

Tax Evasion Ethical Perceptions: Gender, Business and Spirituality Perspectives

Gede Adi Yuniarta^a, I Gusti Ayu Purnamawati^{b*}, ^{a,b}Faculty of Economic,
Universitas Pendidikan Ganesha, Email: ^agdadi_ak@yahoo.co.id,
^{b*}igapurnamawati@gmail.com

This comparative study examines the perceived ethics of tax evasion from the perspective of gender, business scale, and spirituality. Questionnaires were used to collect data from 90 entrepreneurs in small and medium scale businesses in the Bali Province. Wilcoxon test was used to test the ethical perceptions of tax evasion based on gender and business. The results showed that there were no significant differences in ethical perceptions between entrepreneurs in small and medium businesses toward tax evasion, and there was no significant difference in ethical perceptions between male and female entrepreneurs. Spirituality comprises the four visions of Hindu-Balinese life contained in Catur Purusa Artha. However, it should be noted that tax policy will be more successful if it is able to touch the hearts of taxpayers, at least the element of spirituality is able to suppress moral hazard efforts.

Key words: *Gender, Ethics, Tax Evasion, Spirituality, Business.*
JEL Classification: H24, H26, H27

Introduction

Tax evasion is caused by poor tax management. Likewise, the target of state revenues that are too large will impede the work targets of tax officers, so it is feared that it can trigger deviant actions. The high target of state revenue triggers a lot of manipulation in tax payments, especially those carried out by the work units in the government, making tax revenues sub-optimal. Tax evasion is not entirely a mistake made by taxpayers. This was stated by Mughal & Akram (2012), who suggested that the role of the tax officer also supports this. Tax officers intentionally take advantage of the weaknesses of the existing tax laws (regulations) to carry out tax evasion. Previous studies conducted on tax evasion mostly revealed the technical aspects of tax evasion, namely the legal and technical aspects of tax evasion itself. However, the ethical perception of tax evasion has not been widely discussed. Discussions often begin with the premise that what is illegal is unethical. Some literature said that tax evasion is also

seen as ethical action. There are several opinions that justify tax evasion on a moral basis, namely inability to pay, government corruption, high tax rates or not getting much compensation for paying taxes (McGee & Gupta, 2008).

The dimensionality of the ethical scale regarding tax evasion was also expressed by Nickerson et al (2009). His findings indicate that tax evasion has three dimensions of scale perception through testing several items, namely: justice, which is related to the positive uses of money; taxation systems, which are related to tax rates and negative uses of money; and discrimination, which is related to tax evasion under certain conditions. In addition, this study also concluded that tax evasion was considered the most justified in cases where the tax system was seen as unfair, the tax funds collected were wasted, and where the government discriminated against several segments of the population.

Tax evasion through the perceptions of two different cultures is revealed by McGee et al (2008) through business students in Hong Kong and the United States. The results of his research revealed that students in the United States were more opposed to the tax evasion than students in Hong Kong. Likewise with research by McGee et al. (2012) there were differences in students with accounting, business, and financial education. The results of his research show that tax evasion is said to be ethical in certain situations. Most respondents opposed the view that tax evasion was always or almost always ethical. Respondents justified tax evasion as an ethical practice if the tax system was unfair, the government was corrupt, wasteful, or if the government was involved in human rights violations. Research by Alstadsater et al (2017) shows that cracking down on embezzlement by the rich is an effective way to increase tax revenue, tax progression, and reduce inequality.

The correlation between business level and tax evasion is explained by several studies. Research conducted by Darcy (2017) indicates that business and human rights do not provide solutions to overcome the complex challenges of corporate tax avoidance, which seems to have the potential to complement and inform existing initiatives and provide further consideration in human rights practices. Majeed & Yan (2019) reveal that analyst coverage can replace the effect of comparability on tax avoidance. However, research results are not enough to conclusively prove that product market competition plays a complementary role in reducing tax avoidance. Research by Ross & McGee (2012) revealed that level of education did not make a difference in one's attitude towards the tax evasion, as well as gender and age in some cases. The research findings by Palil et al (2016) provide indicators for tax administrators about the relative importance of the taxation system in helping to design tax education programs, simplifying the taxation system and developing a broader understanding of taxpayer behaviour.

