Effect of Tax Rate, Taxation Technology and Information, Possibility of Fraud Detection, and Tax Fairness on Taxpayer Perception of Tax Fraud Ethics
(Empirical Study on KPP Pekanbaru, Dumai, Rokan Hilir)

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Abstract
This research is aimed to examine effect of tax rate, taxation technology and information, possibility of fraud detection, and tax fairness on taxpayer perception of tax fraud ethics. This research uses primary data by questioners. Data are analyzed by using multiple regression with 105 respondents of individual taxpayers (wajib pajak orang pribadi) listed in Kantor Pelayanan Pajak (KPP) Pratama Senapelan Pekanbaru, KPP Dumai Kota, KPP Rokan Hilir, Riau, Indonesia. Results show that tax rate has effect on taxpayer perception of tax fraud ethics, taxation technology and information has effect on taxpayer perception of tax fraud ethics, possibility of fraud detection has effect on taxpayer perception of tax fraud ethics, tax fairness has effect on taxpayer perception of tax fraud ethics.

Keywords: tax rate, taxation technology and information, fraud, fairness, purposive sampling.

1. Introduction
Tax fraud is despicable act done by taxpayer, where taxpayer tries to cover true condition up in order to minimize paid tax to the country. According to Pohan [2], tax evasion is taxpayer effort to evade his/her tax payable illegally by covering true condition up Pohan [2]. Tax fraud behavior or ethics are risen from taxpayer perception about tax fraud ethics itself, where there is different perception and viewpoint between one to another taxpayer about tax fraud ethics. On one side, taxpayer thinks that tax fraud done with some reasons, while on the other side, there is possibility that other taxpayer thinks tax fraud is not an ethical act. There are some motivations that explain why taxpayer is doing tax fraud.

First factor that has effect on tax fraud ethics is tax rate. Taxpayer argues that tax rate is too high, while taxpayer does not get any benefits of his/her paid tax. This perception leads taxpayer to think that tax fraud is ethical act, supported by motivation theory of Hilgard and Atkinson 1979, that states taxpayer makes motivation of own assessment on applied rate.

Second factor that has effect on tax fraud ethics is taxation technology and information. Modernization of tax service by government is expected to increases service quality, so taxpayer obedience can be increased along with easiness of tax payment and reporting. Based on motivation theory Hilgard and Atkinson [3], effort of motivation to maximizes tax collection done by intensification and extensification in taxation. By provided taxation technology and
information facility, taxpayer has no any reasons to do tax fraud, because all of taxpayer’s needs related to tax payment facility have been available.

Third factor that has effect on tax fraud ethics is possibility of fraud detection. When taxpayer has perception that there is high possibility of fraud will be detected, taxpayer will be more afraid to do tax evasion or fraud, so he/she is more likely to obey tax regulation.

Fourth factor that has effect on tax fraud ethics is tax fairness. Existence of perception about importance of fairness for someone in tax payment has effect on their attitude in tax payment. The more they percept that current tax system is unfair, the more likely they do tax fraud, because current tax system is not well enough to accommodates their interest. Event it is not significant, research of Andres [1] indicates those condition.

There is example case related to tax fraud ethics. In Medan, tax bailiff is murdered by taxpayer that has unpaid tax payable (TV One, 12th April 2016). This case proves that there are taxpayers unwilling to pay tax and against tax officer as well as taxpayers that have low awareness and obedient on taxation. Research motivation comes from this case and previous research gap and inconsistencies by Permatasari [7], Ayu and Hastuti [4], Rahman [8].

Based on above explanation, includes murderer case and previous research gap, this research does study entitled “Effect of Tax Rate, Taxation Technology and Information, Possibility of Fraud Detection, and Tax Fairness on Taxpayer Perception of Tax Fraud Ethics”.

2. Literature Review

2.1 Tax Rate and Taxpayer Perception of Tax Fraud Ethics

Tax rate is percentage used to calculate amount of tax payable. According to Mardiasmo [5], tax collected based on certain rate. In order to determines and calculates amount of tax payable of taxpayer, then it uses tax rate. By increasing the tax rate, government expects income of country will be increased, but, in contrast, the higher tax rate, the more taxpayers do tax fraud. It means that the higher tax rate, the more ethical for taxpayer to do tax fraud. It is linear to motivation theory Hilgard and Atkinson [3] that states taxpayer makes motivation of own assessment on applied rate. Taxpayer obedient, to fulfill taxation obligation related to tax rate, could be categorized as technical obedient that consists of obedient in tax amount calculation that has to be paid by taxpayer. Based on above explanation, developed hypothesis is as followed:

\[ H_1 : \text{Tax rate has effect on taxpayer perception of tax fraud ethics.} \]

2.2 Taxation Technology and Information and Taxpayer Perception of Tax Fraud Ethics

According to Pandiangan [6] modernization of modern tax administration can be implemented well if it is supported by taxation system information technology. Taxation system technology is updating process in information technology related to taxation administration system.

