

Determinants of Accounting Students' Perceptions of Ethics on Tax Evasion

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Abstract. This research aims to examine the factors that influence perceptions about the ethics of tax evasion in accounting students. The population in this study were active students of Bachelor degree (S1) 2016 semester 8 of Accounting Studies Program at the Faculty of Business, Law and Social Sciences, Muhammadiyah University, Sidoarjo. This research uses quantitative methods. The sample in this study amounted to 150 semester 8 accounting students who were determined using the Purposive sampling method. The data of this study were sourced from questionnaires distributed to respondents and then analyzed with multiple linear regression analysis. The results showed that the fairness factor had a significant effect on the perception of ethics on tax evasion. Tax system factors have no significant effect on perceptions of ethics on tax evasion. Meanwhile, discrimination has a significant effect on perceptions of ethics on tax evasion.

Keywords: *Ethical Perception, Tax Evasion, Fairness, Taxation Systems, Discrimination.*

1. INTRODUCTION

In society in development and growth, basic infrastructure readiness is necessary. This may reveal the government's reasons for always paying sufficient attention to how to raise funds aimed at development and the achievement of social welfare. To carry out and realize social obligations to the public, the Government needs the costs of this social obligation not only to be limited to the provision of infrastructure and social services. One of the government's responsibilities is the expansion of this, namely by collecting taxes. The main problem of current taxation is that the level of compliance of taxpayers in Indonesia still needs to be improved. In 2016, there were around 32 million registered taxpayers. There are 20 million taxpayers who

are required to submit SPT, but the realization is only 12 million or around 65%. In 2017 it has increased to 70%, while in other countries it can reach 75% -80%. (Pajak.go.id) Quoted from the book Moral Movement: In the Effort of Mental Revolution, [1] According to Fudyartanta, morals are a collection of values and norms as a compass of people's behavior.

Moral is applied in a community or area. Morals do not belong to a handful of humans, but belong to society along with all its members according to Abul A'la Maududi in his book Ethical Viewpoint of Islam (Islamic Morality), Islam provides a comprehensive code of conduct for individuals and shows how to the greatness of morals where a truly good society can be built. Individual or group moral standards have different applications with others because morals are based on

human thoughts or feelings which have a subjective nature, so that the same morals will not be found because of the societal values. Various reasons according to each perspective are the basis for people's understanding of whether something is ethical or not. In this case, it motivates researchers to carry out research regarding the ethical concessions on tax evasion. Researchers take the research object from the perspective of students majoring in Accounting, Faculty of Business, Law and Social Sciences, Muhammadiyah University of Sidoarjo, while these students have received courses on taxation and will become the generation who inherits leadership in Indonesia. Researchers replicated previous research on the dimensionality of the ethical scale regarding tax evasion using a survey method of around 1,100 people in six countries by [2]. This study has three perceptual aspects of the ethical scale of the items tested, namely: (1) fairness, which is linked to the positive benefits of money, (2) to the taxation system, which is linked to tax rates and negative value for money, and (3) discrimination, which is linked to tax evasion in certain situations. The existence of various thoughts about the meaning of justice for someone including when paying taxes also has an effect on their attitude in making tax payments.

Perceptual Understanding. According to [3] Perception is a procedure that begins with sensing, namely the process of obtaining a stimulus by an individual through the sensory organs is called a sensory process. However, the process does not only stop at that stage, but the stimulus is continued, hereinafter referred to as the Perception process. This process includes sensing, after the information is received by the senses, the information is processed and interpreted into a perfect perception. Here it is not only physical things that are attached to perception. But also with regard to individual and environmental conditions. And also in the process of receiving the information starts with environmental objects. A stimulus is seen as events that exist in the external environment of the individual which are read using nerve cells and a sensation processing process occurs. The so-called perception is when some sensation enters the deeper structure of the nervous system. According to [4], after the individual interacts with the objects that are perceived, the results of the perception can be divided into two, namely:

1. Positive perception is a perception that illustrates all knowledge, whether you know it or not, as well as the response that is continued with the effort to use it. Then proceed with being active or accepting and supporting the object that is perceived.
2. Negative perceptions are perceptions that illustrate all knowledge, whether they know it or not, and responses that are inconsistent with the object in

the perception. It will continue by rejecting and opposing the object that is perceived

Tax in foreign designations is called tax (English); in French it is called *Taxe*, *Droit*, import contribution; in German it is called *Abgabe*, *Gebuhr*, *Steuer*; in Spanish it is called *Tributo*, *Gravamen*, *tasa*, *Impuesto*; belasting in Dutch. In American literature it is also known as tariff.