The phenomenon of several tax evasion cases that occurred in Indonesia raises a big question: is tax evasion ethical? The existence of a community's view of something is said to be ethical

or not based on various reasons according to their respective perspectives. The phenomenon of tax evasion in the end encouraged researchers to find out the ethical perceptions of entrepreneurs in Bali Province towards tax evasion through an analysis of the differences in the perceptions of entrepreneurs in small and medium scale businesses. The research examines how gender influences the perceptions of entrepreneurs on the ethics of tax evasion because gender differences can have a complex and uncertain influence on ethical judgment. Research conducted by Comunale et al. (2006) shows that there is no difference between women and men in responding to ethical behaviour and the ethical scandals that occur within the accounting profession. However, research by Lawrence & Shaub (1997) found that there were differences in perceptions between men and women in ethical behaviour and ethical scandals. Sankaran & Bui (2003) shows that a woman will be more concerned with ethical behaviour and violations than a man. Female accounting students will have higher ethical reasoning compared to male students. Research by Nurkhin et al (2018) indicate that gender can also affect taxpayer compliance. Female taxpayers are more obedient than male taxpayers. This research is expected to further reduce the behaviour of tax evasion because the challenge in collecting taxes in the future is even greater given the increasingly diverse practices of fraud and violations of the obligation to pay taxes.

Perception of Entrepreneurs in Small and Medium Scale Businesses toward Tax Evasion

Perception is said to be a sensing process and a stimulus received by an individual through his senses which is then interpreted to gain understanding of the stimulus received. The process experienced by individuals in interpreting this stimulus is also influenced by the existence of experiences and learning processes. According to Robbins & Judge (2009), when an individual sees a target and tries to interpret what he sees, that interpretation is greatly influenced by the various personal characteristics of the individual perception maker. The link between the taxation system, tax rates and the possibility of corruption is expressed by McGee & Ardakani (2009). According to Nickerson et al (2009), the tax system raises questions regarding high and low tax rates, where tax is collected, whether it is really used for public expenditure, or if it is corrupted by the government or by tax officials. Psychologically, people assume that tax is a burden. Therefore, people need a certainty that they get fair treatment in the imposition and collection of taxes by the state. This is intended so as not to hamper the running of the existing tax system, especially the tax collection system in Indonesia that uses a self-assessment system. Discrimination in the opinion of Nickerson et al (2009) can lead to tax evasion actions under certain conditions, where the government discriminates against several segments of the population. Tax discrimination can cause damage to justice in taxation. Velasquez (2012) shows that ethics has a variety of different meanings, like the use of the term personal ethics, which refers to rules regarding how people live their personal lives.

Tax ethics is an action to comply with tax regulations or tax laws made by the government, in this case the taxpayer must routinely pay taxes because by paying taxes the development will be carried out properly. Tax ethics refers to the moral obligation of the taxpayer to pay taxes. It is influenced by the relationship between the taxpayer as a citizen and the government (Drogalas et al., 2018). Some literature has discussed paradoxes regarding ethics, morality and tax avoidance (Deb & Chakraborty, 2017; Alm & Torgler, 2011; Doyle et al., 2009; Maciejovsky et al., 2012; Molero & Pujol, 2012; Yetmar & Eastman, 2000). This is a regulation where people or groups of people who live their lives within the scope of taxation, in their efforts to explain their tax obligations, are they said to be right, wrong, good or bad. It is very difficult to understand the behaviour of dealing with tax compliance. Several studies tried to reveal it through various perspectives, such as voluntary law enforcement, or through a legal approach by applying sanctions in anticipation of the high level of non-compliance of taxpayers (Balafoutas et al., 2015).