Modernization, moreover, signaled by implementation of current information technology in taxation service, such as online payment, e-SPT, e-filling, e-registration and DJP information system. Taxation technology and information is technology and information used by tax officer in taxation process supporting. Taxation service modernization by government is expected to increases service quality, so taxpayer obedient for pays tax can be increased because of easiness in tax payment and reporting Ayu and Hastuti [4]. According to motivation theory, effort of motivation to maximize tax collection is done by intensification and extensification of taxation Hilgard and Atkinson [3]. Based on above explanation, developed hypothesis is as followed:
$H_2$: Taxation technology and information has effect on taxpayer perception of tax fraud ethics.

2.3 Possibility of Fraud Detection and Taxpayer Perception of Tax Fraud Ethics

Tax auditing is activities of data, notes, and/or evidences collection and analysis done objectively and proportionally based on an audit standard to examine obedient of taxation obligation fulfillment; and/or for other purposes; in order to implement regulation of tax constitution Waluyo [12]. Tax auditing is done in order to implements regulation of tax constitution. Tax auditing is done to examine taxpayer obedient and other purposes. Tax auditing based on tax regulation possibly can detect fraud by taxpayer, so it has effect on tax fraud ethics.

Taxpayer perception of possibility of fraud detection will be affected by percentage of possibility that auditing process will be done. When taxpayer feels high percentage of possibility that auditing process will be done, taxpayer is more likely to obey tax regulation, so tax fraud ethics can be avoided. Based on above explanation, developed hypothesis is as followed:

$H_2$: Possibility of fraud detection has effect on taxpayer perception of tax fraud ethics.

2.4 Tax Fairness and Taxpayer Perception of Tax Fraud Ethics

Tax collection has to be fair and equal, which is, tax that charged on individual has to be proportional with his/her ability to pay and consistent with achieved benefits. It is one of conditions in tax collection.

Fairness theory Rawls [9] states that tax collection has to be final, fair, and equal. Unfairness in taxation will leads to tax fraud. The more unfair applied tax system based on taxpayer perception, the more likely taxpayer to do tax fraud, because taxpayer feels that available tax system is not enough in order to accommodate all of taxpayer interests. Based on above explanation, developed hypothesis is as followed:

$H_4$: Tax fairness has effect on taxpayer perception of tax fraud ethics.

2.5 Research Model

![Figure 1. Theoretical Framework](image-url)
3. Research Methods

3.1 Data Collection

In order to examine effect of tax rate, taxation technology and information, possibility of fraud detection, and tax fairness on taxpayer perception of tax fraud ethics; this research do survey by questioners. Questioners are spread to 105 respondents of Wajib Pajak Orang Pribadi [Individual Tax Payer] (WPOP) listed in KPP Pratama Senapelan Pekanbaru, KPP Dumai Kota and KPP Rokan Hilir, Riau, Indonesia.

Sample selection done by purposive sampling method, which is sample selection with certain consideration Sugiono [10]. Consideration of sample selection is Wajib Pajak Orang Pribadi [Individual Tax Payer] except for Pegawai Negeri Sipil [State Officer] (PNS). Taxpayer that does not suitable for the criteria could not be research sample.

Based on job; the highest number is entrepreneurs by 82 respondents (78.1%), second highest is private employee by 19 respondent (18.1%), and the lowest one is professional workers by 4 respondent (3.8%). Those taxpayers are respondents in this research.

3.2 Variables Measurement

Tax fraud ethics measured with instrument developed by Suminarsasi and Supriyadi [11], Rahman [8]; that related to tax rate, taxation technology and information, possibility of fraud detection, and tax fairness aspects. It consists of 11 questions items of 5 point likert scale. Variable indicators are (1) tax rate implementation and importance of well teamwork between tax officer and taxpayer, (2) availability of adequate taxation technology and information, (3) weak laws and low possibility of fraud detection, (4) fairness in taxation, (5) bad integrity or mentality tax and government officer, and (6) consequences of tax fraud.

Tax rate measured with instrument of 5 point likert scale developed by Permatasari [7]. Tax rate indicators are (1) taxpayer knows charged tax rate and tax rate increasing, (2) taxpayer knows how to calculate tax payable, (3) taxpayer pays tax based on regulation, and (4) taxpayer obedient.