Presented several tax definitions, namely:

1. Prof. Dr. P.J.A. Andriani [5] summarizes that Taxes are contributions to the state that can be imposed, which are owed by taxpayers according to regulations with no return of achievement, which can be immediately appointed, the point is to provide a budget for general expenditures that are related to state duties to run the government.
2. A professor in Tax Law at the University of Pajajaran Bandung (Prof. Dr. Rochmat Soemitro SH)., Summarizes that taxes are people's contributions to the state treasury which is a transition of wealth from the private sector to the government sector, based on laws that can enforced without getting reciprocal services that are immediately shown and used to provide a budget for general expenditures [6]

Tax Planning. The process of manipulating the taxpayer's business and transactions so that the tax debt is at a minimum, but is still under tax regulation. However, tax planning can also be translated as a complete, accurate and timely tax compliance plan, thus maximally preventing resource inefficiency. Making tax planning must fulfill the requirements, namely by not exceeding the tax assessment, according to the business it is acceptable, and the proof of supporting it is sufficient. Planning on tax (tax planning) has 2 categories, namely tax avoidance and tax evasion.

Understanding Tax Evasion (Tax Evasion) The actions of individuals who have the obligation to pay taxes who often try to pay the tax owed as minimum as possible, and go beyond the provisions of tax laws, taxpayers ignore the taxation provisions that should be their obligations, manipulate documents, or fill in incomplete and inaccurate data. for example, when the taxpayer does not report actual income. [6] in [7] Definition of Ethics Ethics comes from the Greek "ethos" which means good customs / habits. According to the Big Indonesian Dictionary (1995), "Ethics is the value of right or wrong that is adhered to by a group or society". According to [8] quoted from Fathoni, 2009; 20 in the Bureaucratic Ethics book by Prof. Dr. Andi Rasyid Pananrangi, S.H., M.Pd., "Ethics is a set of rules or norms or guidelines that regulate human behavior, whether that must be done or that must be abandoned by a group or class of society or a profession".

2. METHODS

In quantitative researchers described as research methods based on the solid principle of positivism, used to research on selected populations or samples, research instruments are used as data collection, analysis on quantitative data, have the purpose of describing and testing the established hypotheses. This study determines the independent variables, namely the taxation system, justice and discrimination, while the dependent variable used is the compulsory perception of

accounting study program students at the University of Muhammadiyah Sidoarjo.

Population and Sample

The target population in this study were active undergraduate (S1) students from 2016 semester 8 of the Accounting Study Program at the Faculty of Business, Law and Social Sciences, University of Muhammadiyah Sidoarjo. The sampling technique in this research is nonprobability sampling technique, the sampling in this research is using purposive sampling method. Determining the number of samples in this study using the Yamane formula [9], the number of samples used was 150 students.

Table 1. Sample Criteria Table

No.	Criteria
1	Accounting student at the Faculty of Business, Law and Social Sciences, University of Muhammadiyah Sidoarjo.
2	Accounting student in semester 8 of S1 Muhammadiyah University Sidoarjo.
3	Accounting student of the 8th semester of the University of Muhammadiyah Sidoarjo undergraduate program who registered for the 2020 brevet.

Data Collection Techniques. The type of research carried out in this research is quantitative research. The data collected by the researcher is primary data, which is in the form of responses to the questions contained in the questionnaire. Researchers distributed questionnaires to respondents by providing questionnaires that were distributed online using google form. a scale to estimate students' perceptions of accounting study program students regarding tax evasion (tax evasion) using a Likert scale (1-5), namely

- 1 = Strongly Disagree (STS),
- 2 = Disagree (TS),
- 3 = Neutral (N),
- 4 = Agree (S), and
- 5 = Strongly Agree (SS).