Tax evasion is carried out by taxpayers in business to alleviate the tax burden by violating the law. Tax evasion behaviour aims to reduce the tax burden even if it violates the tax laws (Bagus et al., 2011). Tax evasion can also be a deliberate act by taxpayers to hide the amount of their income from tax authorities in order to minimise their tax obligations (Zandi et al, 2019). In Indonesia the tax system uses a self-assessment system. To prevent tax evasion and avoidance, the government has filed a lawsuit against taxpayers who do not comply with tax regulations. But in reality, there are still many taxpayers who do not obey the rules. This is indicated by the fact that tax revenue in Indonesia is still low and has not yet reached the target set due to tax evasion. Indonesia still has a very low tax ratio, the lowest among other countries in Asia such as the Philippines, Singapore, Malaysia and Thailand (Trisnawati & Gunawan, 2019). This is in accordance with the research results that the self-assessment system has not been able to foster voluntary compliance (Riahi-Belkaoui, 2004; Darmayasa & Aneswari, 2015). Research by Sudarma & Darmayasa (2018) deconstructs tax amnesty policy to arouse the hearts of all taxpayers to the importance of obeying government regulations with sincere intentions. Awareness that is built on the basis of spirituality and religiosity will result in sincerity in making tax payments that seek to suppress bad intentions for tax evasion actions (Torgler, 2003).

The consistency of the statement was also stated by Kirchler et al (2008) in his research, despite the similarity between tax evasion, and tax avoidance in reducing income. Tax evasion was seen as negative (illegal) and immoral, whereas tax avoidance was considered more positive and moral related to the intention to save tax through correct procedures or actions. According to Crocker and Slemrod (2005), and David and Semerád (2014), tax evasion is an effort made by taxpayers to alleviate their tax burden by using a method that is not legal or violates the law. Through this view, it can be said that taxpayers ignore the formal provisions of taxation, which are their obligations, falsify documents, or fill out the data incompletely and incorrectly. Tax

evasion is a criminal act because it is a manipulation of the subject and object of tax to obtain tax savings by breaking the law, and tax evasion can be said to be an inherent thing in every tax system that applies in almost every region (Mangoting et al., 2019). Based on research by Ross and McGee (2012), there are several reasons why people commit tax evasion, including poor governance systems, unfair tax systems, tax dollars not being used properly, tax rates that are too high and not worth the benefits, and also because of the opportunity to do so as a result of a weak legal system. Tax evasion as an illegal act has a negative impact on various aspects.

The recurrence of the tax evasion case indicates that the supervision system at the business level is still weak. On the other hand, cases that often arise are actually more caused by individual negligence. Entrepreneurs in the small and medium business scale who already have sufficient understanding of taxation are expected to be more ethical individuals in responding to tax evasion, so that researchers try to uncover how entrepreneurs perceive tax evasion. This is supported by the research of McGee et al. (2008). McGee et al. (2012) states that there is no significant difference in perception between accounting, business administration and financial students regarding tax evasion. The findings of Hassen & Abdul-Jabbar (2018) show that geopolitical differences significantly influence the behaviour of taxpayers. The results reveal that the people of Southern Yemen are more obedient to the rules and tax regulations than the North people. There are ten reasons why taxpayers embezzle their taxes. This was revealed by Mughal and Akram (2012) based on their research in Pakistan. Mughal ranks the top reasons to avoid or embezzle taxes to be a lack of the socialization of taxes, lack of adequate tax incentives, lack of taxpayer and government relations, uneven allocation of taxes, and blindness to tax calculations. Based on empirical research, the researcher formulated the hypothesis as follows:

H₁ : There are differences in ethical perceptions of entrepreneurs in small and medium scale businesses toward tax evasion.

