Antecedents of Ethical Perceptions of Tax Avoidance Based on Local Cultural Values and their Consequences on Tax Compliance

Ni Putu Riasning, Anak Agung Bagus Amlayasa
Faculty of Economics and Business, University of Warmadewa, Bali-Indonesia
amlayasaaabgs@gmail.com

Abstract: The phenomenon of tax avoidance in Indonesia still occurs, this can be seen from the indicator of the tax ratio in Indonesia which is still low. This research investigates the ethical perception factor of tax avoidance. The survey was conducted using a snowballing technique involving individual taxpayers who have business activities in Denpasar City. To test the proposed hypothesis, the study used the SEM-PLS method with the help of SmartPLS 3.2.9 software. The results of the study show that ethical perceptions of taxpayer avoidance can be minimized or reduced by increasing understanding of ethical values based on Tri Kaya Parisuda. Furthermore, this relationship will confirm other findings, namely that high taxpayer compliance can be increased in line with the lower level of understanding of ethical perceptions of tax avoidance.

Keywords: Ethical Perceptions of Tax Avoidance; Tri Kaya Parisuda's Ethical Values, Tax Compliance.

INTRODUCTION

Taxes contribute greatly as the main source of income in development in Indonesia. The data shows that in the 2022 period, based on the Central Statistics Agency (BPS) report, tax revenue contributed 81.82% of total state revenue in 2021(Central Bureau of Statistics, 2022). The large contribution of state revenue from the tax sector, the government is trying to optimize tax revenue so that each period reaches the desired target. However, on the other hand, companies as well as individuals as subjects and taxpayers have different views, that taxes are a burden or expense so that the profits earned are reduced. This is inversely proportional to the view of the taxpayer, that according to companies as corporate taxpayers, taxes can add to the burden and minimize profits in the company as well as individuals that taxes can reduce their welfare. The result is that many taxpayers want to reduce their tax payments in order to obtain high profits.

The phenomenon of tax avoidance in Indonesia still occurs, this can be seen from the tax ratio indicator in Indonesia. The tax ratio shows the government's ability to collect a tax revenue or absorb back the Gross Domestic Product (GDP) from the public in the form of taxes. The higher the tax ratio of a country, the better the tax collection performance of that country. Indonesia's tax ratio in 2021 is 9.11% of GDP. Even though it has increased compared to 2020, Indonesia's tax ratio in 2021 is still below the level before the pandemic, as shown in the following graph. In 2017 Indonesia's tax ratio was at the level of 9.89% of

GDP. The figure then increased to 10.24% in 2018, then fell to 9.77% in 2019, and fell further to 8.33% in 2020. 2020 is the year in which Indonesia's tax ratio has decreased the most. This happened because of the Covid-19 pandemic which limited people's economic activities. Meanwhile, in 2021, Indonesia's tax ratio will begin to increase in line with the strengthening of tax performance and the recovery of the national economy from the impact of the pandemic(Dihni, 2022). The average tax ratio for the Indonesian state in the three years before the pandemic period (2017-2019) was around 9.77% below the average tax ratio for countries with lower middle income which is 19%.(Irmayani, Yuli P, 2022)