Taxation technology and information measured with instrument of 5 point likert scale developed by Ayu and Hastuti [4]. Taxation technology and information indicators are (1) availability of technology that related to taxation, (2) adequate technology for taxation, (3) easy access of taxation information, (4) the use of taxation technology and information facility. Each respondent is asked to answer 11 questions items.

Possibility of fraud detection measured with instrument of 5 point likert scale developed by Ayu and Hastuti [4] and Rahman [8]. Each respondent is asked to answer 5 questions items. Possibility of fraud detection indicators are (1) general society fulfill obligation based on afraid of laws, (2) low level of possibility of fraud detection in SPT filling, and (3) implemented tax auditing is aimed to identifies existences of fraud.

Tax fairness measured with instrument of 5 point likert scale developed by Ayu and Hastuti [4]. Each respondent is asked to answer 6 questions items.

3.3 Data Analysis

Collected data analyzed by computer program of Statistical Package for Social Science (SPSS) version 20.0 for windows, Result can be seen in table 1.
Table 1 Result of Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Rate (X1)</td>
<td>105</td>
<td>10.00</td>
<td>30.00</td>
<td>21.4095</td>
<td>4.91210</td>
</tr>
<tr>
<td>Taxation Technology and Information (X2)</td>
<td>105</td>
<td>9.00</td>
<td>25.00</td>
<td>17.9143</td>
<td>3.92995</td>
</tr>
<tr>
<td>Possibility of Fraud Detection (X3)</td>
<td>105</td>
<td>10.00</td>
<td>24.00</td>
<td>18.0381</td>
<td>3.21333</td>
</tr>
<tr>
<td>Tax Fairness (X4)</td>
<td>105</td>
<td>10.00</td>
<td>29.00</td>
<td>21.1619</td>
<td>4.08356</td>
</tr>
<tr>
<td>Tax Fraud Ethics (Y)</td>
<td>105</td>
<td>22.00</td>
<td>52.00</td>
<td>37.7238</td>
<td>5.54439</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>105</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Result And Discussion

Result of Hypotheses Test and Discussion

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>t_{value}</th>
<th>t_{table}</th>
<th>Significance</th>
<th>Alpha (α)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>H_1</td>
<td>3.374</td>
<td>1.984</td>
<td>0.001</td>
<td>0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>H_2</td>
<td>2.446</td>
<td>1.984</td>
<td>0.016</td>
<td>0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>H_3</td>
<td>3.304</td>
<td>1.984</td>
<td>0.001</td>
<td>0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>H_4</td>
<td>3.158</td>
<td>1.984</td>
<td>0.002</td>
<td>0.05</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Result of Hypothesis Test for H_1

Based on table 2, it can be seen that t_{value} > t_{table} which is 3.374 > 1.984 with significance value 0.001 and error level (alpha) 0.05, so H_0 is rejected and H_1 is accepted. Based on the result, it can be concluded that tax rate has effect on taxpayer perception of tax fraud ethics.

Result of Hypothesis Test for H_2

Based on table 2, it can be seen that t_{value} > t_{table} which is 2.446 > 1.984 and significance value 0.016 < 0.05, so H_0 is rejected and H_2 is accepted. Based on the result, it can be concluded that taxation technology and information has effect on taxpayer perception of tax fraud ethics.

Result of Hypothesis Test for H_3

Based on table 2, it can be seen that t_{value} > t_{table} which is 3.304 > 1.984 and significance value 0.001 < 0.05, so H_0 is rejected and H_3 is accepted. Based on the result, it can be concluded that possibility of fraud detection has effect on taxpayer perception of tax fraud ethics.
Effect of Tax Rate, Taxation Technology and Information….

Result of Hypothesis Test for $H_4$

Based on table 2, it can be seen that $t_{value} > t_{table}$, which is 3.158 > 1.984 with significance value 0.002 < 0.05, so $H_0$ is rejected and $H_4$ is accepted. Based on the result, it can be concluded that tax fairness has effect on taxpayer perception of tax fraud ethics.

5. Conclusion, Implications And Limitations

Research result could be a discussion material for future research in taxation field, could be useful insights for practitioner, and could be inputs for government in determination of tax regulation in Indonesia, so it can increases obedient and decreases tax fraud by taxpayer. Result also give understanding of tax rate, taxation technology and information, possibility of fraud detection and tax fairness that have effect on taxpayer perception of tax fraud ethics. Government can considers these variables in determination of tax constitution.

This research still has limitation. This research only uses tax rate, taxation technology and information, possibility of fraud detection and tax fairness variables; so it might be there are other variables that have affect on taxpayer perception of tax fraud ethics. Future research can add other variables to see taxpayer perception about tax fraud ethics.

References