Perception of Male and Female Entrepreneurs toward Tax Evasion

Social psychological research shows that women are more obedient and less confident than men. Evidence from the tax compliance literature shows that men are less submissive and have lower tax morals, which is defined as a willingness to pay taxes, than women (Torgler & Schneider, 2007). Evidence about gender differences can also be found in ethical decision making (Ford & Richardson, 1994). Efforts to understand corruption and possible gender differences are very relevant in the political-economic process.

The concept of gender is a trait inherent in both men and women who are socially and culturally constructed. Gender distinguishes psychologically between men and women, known as gender stereotypes, namely the belief that men and women are separate groups (Westbrook et al.,

2011). Gender consists of feminine and masculine characteristics: the first is more sensitive than the other while the second is considered a risk taker and competitive. Feminine characteristics include love, warmth, tenderness, sympathy, and sensitivity to others. The masculine is inversely proportional to feminine, involving risk taking, firmness and independence (Sommers, 2003). According to Elias & Farag (2010), ethical perception is influenced by demographic factors (gender, age and education level) and psychological factors (spiritual and locus of control). In childhood, men are used to being taught rules, justice, and individual rights, while girls are used to relationships, affection and inclusiveness. This causes men to have higher selfish values, believing that goals can be achieved in various ways, and tend to pursue success with competitive qualities that are stronger than women. This leads to the general belief that women must be polite, and men must emphasize their achievements (Hogue et al., 2013). The results of Torgler & Valev (2010) revealed a greater aversion to corruption and tax evasion among women. Women are better at ethics, while men ignore ethics to get what they want (Hogue et al., 2013). Previous studies have compared the views of men and women on various issues. One of them is ethical beliefs. If several surveys find that women are more opposed to tax evasion than men, it cannot automatically be said that women are more ethical than men, because it will depend on whether tax evasion is an unethical act (McGee, 2014). Research conducted by Budiarto et al. (2018) revealed significant differences regarding tax evasion from a gender perspective. Furthermore, the hypotheses to be tested in this study is:

H₂ : There are differences in the ethical perceptions of male and female entrepreneurs toward tax evasion.

Method

The location of this research was Bali Province, Indonesia. The sources of data obtained by researchers are the results of given questionnaires. Respondents in this study are male and female entrepreneurs of small and medium-sized businesses in the province of Bali and are Hindus, because the study is based on the entrepreneur's opinion on taxes from the perspective of the *Catur Purusa Artha* concept. This is related to the aspect of spirituality that causes entrepreneurs to act in accordance with religious ethics and norms. In this study, the scale used for the preparation of the questionnaire is an ordinal scale or likert scale. Point 1 is strongly disagree, point 2 is disagree, point 3 is neutral, point 4 is agree, and point 5 is strongly agree. Three Dimensional indicators used are: tax system, tax justice, and discrimination (Nickerson et al., 2009; McGee et al., 2012).

The non-parametric test used in this study is the Willcoxon test. The stages of analysis are as follows: (1) formulation of the hypothesis: H₀: there is no significant difference between the first sample average and the second sample average. H_i: there are significant differences

between the first sample average and the second sample average; (2) basic decision making based on a comparison between the values of Asymp. Sig. with a level of significance ($\alpha = 0.05$) used in this study. The comparison is as follows: if $Asymp. Sig. (2-tailed) < 0.05$ then H_0 is rejected, if: $Asymp. Sig. (2-tailed) \geq 0.05$ then H_0 is accepted.

Analysis and Results

Based on the results of the proportion test, it can be seen that the most approved statement or the most appropriate statement in the event of tax evasion is a statement regarding a large portion of the collected tax used unevenly: for example there are still many regions that do not feel tax (with a percentage of 37.78) and where the tax system is unfair and inefficient (with a percentage of 33.33). This indicates that entrepreneurs, when viewed in terms of gender and business scale, believe that if the taxation system cannot be relied upon in regulating tax collection and management, then it is reasonable or ethical for the community to conduct tax evasion. Another reason for respondents is that tax evasion is ethical if the existing tax authorities are inadequate and the public is unable to pay taxes. This is not in accordance with a country that promised welfare, prosperity and independence for every citizen.