Fig.1. Tax Ratio in Indonesia for the 2017 – 2021 period
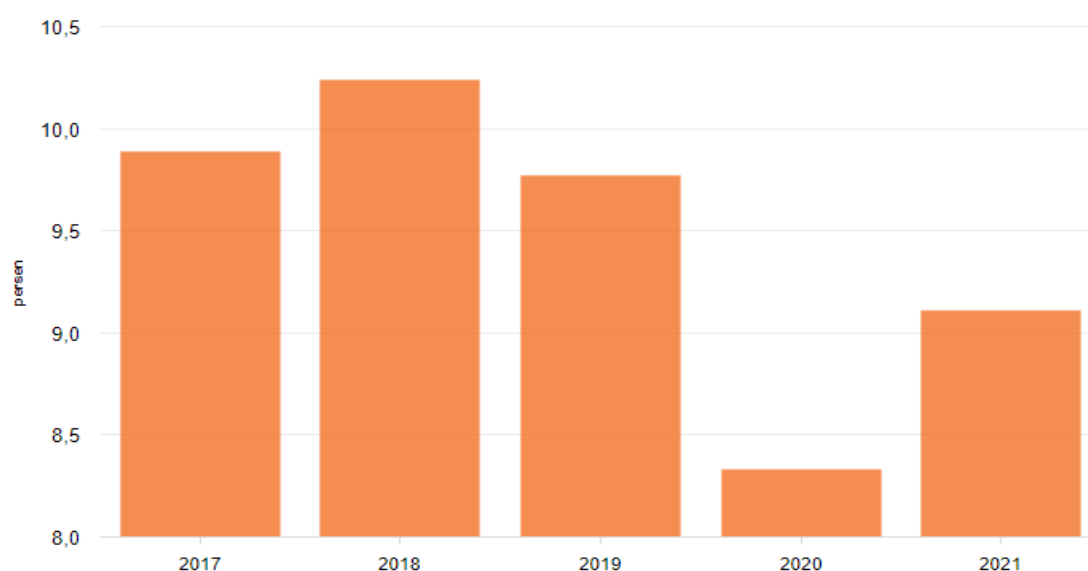
Source: (Dihni, 2022)

Indonesia currently adheres to a self-assessment system.Riasning et al., (2022)states that tax evasion from an ethical perspective can be justified under certain conditions, such as the influence of the ability to pay taxes, corruption, government policies in regulating tax revenues and others.Palowa et al., (2018)in its qualitative study it was successful in revealing that the factors that encouraged MSME taxpayers to take tax evasion in the form of reducing the tax burden were factors of a tax burden that was felt to be too high, the economy, government indecisiveness, compliance and distrust of government bureaucracy.

Until now the issue of tax avoidance has become a topic of debate regarding ethical aspects which until now has not been agreed upon by expertsMcGee & Yoon, (2014)as well as(Huda, 2016). On the one hand, taxpayers are of the opinion that as long as we do not violate tax regulations, it is okay for us to do evasions that can reduce tax obligations. However, on the other hand, the tax authorities are of the opinion that even though tax evasion does not violate tax rules, substantively there is something fundamental to the violation, namely reducing tax benefits, so that for the tax authorities, tax evasion behavior is a violation. The existence of this difference of opinion, can be resolved with the interpretation of the Judge if this enters the jurisdiction.

Rahmawati & Dwijayanto, (2021) and Timothy & Abbas, (2021)reveals that the ethical aspect of tax avoidance is formed from moral judgments or perceptions. Various empirical studies have been conducted to find various opinions about the perception of tax avoidance from an ethical perspective. Research conducted in Haiti, India, and Estonia found that there are various reasons that justify tax evasion as an ethical act. The strongest reasons why respondents consider ethical tax avoidance are high tax rates, most

taxes are wasted for free and because of corrupt government and human rights violations(McGee & Alver, 2012).

The different perceptions about tax avoidance are based on individual moral judgments. Moral judgment reflects an individual's ability to determine ethical actions. Kohlberg (1981) in(Iqbal & Sholihin, 2019)states that the Theory of Moral Development defines moral judgment as a form of judgment, assessment of values, social judgments, and judgments that help individuals to act. The theory was developed by(Rest & Thoma, 1997). His model explains that moral judgment is the stage after moral recognition. After people decide what is right or wrong in moral judgments, they attempt to perform the right behavior (moral intention).(Rahmawati & Dwijayanto, 2021; Timothy & Abbas, 2021). Moral judgments develop over time and are influenced by factors such as ethical philosophy(Ismail & Ghazali, 2011). Ethical philosophy, also known as ethical ideology, is an individual's values, consisting of relativism and idealism, which are known to influence the process of moral judgment(Forsyth, 2016).Ismail & Ghazali, (2011)found the fact that idealism and relativism have an important impact on moral judgments, especially in unethical legal situations.

Several empirical studies present the factors that cause tax evasion. Jackson & Milliron (1986) defined 14 keys which were categorized as demographic, economic, and behavioral factors. Khlif & Achek (2015) categorizes four elements: demography, culture and behavior, law and institutions, and economy. Riahi-Belkaoui (2004) revealed that complexity, education, income, fairness, and tax moral factors influence tax evasion. Other researchers added variables such as economic size (Cummings et.al., 2009; Richardson, 2006), intrinsic motivation (Torgler, 2006), and taxpayer behavior (Buehn & Schneider, 2012).

