantly affects evasion because a significant value is $0,001 \leq 0,05$, then the model is declared feasible.

Determinant Coefficient (R^2)

Table 9. Results of The Coefficient of Determination (R^2)

Variable Independen	Variable Dependen	R	R Square	Adjusted R Squarel
Tax Fairness, Tax System Tax Discrimination, dan *Love of Money*	Tax Evasion	0,888	0,789	0,777

The adjusted R squared value is 0.777 or 77.7%. The results of 77.7% of the variable ethical perceptions of tax evasion for small business UMKM taxpayers in the Samarinda region are influenced by tax justice, the tax system, tax discrimination, and the love of money. While the rest of the adjusted R squared of 22.3% is influenced by other variables not present in this study.

t Test

Table 10. Test Results t

Variable Independen	B	t	Sig.	Information	Hypothesis
(Constant)	-6,220				
Tax Fairness	0,409	3,725	0,001	Significant Positive	Rejected
Tax System	0,332	2,035	0,046	Significant Positive	Rejected
Tax Discrimination	0,477	2,593	0,012	Significant Positive	Accepted
Love of Money	0,144	2,432	0,018	Significant Positive	Accepted

Indicates the level of significance of each t value of the dependent variable. The value at t in the table (one-tailed test with a significance of 5%) with the equation n - k - 1; alpha = 75 – 4 – 1; 0.05 = 70 ; 0.05 = ±1.994. The results obtained in the equation can be concluded that the results of tcount > ttable (1.994) or significance <0.05. The hypothesis states that tax justice, the taxation system, tax discrimination, and the love of money have a positive effect on the ethical perception of tax evasion among small business MSME taxpayers in the Samarinda region.

The Influence of Tax Justice on Tax Evasion Ethical Perceptions

The results of the hypothesis test showed that the variable tax justice affects tax evasion significantly and positively so H1 is rejected. The government has applied the resulting tax rate according to the amount of turnover earned. Small business UMKM taxpayers who have high turnover will object to paying taxes because they feel taxes will only reduce their income. This will provide an incentive for some business owners to try

to reduce their tax burden to avoid paying higher taxes. So that the increasing tax equity in turnover will increase the UMKM final income tax, the act of tax evasion will increase.

The results of this study are in line with previous research, namely Pratiwi and Prabowo (2019) who researched individual taxpayers registered at the Salatiga Tax Service Office (KPP) with the result that tax justice has a positive and significant effect on tax evasion. In another study, namely Veronika and Saleh (2019), researched taxpayers registered at the Banda Aceh City Tax Service Office with the result that tax justice has a positive and significant effect on tax evasion.

The Influence of the Tax System on the Ethical Perceptions of Tax Evasion

The results of the hypothesis test show that the tax system influences tax evasion significantly and positively so H2 is rejected. The use of the self-assessment system has drawbacks because taxpayers have the opportunity to reduce UMKM turnover and other loopholes can be exploited by UMKM taxpayers at KPP Samarinda to commit tax evasion. So that the increasing tax system on the self-assessment system, then the act of tax evasion increases.

The results of this study are in line with the research of Kurnia and Faisal (2022) that the taxation system influences tax evasion significantly and positively for individual taxpayers registered at KPP Pratama Semarang Candisari.

The Effect of Tax Discrimination on the Ethical Perceptions of Tax Evasion

The results of the hypothesis test show that tax discrimination affects tax evasion significantly and positively so H3 is accepted. Based on the theory of planned behavior, it can be explained that subjective norm-based behavior control is the main factor underlying taxpayer behavior. Tax discrimination can be influenced by people who are in the tax environment to be taken into action. This indicates whether the behavior is supported, such as tax discrimination by the tax authorities. If tax discrimination decreases, tax evasion will decrease so it is unethical.

This research is in line with previous research which has the hypothesis that variable tax discrimination affects tax evasion, namely Veronika and Saleh (2019), researched taxpayers registered at the Banda Aceh City Tax Service Office with the result that tax discrimination has a positive and significant effect on tax evasion. Another research is Zainuddin et al., (2021), which conducted research on Corporate Taxpayers who have been registered at the Ternate Primary Tax Office, and the result is that tax discrimination has a significant and positive effect.

The Effect of Love of Money on the Ethical Perceptions of Tax Evasion

The results of the hypothesis test show that the love of money influences tax evasion significantly and positively so H4 is accepted. Based on the theory used, namely, the theory of planned behavior supports behavior control in the love of money variable. Someone will flow actions positively or negatively towards things related to something they like, in this case, they tend to love money. If the taxpayer has a low sense of love for money, then the act of tax evasion is also low.

This research is in line with previous research, namely Zainuddin et al., (2021) who researched Corporate Taxpayers who have been registered at KPP Pratama Ternate and have the results of the hypothesis that the variable love of money affects tax evasion, so that the results obtained are significant and positive.