Table 1: Proportion of respondents to all stated itsems:

Statement	Percentage		
	Disagree	Neutral	Agree
1		2.22	2.22
2	55.55	33.33	11.11
3	71.11	24.44	4.44
4	57.78	26.67	15.55
5	78.89	17.78	3.33
6	66.67	15.55	17.78
7	66.67	33.33	0
8	53.33	21.11	25.56
9	81.11	6.67	12.22
10	58.89	17.78	23.33
11	37.78	24.44	37.78
12	55.55	21.11	23.33
13	61.11	17.78	21.11
14	52.22	14.44	33.33
15	63.33	12.22	24.44
Total	955.55	288.89	255.55
Average	63.70	19.26	17.04

The results of the proportion test also show that the item regarding whether tax evasion is ethical, if other people do it, is least approved by the respondents with a percentage of 95.55 percent. Although other people commit tax evasion, it is not a reason for someone else to justify tax evasion. This is in accordance with the research by McGee et al. (2008), which states that tax evasion by other people and a tax rate that is too high cannot be the right reason for someone to avoid paying taxes. Overall the results of the proportion test in this study indicate that respondents who are entrepreneurs from small and medium scale businesses consider that tax evasion actions are unethical. This can be concluded from the total answers of respondents who stated or answered disagreement at 955.55 percent with an average of 63.70 percent, which is greater than the number of respondents who answered doubtfully of all statements at 288.89 percent with an average of average of 19.26 percent, as well as the number of respondents who answered agreed from all statements at 255.55 percent with an average of 17.04 percent. Thus, whatever the reason, tax evasion action is unethical under any circumstances.

The test results show that the significance value of the normality test with the Kolmogorov Smirnov method for all statement groups is less than 0.05. The Kolmogorov Smirnov test of entrepreneurs' perceptions regarding the tax system is $0.000 < 0.05$. The perceptions of entrepreneurs regarding tax justice are equal to $0.015 < 0.05$ and perceptions of entrepreneurs regarding discrimination is $0.000 < 0.05$. This means that the data is abnormally distributed. That this is not normally distributed data shows that the test equipment that will be used to test the hypothesis is the non-parametric statistic, the Wilcoxon test. Judging from the results of descriptive statistics, entrepreneurs in small business scale have an average statement of 35.87 with a standard deviation of 8.879, a minimum value of 20 and a maximum value of 58. While entrepreneurs in medium business scale have a statement average of 35.22 with a standard deviation of 8.684, a minimum value amounting to 16 and a maximum value of 58.

Table 2: Wilcoxon signed ranks test

		N	Mean Rank	Sum of Ranks	Z	Asymp. Sig. (2-tailed)
Entrepreneurs: small business / entrepreneurs medium business	Negative Ranks	21 ^a	24.43	513.00		
	Positive Ranks	22 ^b	19.68	433.00	-.483	.629
	Ties	2 ^c				
	Total	45				
Entrepreneurs: female entrepreneurs/ male	Negative Ranks	20 ^d	21.28	425.50	-.065	.948
	Positive Ranks	21 ^e	20.74	435.50		
	Ties	0 ^f				
	Total	41				
a. entrepreneurs _ small business < entrepreneurs _ medium business						
b. entrepreneurs _ small business > entrepreneurs _ medium business						
c. entrepreneurs _ small business = entrepreneurs _ medium business						
d. entrepreneurs _ female < entrepreneurs _ male						
e. entrepreneurs _ female > entrepreneurs _ male						
f. entrepreneurs _ female = entrepreneurs _ male						

Hypotheses Test I

H₀ 1: There is no difference in the ethical perceptions of entrepreneurs in small and medium scale businesses toward tax evasion.