Research on tax avoidance across countries considers institutional factors (laws, and tax rates), demographics (company size, ownership, and auditability), and attitudes (tax fairness and perceived burden) (Richardson, 2006). Aspects of cultural values (Bame-Aldred et al., 2013; Richardson, 2006) and Hofstede's national culture (1980) are also antecedents that influence tax evasion (Richardson, 2006; Tsakumis, Curatola, & Porcano, 2007). Culture is an interesting topic for researchers to ask about as one of the external factors that influence a person's behavior. A person's perspective, attitude, and behavior will be influenced by culture (Sihombing & Pongtuluran, 2013), Benk,

This research was conducted to fill the gap related to the role of local culture in the behavioral aspects of taxpayer compliance. Whereas there is still limited research on local culture-based taxpayer behavior, researchers develop previous research by focusing on operationalizing ethical aspects which refer to the Tri Kaya Parisudha concept as a form of local wisdom of Balinese society which is recognized as capable of acting as a reference for behaving in everyday life. Tri Kaya Parisudha (TKP) means three human actions and behaviors that must be purified, namely aspects of thoughts, words and deeds(Sentana, 2017). Comprehensive ethical practice as offered by TKP is believed to be able to produce energy that is intellectual, emotional, spiritual and creative in humans to be able to always prioritize the creation of honest behavior, work ethic and social integrity. Furthermore, these TKP-based ethical values can serve as the foundation for individual taxpayer compliance in Bali(Darmayasa et al., 2021).Yasa & Prayudi (2019)in his study of taxpayer behavior in Bali, succeeded in proving that ethical values based on Tri Kaya Parisuda are a strong predictor of intention to comply with tax obligations, but the effect becomes insignificant when associated with taxpayer compliance behavior. That the potential role of the ethical aspect as a controlling factor for tax compliance behavior is relevant, because as revealed from previous research findings, tax compliance behavior is basically very closely related to conditions that have nuances of ethical and moral dilemmas.

LITERATURE REVIEWS

Theory Cognitive Moral Development)

Theory development in the field of tax compliance behavior, researchers use the theory of cognitive moral development (*Cognitive Moral Development)*as the main theory underlying the concept of hypothesis development.The theory of cognitive moral development seeks to investigate how people make moral judgments to justify their decisions in situations of moral dilemma. According to Kohlberg (1971) inIqbal & Sholihin (2019)states that the assessment is closely related to the principles that each individual has. The term "principle" used by Kohlberg refers to the reasons that justify moral action. Draftlevel / Moral Development Kohlberg defines moral levels / moral levels in various types of "social perspective" namely;

1) individual perspective that considers self-interest (stages 1 and 2),

2) the perspective of the individual who sees himself as a participant in the group and the group shares expectations with one another (stages 3 and 4),

3) the perspective of individuals who have made a commitment or hold basic moral standards to be a good and just society (stages 5 and 6).

For more details, the following is an explanation of each level and level of moral development:

1. Preconventional level

At this level, a person responds to the rules and understands them as good and bad, right and wrong. Someone who is in this level perceives the consequences of the actions they take. This level is divided into two stages, namely:

Level 1: The Punishment and Obedience Orientation

Someone who is at this level believes the consequences of actions are determined from good and bad actions but do not consider the value or meaning of actions. So that his fear of doing good and bad actions is more influenced by punishment from authority/rulers.

Level 2: instrumental Relativist Orientation

At this level, someone does everything because they have good mutual motivation between one another. Human relations become like a mechanism in the market, supply and demand which means "If you help me, then I will help you".

2. Conventional level

At this level, a person tries to position himself as someone who must meet the expectations of his family, group or country. This attitude is a form of loyalty to the group. Someone who is at this level actively participates to maintain, support the expectations that exist in the group. This level is then divided into two levels:

Level 3. The Interpersonal Orientation

Good behavior is behavior that is pleasant or can help others and is justified by the group. At this level the harmony relationship between individuals is emphasized.