Data analysis method Multiple linear regression analysis was used in the data analysis method of this study. Analytical testing was carried out with the help of the SPSS program. Prior to data analysis, a descriptive statistical analysis test was conducted first. The hypothesis testing in this study is validity test, reliability

test, and T test. The simultaneous regression in this study is as follows:

$$PEPP = \alpha + b_1KD + b_2SP + b_3DS + e$$

Keterangan:

PEPP = Ethical perception of tax evasion

b₁...b₂ = Regression coefficient

KD = Justice

SP = Tax System

DS = Discrimination

α = Constant

e = standard error

3. RESULT AND DISCUSSION

Descriptive Statistics Results. Descriptive statistics are data processing in the form of a general description of the object under study. The results of descriptive statistics are presented in the table below:

Table 2. Descriptive Statistics test results

Variabel	N	Minimum	Maximum	mean	Std. Deviation
	150	1	5	2,231	0,881
Tax System	150	1	5	3,129	1,111
Discrimination	150	1	5	3,120	1,104
Perceptions of Accounting Students Regarding Tax Evasion Ethics	150	1	5	4,211	0,807

Source : Result of data processing, 2020

From the table above, it can be explained for each variable as follows:

1. Variable Justice

Shows an average value of 2.231 with a standard deviation of 0.881, this indicates that accounting students tend to disagree.

2. Taxation System Variable

Shows an average value of 3.129 with a standard deviation of 1.111, this shows that accounting students tend to agree.

3. Discrimination variables

Shows an average value of 3,120 with a standard deviation of 1.104 indicating that students tend to agree.

4. Perception Variable of Accounting Study Program Students about the ethics of tax evasion

In the Discrimination variable on the Perceptions of Accounting Students regarding the ethics of tax evasion, the average value of 4.211 with a standard deviation of 0.807 indicates that accounting students tend to agree.

A. Validity Test

Validity test proves how real a test measures what should be measured. Validity is related to the precision of measuring instruments in order to carry out its task of achieving its target. In this study using $\alpha = 5\%$, if the test results of each question have $r_{count} > r_{table}$ then the question item is valid.

Table 3. Validity Test Results

Variabel	Alat ukur	r hitung	r tabel	Ket.
keadilan pajak	X1.1	0,653	0,159	Valid
	X1.2	0,771	0,159	Valid
	X1.3	0,841	0,159	Valid
	X1.4	0,726	0,159	Valid
	X1.5	0,800	0,159	Valid
Sistem Perpajakan	X2.1	0,794	0,159	Valid
	X2.2	0,869	0,159	Valid
	X2.3	0,827	0,159	Valid
	X2.4	0,842	0,159	Valid
	X2.5	0,770	0,159	Valid
Diskriminasi	X3.1	0,745	0,159	Valid
	X3.2	0,849	0,159	Valid
	X3.3	0,849	0,159	Valid
	X3.4	0,824	0,159	Valid
	X3.5	0,845	0,159	Valid

Source : Result of data processing, 2020

B. Reliability Test

Reliability test is used to determine the stability of the measuring instrument, whether the measuring device used is reliable and remains stable if the measurement is repeated. The researcher conducted a reliability test by

calculating Cronbach's alpha from each instrument in an instrument variable. The Cronbach's alpha method is very suitable for use on scores in the form of a scale. A variable is said to be reliable if it gives Cronbach's $\alpha > 0.60$ or 60% (reliable criteria).

Table 4. Result Reability Test

Variabel	Cronbach's alpha	N of item	information
Justice	0,816	5	Reliabel
Tax System	0,879	5	Reliabel
Discrimination	0,880	5	Reliabel

Source : Result of data processing 2020

Table 5. Multiple Linear Regression Analysis Test

Variabel	A	<i>t-Test</i>		Result
		<i>t-Stat</i>	<i>Sig.</i>	
Constant	5,911	10,457	0,000	
Justice	-2,179	-2,864	0,005	Significant
Tax System	0,23	0,711	0,479	Not Significant
Discrimination	0,742	22,397	0,000	Significant

Source : Result of data processing 2020

Based on the table 5, the multiple linear regression equation from the research model is as follows:

$$Y = 5,911 - 2,179 X_1 + 0,23 X_2 + 0,742 X_3 + e$$

A constant of 5,911 shows that if the independent variables, namely justice, taxation system, and discrimination are not expected to change (constant) until the Y value (accounting students' perceptions of tax evasion ethics) is 5,911.