H_i 1: There are differences in the ethical perceptions of entrepreneurs in small and medium scale businesses toward tax evasion.

The testing results of the statistics test for entrepreneurs in small and medium scale businesses toward tax evasion obtained a Z-value = -0.483 with a significance value = 0.629. Significance value greater than 0.05 indicates that H₀1 was accepted, which means the research hypothesis was rejected. This shows that there is no difference in the perceptions of entrepreneurs in small and medium scale businesses toward tax evasion.

Hypotheses Test II

H₀₂ : There are no differences in the perceptions of male entrepreneurs and female entrepreneurs toward tax evasion.

H₁₂ : There are differences in the perceptions of male entrepreneurs and female entrepreneurs toward tax evasion.

Based on the results of descriptive statistical tests, the perception of male entrepreneurs with a sample of 41 has an average value of 35.71, the standard deviation value is 7.878, the minimum value or the smallest number of answers from male entrepreneurs is 20.00 and the maximum value or the largest number of answers from male entrepreneurs is 58.00. The perception of female entrepreneurs with a sample of 49 has an average value of 35.41, the standard deviation value is 9,478, the minimum value or the smallest number of answers from female entrepreneurs is 16.00, and the maximum value or number of answers from female entrepreneurs is 58.00. The average value of male entrepreneurs (35.71) is slightly larger than female entrepreneurs (35.41). The perception of male entrepreneurs with a sample of 41 has a value of Mean Rank of 20.74. The perception of female entrepreneurs with a sample of 49 has a value of Mean Rank of 21.28. From the results of the analysis, there is a difference in the value of Mean Rank. The average value of male entrepreneurs (20.74) is smaller than female entrepreneurs (21.28). The results of the test statistics of male entrepreneurs and female entrepreneurs obtained a Z-value = -0.065 with a significance = 0.948. A significance value greater than 0.05 indicates that H₀₂ is accepted, which means the research hypothesis is rejected. This shows there is no difference in perceptions of male entrepreneurs and female entrepreneurs towards tax evasion.

Discussion

Based on the results of testing using the Wilcoxon test, it is known that the first research hypothesis, there were differences in the perceptions of entrepreneurs in small and medium scale businesses toward tax evasion, was rejected, which means there were no significant differences between the perceptions of entrepreneurs in small and medium scale businesses on tax evasion. However, this study shows different results from the previous research conducted by McGee et al (2008).

There were no significant differences between the perceptions of entrepreneurs in small and medium scale businesses towards tax evasion due to the ethical perception of tax evasion and was not influenced by the scale of business. Various pros and cons of tax policy observers put more emphasis on how much income will be obtained. In this case, the cultivation of noble values of culture and religion is very necessary. Is this policy based on the values of virtue and sincere intentions that are characteristic of the Indonesian people? It can be seen clearly that

the stipulated tax policy places more emphasis on the material element or revenue in both the short and long term. Virtue values, honesty values, and social justice values are marginalised by the material values that constitute policy logocentrism. Hinduism recognises the existence of the *Catur Purusha Artha* concept which starts from the *Dharma*, *Artha*, *Kama*, and *Moksa*. Truth, loyalty, and honesty are the values contained in the *Dharma*. The *Dharma* must be upheld, as entrepreneurs based on the *Dharma* must obey all the rules of the government as long as the rules are prepared with *Dharma* (virtue). *Artha* is all worldly possessions owned by businessmen as taxpayers. Wealth reported comprises assets obtained under the *Dharma* so there will be no assets that have not been reported, because the *Dharma* teaches us to obey all government regulations. *Kama* is a desire or lust that should be done on the basis of *Dharma*. Nothing is fair in this world because it is fair for compliant taxpayers to be unfair and for non-compliant taxpayers to be fair. Likewise, with the desires and passions, the desires of all parties cannot be fulfilled, bearing in mind the desires of all parties are not the same. *Moksa*, according to *Siva Gita XIII sloka 32*, is not a specific place or village to get it, but the destruction of the stain of ignorance that surrounds our hearts. This meaning is in accordance with the view of *Moksa* which consists of three levels, namely: *Moksa* from the attachment of *ajnana* (ignorance); Salvation is free from my *ragasamksaya* (attachment); and *Trsnaksaya*, destroying worldliness and sensory attachment. *Moksa* is released from the attachment to ignorance, the policy gives enlightenment to all parties related to the policy. According to the taxpayer, tax evasion is not an ethical act, because it is contrary to the concept of *Catur Purusha Arta* in Hinduism, which requires honesty as a taxpayer.