Level 4 : Societal Order Orientation

At this level, an individual is more oriented to authority, standard rules, and always maintains social decisions. Individual orientation is broader than just personal, family, or group interests, individuals have the urge to behave in compliance with applicable laws.

3. Postconventional, Autonomous or Principled Level

At this level, a person attempts to define values and moral principles without any pressure from family, group or country. Individuals are autonomous and become individuals who have principles. At this stage, there are two levels, namely:

Level 5: Social Contract Orientation

Right action is defined by values and principles that the whole society has agreed upon. Individuals who are at this level already have an awareness of generally accepted values and relative personal values. Therefore, at this level, emphasis is placed on the "legal point of view" even though laws and regulations may change.

Level 6: The Universal Ethical Principle Orientation

At this level, truth is defined as a decision from the heart, according to the ethics that individuals believe in. These principles are abstract, ethical, universal, reciprocal, equal human rights and place humans as dignified beings.

Based on the levels of cognitive moral development described above, it can be seen that there are three basic motivations that form the basis of one's decisions. First; decisions made based on the desire to still look good in the eyes of others and will get appropriate reciprocity, second; decisions made arise from the desire to create harmony or balance in social life, third; decisions are based on principles or values that have been interpreted and believed by individuals so that they are not driven by the desire to look good or pressure from the expectations of certain groups.

In summary, the following statements will represent the basic logic for designing and carrying out this research. If taxpayers believe that: (a) carrying out tax compliance has benefits/reciprocity for the taxpayer then he will comply with paying taxes, (2) implementing tax compliance can meet the expectations of the people attached to him then he will comply with paying taxes, 3) implementing tax compliance without coercion from any party because this is a responsibility attached to him as a member of the community.

Tax Compliance

In the General Provisions and Procedures for Taxation (2007), taxes are defined as compulsory contributions payable by individuals or entities to the state that are coercive so that returns are not received by the public directly. The government will use the results of paying taxes to increase people's prosperity. The concrete manifestation of the results of public tax payments is infrastructure, public services, public facilities and others. Bohari (2004), divides taxes into several elements, including:

1. Taxes are contributions or obligations to submit a portion of citizens' income to the state.

2. Submission is mandatory. This means that if the obligation is not carried out then it can be forced or billed using a forced letter and confiscation.

3. The transfer is regulated through laws or regulations made by the government that are generally accepted.

4. There is no direct reciprocal service.

5. The money collected by the state is used to finance public expenditures that are useful for the people, such as the construction of public facilities.

In Indonesia there are three types of tax collection, namely; self-assessment system, official assessment system and withholding system. In the self-assessment system, the government charges taxpayers to

calculate the amount of tax to be paid to the state in relation to the business being carried out. This delegation places the government in the position of supervising tax reports submitted by taxpayers. The types of taxes that use this system are Value Added Tax (VAT) and Income Tax (PPh). The next tax system is the official assessment system. In this system, the taxpayer is passive because it is the tax authorities who determine the amount of the tax. Generally, land and building taxes and other types of local taxes use this collection system. The third tax collection system is the withholding system.

Ethical Perceptions of Tax Avoidance

There are four views about the ethical perception of tax avoidance. First, tax avoidance becomes unethical because citizens have a debt to the state. Second, tax avoidance becomes ethical because the state is illegitimate, does not have the authority to make citizens give something. Third, tax evasion is sometimes ethical when the government is unable to provide public goods. Fourth, there is a moral obligation to commit tax evasion when the state regime oppresses or becomes tyrannical(Alasfour et al., 2018; Lau et al., 2013; McGee & Alver, 2012). The various perceptions of tax avoidance have a direct impact on taxpayer compliance(Bobek et al., 2013; Hunt & Iyer, 2018).

Taxpayer Compliance Antecedents: The Role of Tri Kaya Parisuda's Based Ethical Values

Related to ethics, Balinese people have a concept that has been applied in the order of everyday life called Tri Kaya *Parisudha. The concept of Tri Kaya Parisudha (TKP) is a form of wisdom* local Balinese people who act as guidelines for behaving in life daily. Tri means three, Kaya means part (body), Pari means complete (whole, perfect) and Sudha means clean (pure). This concept refers to the attainment of quality thoughts (manacika), words (wacika) and actions (kayika) that are pure, ethical and based on good and proper views in order to create harmony with other individuals.(Sentana, 2017).

