

## CHAPTER 1

### INTRODUCTION

#### A. Background

يَكْسِبُونَ كَانُوا بِمَا فَآخَذْنَاهُمْ كَدِّبُوا وَلَكِن وَالْأَرْضِ السَّمَاءِ مِنْ بَرَكَاتٍ عَلَيْهِمْ لَفَتَحْنَا وَآتَقُوا آمَنُوا الْفَرَى أَهْلَ أَنْ وَلَوْ

**Meaning: Al-A'raf (7:96): And if only the people of the cities had believed and feared Allah, we would have opened upon them blessings from the heaven and the earth; but they denied [the messengers], so We seized them for what they were earning**

Indonesia as a developing country needs to develop and organize development for the welfare of its people in the form of physical and non-physical development. The Indonesian government requires not a small amount of money in order to carry out the development, as well as state and government activities, for which it requires large funds to make it happen. Funding for development, state and government activities is realized in the State Budget (APBN). APBN funding sources come from various sources. One of the biggest contributors to the state budget funds comes from taxes. Based on data from the Ministry of Finance of the Republic of Indonesia, the highest contribution of funds in the 2019 APBN comes from taxes. The magnitude of the role of taxes in contributing to state revenues requires an effort to increase tax revenues. Efforts to increase tax revenues not only rely

on the role of the Directorate General of Taxes (Dirjen Pajak), but also requires participation and enthusiasm from the taxpayers themselves.

**Table 1. 1**  
Realization of State Revenue (Billion Rupiahs)

Sources of Acceptance	2015	2016	2017	2018
Tax Receipts	1,240,400	1,285,000	1,472,700	1,681,100
Non-Tax Revenue	255,600	262,000	260,200	275,400
Total	1,496,000	1,547,000	1,732,900	1,965,500

*source: kemenkeu.go.id (processed 2019)*

In 1983, there were tax reforms where the taxation system in Indonesia changed from the official assessment system to the self-assessment system. This tax reform is intended so that taxpayers with their own awareness and voluntarily carry out their tax obligations. The efforts of the Director General of Taxation besides conducting tax reforms are by modernizing tax administration by utilizing technological advances. All service programs aim to facilitate taxpayers in carrying out their tax obligations. The method of reporting and paying taxes that were difficult and complicated had caused taxpayers to be reluctant to carry out their tax obligations. This causes many taxpayers who try to avoid taxes and even embezzle taxes.

Tax evasion is one of the factors not achieving the target of tax revenue in Indonesia. Evasion of taxes causes a lack of tax receipts achieved with a predetermined target. Generally, taxpayers are reluctant to pay taxes because they assume that paying taxes will reduce their income. Therefore, taxpayers always try to pay taxes as little as possible or even avoid them. Various methods are carried out by taxpayers to avoid taxes. One example is to do tax

planning that can be done with tax avoidance or tax evasion. The difficulty of applying tax avoidance makes a taxpayer tend to do a tax evasion, which is to save taxes by using methods that violate tax provisions (Ayu, 2009:2 in Rosianti and Mangoting, 2014).

Many tax evasion cases have occurred in Indonesia. Such as tax evasion cases carried out by tax employees Gayus Tambunan and Dhana Widyatmika. Not only had tax evasion carried out by the two tax employees, but also tax bribery. In addition, the case of tax evasion by tax officials was also carried out by Asian Agri. Asian Agri is suspected of carrying out tax evasion from 2004 to 2005 of Rp 1.4 billion. The mode used in this case is to engineer the amount of company expenses. As a result of this case the country suffered considerable losses. The many cases of tax evasion that have occurred have caused people to be lazy to carry out their tax obligations.

Research on the self-assessment system and distrust of the tax authorities was carried out by Friskianti and Handayani (2014). The results of the study state that the self-assessment system and distrust to the tax authorities simultaneously influence tax evasion actions. Sari Research (2015) states that the self-assessment system does not affect tax evasion actions. Research on money ethics was carried out by Basri (2014). The results of the study state that there is a positive influence between the ethics of money on tax evasion and intrinsic religiosity moderating the relationship of ethical money with tax evasion.

Based on the background described, the author is interested in conducting research in the form of a thesis with the title **“The Effect of Money Ethics, Self-Assessment System, And Distrust to The Tax Authorities towards Tax Evasion with Religiosity and Gender as a Money Ethics Moderator”**.

This research is a compilation from Basri's research (2014) which examines the effect of religiosity as a moderation of the effect of the relationship between money ethics on tax evasion, Sari research (2015) which examines the effect of self-assessment system, Friskianti and Handayani's (2014) study on the influence distrust with tax authorities on tax evasion. Another difference with the previous study population was conducted at the Klaten Primary KPP.

## **B. Research Questions**

Based on the problems described in the background, questions can be written as follows:

1. Does money ethics has negatively affect towards tax evasion?
2. Does self-assessment has negatively affect towards tax evasion?
3. Does distrust of the tax authorities has positively affect towards tax evasion?
4. Does the intrinsic religiosity strengthen the relationship between money ethics and tax evasion?
5. Does extrinsic religiosity strengthen the relationship between money ethics and tax evasion?

6. Does gender strengthen the relationship between money ethics and tax evasion?

### **C. Objectives of study**

The objectives of this study are to obtain the empirical evidence of:

1. To obtain the empirical evidence of money ethics has a negative effect towards tax evasion.
2. To obtain the empirical evidence of self-assessment system has a negative effect towards tax evasion.
3. To obtain the empirical evidence of distrust of the tax authorities has a positive effect towards tax evasion.
4. To obtain the empirical evidence of intrinsic religiosity strengthens the relationship between money ethics and tax evasion.
5. To obtain the empirical evidence of extrinsic religiosity strengthens the relationship between money ethics and tax evasion.
6. To obtain the empirical evidence of gender strengthens the relationship between money ethics and tax evasion.

### **D. Significance of study**

Based on the research objectives, it is expected that the results of the study can provide the following benefits:

1. Theoretically

Research results are expected to provide knowledge and additional information about taxation, especially the issue of tax evasion and

increasing understanding of the self-assessment system, ethics of money, religiosity, gender and reasons for distrust to the tax authorities.

2. Practically
  - a. Provide information that is used as insight for the community that tax evasion is an act which violates the law and harms the state.
  - b. It is expected that the results of this study can be useful for academics and the next researcher as a reference to increase knowledge regarding tax evasion.
  - c. It is expected that the results of this study can help the government especially the KPP Pratama Klaten Jawa Tengah in reducing tax evasion actions.