The results of testing the second hypothesis concluded that there was no difference in the perceptions of male entrepreneurs and female entrepreneurs towards tax evasion, with a significance value of $0.948 > 0.05$. H_{02} is accepted and the research hypothesis was rejected, which means there is no significant difference between the perceptions of male entrepreneurs and female entrepreneurs on tax evasion.

The results of this study shows different results from the previous research conducted by Budiarto et al. (2018). There is no difference in the perceptions of male entrepreneurs and female entrepreneurs on tax evasion, which can also be described by the average value of differences in the perceptions of male entrepreneurs and female entrepreneurs on tax evasion, which has a slight difference. The average value of male entrepreneurs (35.71) is slightly larger than female entrepreneurs (35.41). Based on the results of the average accumulation (mean), it can be said that female entrepreneurs (35.41) consider tax evasion to be more unethical when compared to male entrepreneurs (35.71), although the difference is not significant. This is probably because a woman will be more concerned with ethical behaviour and violations than a man. Female entrepreneurs will have higher ethical reasoning compared to male entrepreneurs (Sankaran & Bui, 2003). Men have similarities in ethical behaviour when they work because, among other things, of environmental factors, job demands, and an

organisational culture that requires professionals to have the same ethical perceptions, regardless of gender (Westbrook et al., 2011). Most people, both men and women, will place their moral integrity above the others (Pope & Ali, 2010).

Implications for Theory and Practice

Based on the results of data analysis that has been collected through questionnaires and hypothesis test results, it is known that there is no difference in the perceptions of entrepreneurs in small and medium scale businesses towards tax evasion. There is no difference in perceptions of male entrepreneurs and female entrepreneurs towards tax evasion. In general, women maintain higher ethical standards than men; the latter are more likely to do tax evasion to get what they want (Dreber & Johannesson, 2008; Hogue et al., 2013).

Subsequent research can expand the survey area, so it can socialise taxation in general. For the government, good regulations on tax avoidance are far from perfect. If we look at the facts, the regulations that are implemented still cannot anticipate tax evasion efforts. Thus, optimal tax income cannot be obtained by the Government. In fact, regulations concerning tax avoidance in Indonesia can be said to lag behind the increasingly complex issues of tax avoidance practices that are not easily detected. For this reason, it is necessary to have a tax compliance commitment that can be used as a basis for taxpayers and tax authorities in carrying out their roles and responsibilities proportionally. The commitment to tax compliance will later support tax collection through self-assessment, by giving full authority to taxpayers to carry out their tax obligations voluntarily (Mangoting, 2018). However, it should be noted that tax policy will be more successful if it is able to touch the hearts of taxpayers, at least if the element of spirituality is able to suppress moral hazard efforts.

Limitation and Future Research

The location of this research is in Bali Province, and the respondents are Hindu taxpayers. Also, the size and composition of the sample is a potential limitation. It is less able to represent the opinion of the public in general, one of which is entrepreneurs. It is possible that the sample size of 90, divided evenly between men and women, was not statistically powerful enough to detect some hypothesised differences. A future study using a larger and more geographically diverse sample would be interesting.



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