5. CONCLUSIONS

Based on this research, it is possible to determine the effect of tax justice, the tax system, tax discrimination, and the love of money on tax evasion. The results of this study are that tax justice has a significant and positive effect on ethical perceptions of tax evasion on small business UMKM taxpayers in the Samarinda region. So that the increasing tax equity in turnover will increase the UMKM final income tax, the act of tax evasion will increase. The taxation system has a significant and positive effect on ethical perceptions of tax evasion on small business UMKM taxpayers in the Samarinda region. So that the increasing tax system on the self-assessment system, then the act of tax evasion increases. Tax discrimination has a significant and positive effect on ethical perceptions of tax evasion on small business UMKM taxpayers in the Samarinda region. So that the higher the tax discrimination, the higher the tax evasion. Love of money has a significant and positive effect on ethical perceptions of tax evasion on small business UMKM taxpayers in the Samarinda region. So that the higher the love of money, the higher the tax evasion.

References

Faradiza, Sekar Akrom. 2018. "Persepsi Keadilan, Sistem Perpajakan Dan Diskriminasi Terhadap Etika Penggelapan Pajak." *Akuntabilitas* 11(1). doi: 10.15408/akt.v11i1.8820.

Haq, Rivani Aulia, and Ayu Fury Puspita. 2019. "Determinan Persepsi Wajib Pajak Badan Mengenai Etika Penggelapan Pajak (Studi Pada Wajib Pajak Badan Yang Terdaftar Di Kantor Pelayanan Pajak Pratama Purwakarta)." *Jurnal Ekonomi Dan Bisnis* 6(2):89–100.

Kurnia, Salma Azzahra, and Faisal. 2022. "Pengaruh Keadilan Pajak, Sistem Perpajakan, Diskriminasi Pajak Dan Etika Uang (Money Ethic) Terhadap Niat Wajib Pajak Mengenai Penggelapan Pajak (Studi Empiris Pada Wajib Pajak Orang Pribadi Terdaftar Di KPP Pratama Semarang Candisari)." *Jurnal Akuntansi Diponegoro* 11(4):1–14.

Lamia, Miranda, Jenny Morasa, and Sintje Rondonuwu. 2018. "Persepsi Calon Wajib Pajak Atas Tindak Penggelapan Pajak." *Jurnal Riset Akuntansi Going Concern* 13(4):381–88.

Lau, Teck Chai, Kum-Lung Choe, and Luen-Peng Tan. 2013. "The Moderating Effect of Religiosity in the Relationship between Money Ethics and Tax Evasion." *Asian Social Science* 9(11):213–20. doi: 10.5539/ass.v9n11p213.

Pratiwi, Enggar, and Ronny Prabowo. 2019. "Keadilan Dan Diskriminasi Pajak Terhadap Penggelapan Pajak: Persepsi Wajib Pajak Orang Pribadi." *Accounting and Financial Review* 2(1). doi: 10.26905/afr.v2i1.3008.

Siahaan, Fadjar. 2005. "The Influence of Tax Fairness, Ethical Attitudes and Commitment on Taxpayer Compliance Behavior." *The International Journal of Accounting and Business Society* 13(1):33–44.

Silaen, Charles. 2015. "Pengaruh Sistem Perpajakan, Diskriminasi, Teknologi Dan Informasi Perpajakan Terhadap Persepsi Wajib Pajak Mengenai Etika Penggelapan Pajak (Tax Evasion)." *Jurnal Online Mahasiswa Bidang Ilmu Ekonomi* 2(2):1–15.

Sofha, Dewi, and St Dwiarso Utomo. 2018. "Keterkaitan Religiusitas, Gender, LOM, Dan Persepsi Etika Penggelapan Pajak." *Jurnal Ilmu Manajemen Dan Akuntansi Terapan* 9(2):43–61.

Suminarsasi, Wahyu, and Supriyadi. 2012. "Pengaruh Keadilan, Sistem Perpajakan, Dan Diskriminasi Terhadap Persepsi Wajib Pajak Mengenai Etika Penggelapan Pajak (Tax Evasion)." *Jurnal Simposium Nasional Akuntansi XV* 1–29.

Tambunan, Rudi M. 2013. *Pedoman Penyusunan : Standard Operating Procedures*. Jakarta: Maiestas.

Tang, Thomas, Li-Ping, and Randy K. Chiu. 2003. "Income, Money Ethic, Pay Satisfaction, Commitment, and Unethical Behavior: Is the Love of Money the Root of Evil for Hong Kong Employees?" *Jurnal Etika Bisnis* 46:13–30.

Tawas, Victor B. J., Agus T. Poputra, and Robert Lambey. 2016. "Pengaruh Sosialisasi Perpajakan, Tarif Pajak, Dan Sanksi Perpajakan Terhadap Kepatuhan Pelaporan SPT Tahunan Wajib Pajak Orang Pribadi (Studi Kasus Pada KPP Pratama Bitung)." *Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi* 4(4):912–21.

Veronika, Mulur, and Muhammad Saleh. 2019. "Pengaruh Keadilan, Kecurangan Teknologi, Diskiriminasi Dan Nilai Sosial Terhadap Persepsi Wajib Pajak Mengenai Etika Penggelapan Pajak (Tax Evasion)." *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi* 4(4):1.

Zainuddin, Suriana Ar Mahdi, and Amelia Abriani Ismail. 2021. "Faktor-Faktor Yang Mempengaruhi Persepsi Etis Penggelapan Pajak." *Jurnal Informasi, Perpajakan, Akuntansi, Dan Keuangan Publik* 16(1):41–64. doi: 10.25105/jipak.v16i1.6441.