Based on the results of testing the first hypothesis, it is known that the level of significance of the Justice variable is 0.005, meaning that Ha1 is accepted, so it can be said to have a significant effect on tax evasion. The negative coefficient value (-2.179) means that if the variable of justice increases by 1 unit, that the accounting student's perception of tax evasion ethics decreases by 2.179 units on the assumption that the other independent variables are in a constant situation. This means that justice has a negative effect on student perceptions of tax evasion ethics.

The Taxation System variable has a significance level of 0.479, which means that Ha2 is rejected or not significant. The coefficient value is positive (0.23). Based on the results of testing the third hypothesis, it is known that the level of significance of the Discrimination variable is 0,000, which means Ha3 is accepted, so it can be said to have a significant impact on tax evasion. The value of the coefficient which is positive (0.742) means that if the Discrimination variable increases by 1 unit, then the accounting students' perceptions of tax evasion ethics increase by

0.742 units, assuming other independent variables are not changing or constant. This means that the Discrimination variable has a positive effect on student perceptions of tax evasion ethics.

4. DISCUSSION

4.1 The Effect of Justice on Perceptions of Ethics on Tax Evasion.

Fairness partially has a negative and significant effect on accounting students' perceptions of tax evasion ethics. The more fairness in taxation is so that the perception of accounting study program students will assess the behavior of tax evasion is increasingly unethical to do likewise, the higher the sense of injustice in taxation so that the perception of taxpayers will assume tax evasion behavior is ethical behavior. So that the government must improve justice that is linked to the utilization of funds originating from taxes in a fair and comprehensive manner. This is because taxpayers feel that the existing taxation system is not good enough to accommodate all the interests of taxpayers. The way the government manages funds originating from state taxes affects the public's response regarding tax evasion is considered ethical or unethical, where taxpayers consider that the concretization of justice in taxation has not been maximized. In this case, the government must anticipate the main problem that is always encountered in the collection and allocation of tax funds, namely how to achieve tax justice.

4.2 The Influence of the Taxation System on Perceptions of Ethics on Tax Evasion.

From the results of data analysis, the taxation system has no significant effect on perceptions of ethics on tax evasion. This means that tax evasion behavior is not necessarily seen as unethical behavior even though the existing taxation system is getting better, on the other hand, tax evasion behavior is not necessarily seen as behavior that tends to be ethical even though the existing tax system is getting worse. Taxpayer factors in tax evasion in this study have no effect on the tax system variables. A good tax system, wise in money management, professional tax officers and does not commit corruption, and tax payment procedures that are not complicated and easily understood by all taxpayers, taxpayers are not necessarily motivated to pay taxes and see tax evasion behavior as described as unethical behavior. This is also not in line with the situational attribution theory which links the behavior of taxpayers regarding ethics for tax evasion (tax evasion) which cannot be influenced by external factors related to the implementation of the existing taxation system.

4.3 The Effect of Discrimination on Perceptions of Ethics on Tax Evasion.

Discrimination Has a positive and significant effect on the perception of ethics on tax evasion, it can be interpreted that the higher the level of discrimination, so that the ethics of tax evasion tends to be considered ethical behavior by accounting students. In the current taxation regulations, when there are more forms of discrimination, then tax evasion is an ethical perception. Conversely, if in the current taxation regulations the lower the form of discrimination, then tax evasion is an unethical perception. Taxpayers consider that obediently paying taxes is useless, this attitude is because taxpayers experience a form of discrimination in taxation.

Therefore, the existence of discrimination in taxation encourages the perception of taxpayers to provide an assessment that tax evasion is ethical behavior.

5. CONCLUSION

Based on the results of this study, it is known that the variable justice has a significant effect on ethics on tax evasion, the tax system variable does not have a significant effect on ethics on tax evasion, discrimination has a positive and significant effect on the perception of ethics on tax evasion.

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