Tri Kaya Parisudha originates from the Balinese belief in existence

Law of Karma Phala (karma means deed, phala means result. Good deed will produce good, bad deeds will produce evil (Kepramareni et al., 2014). This religious belief in the law of cause and effect which in turn provides personal understanding and awareness that it should one must always be able to maintain the quality of thoughts, words and his actions in order to accumulate good karma (deeds) for the sake of achieving good phala (results).

In the context of taxation, the use of ethical values in the perspective of local culture has been done before.Yasa & Prayudi, (2019)conducting tax compliance research based on the perspective of planning behavior theory by internalizing ethical values based on local wisdom, in this case Tri Kaya Parisuda. The results of the study have not succeeded in proving that the practice of ethics based on the Tri Kaya Parisuda is a predictor of intention to comply but has no effect on the mandatory compliance of individuals in the province of Bali. Besides that,Darmayasa et al., (2021)in a qualitative study conducting a study of individual taxpayer compliance by conducting business activities in the perspective of ethical values based on Tri Kaya Parisuda. The results of the study succeeded in proposing a tax compliance model based on the values of Tri Kaya Parisudha which leads individual taxpayers to comply. That personal norms in the current compliance model have not been able to lead individual taxpayers to comply. The concept of the value of thinking, saying, and doing good in the locality values of Tri Kaya Parisudha is believed to be the foundation of the tax compliance model.

Based on research resultsYasa & Prayudi, (2019) And Darmayasa et al., (2021), it can be synthesized that the ethical value based on Tri Kaya Parisuda is not a predictor of compliance, but functions as an antecedent (foundation) towards compliance, so that the role of other variables is needed in increasing

taxpayer compliance. Researchers develop TKP-based ethical values as an antecedent of taxpayer compliance through the ethical perspective of tax avoidance.

Ethical Perceptions of Tax Avoidance Against Tax Compliance

Riasning et al., (2022)states that tax compliance is the willingness of taxpayers to pay taxes. Taxpayer compliance behavior can be caused by the voluntary nature of the taxpayer or because of coercion from the government. Other research on ethical issues and tax compliance conducted byIqbal & Sholihin, (2019)found that tax compliance will be higher when taxpayers believe that tax evasion is unethical. Furthermore(Daniel et al., 2008)] explained that ethical beliefs can be a means to understand and improve tax compliance, especially for taxpayers with low moral development. They also found that when taxpayers have a strong moral belief that tax evasion is unethical, they have higher levels of compliance.

Research Concept Framework

Based on the results of research on journal reviews conducted by researchers, a new research model will be developed related to tax compliance using a cognitive moral development theory approach that collaborates with TKP-based ethical values. The research concept framework can be presented in the following figure:

Figure 1. Research Concept Framework

RESEARCH METHODS

This study used a quantitative research approach with a survey method by distributing questionnaires as a data collection instrument. Questionnaires were distributed using the snowball method which were entrusted through the office secretariat at each Tax Service Office in the city of Denpasar. The minimum number of research samples as an important requirement in the Structural Equation Modeling (SEM) approach. That the sample size is above 100-500(Hair et al., 2014). Guided by this rule, the sample in this study is a minimum of 100. This study succeeded in obtaining 100 valid responses so that it can be stated that the research data met the requirements of adequate PLS analysis.

All instruments were measured using a Likert scale of 1 to 5 which indicated a strongly disagree opinion (STS) for the smallest value to strongly agree (SS) for the highest score.Tri Kaya Parisufda's Tri Kaya Parisufda Based Ethical Value Variable is measured by 8 indicators adopted from(Yasa & Prayudi, 2019)namely feeling jealousy, feeling angry, thinking of committing acts of violence, believing in the emergence of positive benefits, speaking harshly to tax officials, saying slander to tax officers, saying dishonestly. Tax Avoidance Ethical Perception Variable is measured by 17 indicators adopted from(Saragih & Putra, 2021)i.e. tax rates are too high, tax system is unfair, most of the money is collected, everyone is doing it, chances of getting caught are low, part of the proceeds goes to support the war, I can't afford to pay, pay less, other people have to pay more, government discrimination as well as political opinion.

The hypotheses proposed in this study were tested using the Structural Equation Modeling (SEM) approach with the Partial Least Square (PLS) technique. PLS was chosen by considering its capacity to reliably accommodate the examination of the relationship between several exogenous variables and

several endogenous variables. PLS is a variant-based SEM approach that simultaneously tests the structural model (relationships between constructs) and measurement models (relationships between constructs and each indicator). PLS is able to estimate research models with a small number of samples, anticipate issues of multicollinearity between independent variables and does not require distribution assumptions for the data used. The test was carried out with the help of data analysis application software SmartPLS 3.2.9 (Ghozali, 2021).

RESULTS AND DISCUSSION

Data collection in the study was carried out using a survey method, where as many as 100 WPOP responded by filling out a research questionnaire. All questionnaires are completely filled out and can be processed further. The characteristics of the respondents in this study are as follows: 1) the age characteristics of the respondents in this study were dominated by respondents who were aged 30-40 years as many as 64 respondents (64%), 2) the characteristics of the education level of the respondents in this study were dominated by undergraduate education levels as many as 74 respondents (74%). 3) the gender characteristics of the respondents in this study were dominated by men as many as 80 respondents (80%).

Measurement Model Analysis

The measurement model is used to evaluate the relationship between measures and research constructs through an assessment of the reliability and validity aspects of these measures (indicators) on specific constructs. Analysis of the measurement model in PLS includes two stages, namely convergent validity testing and discriminant validity testing. Convergent validity is assessed by two measures, namely: 1) individual item reliability, which measures the level of convergence of each variable indicator to the constructs associated with it through testing the magnitude of loading (correlation) of indicators with their respective constructs (rule of thumb > 0.40); and 2) internal consistency, through a composite reliability measure (rule of thumb > 0, 50) and the amount of Average Variance Extracted (AVE) (rule of thumb > 0.50) (Fornell & Larcker, 1981). Meanwhile, discriminant validity refers to the degree to which a construct is truly different from other constructs. Discriminant validity testing was carried out by comparing the value of the square root of AVE and the value of the correlation between constructs (rule of thumb: √AVE > correlation between constructs) (Hair et al., 2017).

The test results show that the outer loading value of all indicators for each variable is above 0.6, so that it meets the valid requirements based on convergent validity criteria. Outer loading results also show that the AVE value of all constructs is > 0.50 and the √AVE value of each construct ranges from 0.782 to 0.906 which is greater than the correlation value which is between 0.551 to 0.665 so that it meets the valid requirements based on discriminant validity criteria. With regard to reliability measurement, it shows that the value of composite reliability and Cronbach Alpha for each construct has shown a value greater than 0.60 so that it fulfills the reliable requirements based on composite reliability criteria. The results of path analysis testing in hypothesis testing can be presented in the following table.

Table 1. Path Analysis and Statistical Testing

Relations Between Variables	Coefficient	T Statistics	P Values	Information
Ethical Values Based On Tri Kaya Parisuda -> Ethical Perception	-0.538	5,070	0.000	Significant
Ethical Perception -> Taxpayer Compliance	-0.614	5,257	0.000	Significant

Source: PLS Output (2023)

The influence of TKP-based ethical values on ethical perceptions of tax avoidance

Based on the results of testing the effect of ethical values based on Tri Kaya Parisudha on ethical perceptions of tax avoidance, it can be concluded that ethical values have a significant negative effect on ethical perceptions of tax avoidance, in other words the first hypothesis in this study is acceptable. Ethics is related to morals and norms that exist in society. The basic concept in the study of ethics is something that is good (good) and bad (bad), right (right) and wrong (wrong) so that ethics will answer about behavior or actions that are good or bad based on certain moral rules. Many people make unethical choices for the reason that they will do what is easiest to do and there is a belief that holding ethics will limit the various choices and the opportunities and abilities that exist so that their choices are justified in relativism. Ethical values based on tri rich parisuda have a negative effect on ethical perceptions of tax avoidance by individual taxpayers in Denpasar City. Purification of thoughts, words and deeds can minimize intentions to behave unethically to avoid taxes. So that the better the ethical values covered by the TKP concept, the more likely it is that taxpayers will be able to avoid taxes. This is intended as long as the activities carried out do not violate tax laws, then this will be considered ethical by the WPOP. The ethical perception of taxpayers regarding tax avoidance is considered important because it will determine their compliance in carrying out tax obligations. The results of this study differ from the findings of Saragih and Putra (2021) that religiosity has no effect on ethical perceptions of tax evasion. Religiosity is recognized based on shared values, and religious people may have the same way of judging moral situations because they may follow general ethical principles. Religiosity only results in conformity with other people's ideals rather than an open examination of one's values and beliefs. Therefore, we cannot determine a person's moral judgment based solely on his religiosity the results of this study differ from the findings of Saragih and Putra (2021) that religiosity has no effect on ethical perceptions of tax evasion. Religiosity is recognized based on shared values, and religious people may have the same way of judging moral situations because they may follow general ethical principles. Religiosity only results in conformity with other people's ideals rather than an open examination of one's values and beliefs. Therefore, we cannot determine a person's moral judgment based solely on his religiosity the results of this study differ from the findings of Saragih and Putra (2021) that religiosity has no effect on ethical perceptions of tax evasion. Religiosity is recognized based on shared values, and religious people may have the same way of judging moral situations because they may follow general ethical principles. Religiosity only results in conformity with other people's ideals rather than an open examination of one's values and beliefs. Therefore, we cannot determine a person's moral judgment based solely on his religiosity

Effect of ethical perceptions of tax avoidance on taxpayer compliance

The results of testing the effect of ethical perceptions of tax avoidance on taxpayer compliance indicate that ethical perceptions of tax avoidance have a significant negative effect on taxpayer compliance. This means that individuals who consider tax evasion as an ethical act have a lower level of voluntary compliance, and vice versa, if the individual considers tax evasion to be an ethical act, then he has a higher level of voluntary compliance. Ethical perception is defined as the process of how a person selects, organizes, and interprets his existing input and experience and then interprets the overall meaning contained therein in accordance with the principles of truth, morality, and prevailing morals. This finding is in line with previous research by Saragih and Putra (2021), Damiel and Wong (2008). These results are also in line with Reckers (1994) which explains that moral behavior will go hand in hand with the moral judgment of the individual being attacked. That taxpayers with stronger ethical considerations have higher compliance because they feel they have to comply with the law.

CONCLUSIONS, LIMITATIONS AND SUGGESTIONS

From the results of the study it can be concluded that the ethical perception of taxpayer avoidance can be minimized or reduced by increasing understanding of ethical values based on tri-rich parisuda. Furthermore, this relationship will confirm other findings, namely that high taxpayer compliance can be increased in line with the lower level of understanding of ethical perceptions of tax avoidance.

This research is not without some limitations. First, the results of this study have a low level of generalization, due to the small number of samples using the snowball sampling method so they cannot represent the entire population. For the next research stage, further research is needed with a more adequate and representative sample. Second, in the model that tax evasion is the only predictor of tax compliance with an ethical value antecedent based on tri-rich parisuda. The tri-rich parisuda-based ethical value variable is a new construct, so this research can be developed further. Future research can build a more comprehensive model to explain taxpayer compliance using other variables.

The results of these findings can help understand individual behavior related to tax avoidance in Indonesia, especially from a non-economic perspective. Because the ethical philosophy wrapped in the tri-rich parisuda values is a personal characteristic that is instilled from an early age when a person has begun to be introduced to ethical concepts derived from religious teachings. The government as a regulator, especially through the departments of religion, education and research and technology to always provide socialization to the public through ethics education in every subject in schools or colleges, or through social media to reach a wider audience. Since most of the reasons for justifying tax evasion come from external factors, the government can improve the taxation system, government spending, and inhibiting corruption to counteract societal intent to evade taxes. These strategies can help form better perceptions that will influence voluntary compliance.

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