INFLUENCE OF THE TAXATION SYSTEM, TAX FAIRNESS, TAX DISCRIMINATION, AND THE POSSIBILITY OF ITS DETECTION FRAUD AGAINST *TAX EVASION* BEHAVIOR

Viky Rafliansyah

Jakarta State University, Indonesia

Abstract

This research aims to find out whether the tax system, tax fairness, tax discrimination, and the possibility of detecting fraud, influence tax evasion. The object of this research are individual taxpayers in the DKI Jakarta area who are currently pursuing postgraduate education. This research used purposive sampling and obtained a sample of 100 people. Data collection was carried out using a questionnaire method which was distributed to respondents and processed using SPSS Statistics 23. The results of this research show that the tax system and tax justice have a positive and significant effect on tax evasion. Meanwhile, tax discrimination and the possibility of detecting fraud have a negative effect on tax evasion.

Key words: *discrimination, justice, system, possibility of detecting fraud, tax evasion*

INTRODUCTION

As one of the countries in the world, Indonesia needs funds sourced from domestic and foreign sources (Nauvalia & Herwinarni, 2018). Tax is one of Indonesia's state revenues that comes from within the country. As a source of state income originating from within the country, taxes play an important role in development in Indonesia. State revenue through taxes can also be used as an indicator of community participation in national development.

As a source of income for the Indonesian state, taxes can be used to finance the development of infrastructure and public facilities. Apart from that, taxes can also be used as social funds to help the government improve the quality of human resources.

In 2016 there was an increase in the number of registered Taxpayers compared to 2015 of 2,839,975 registered Taxpayers. However, this is not directly proportional to the percentage of tax revenue in 2016 which did not increase compared to 2015. The same thing happened in 2019, which saw an increase in the number of registered taxpayers compared to 2018, which was 3,635,760 registered taxpayers. In 2019, the percentage of tax revenue actually decreased compared to 2018.

The decline in tax revenues can be used as an indication of tax evasion . The increasing number of tax evasion cases that occur can cause people to lose trust in tax officials and the government. This happens because people feel unfair and are worried that the taxes they have paid will be misused by irresponsible parties.

Research conducted by Komang & Julianti, (2017) and Maghfiroh & Fajarwati, (2016) shows that the tax system has a negative effect on tax evasion. Meanwhile, research conducted by Putri, Tanjung, & Azhari.s, (2017) and Fatimah & Wardani et al., (2017) shows that the taxation system has an effect on tax evasion. Apart from that, there is also research conducted by (Faradiza, 2018) which shows that the tax system has a positive effect on tax evasion behavior.

Research conducted by Reuven et al., (2011) and Fatimah & Wardani et al., (2017) shows that tax fairness has a negative and significant effect on tax evasion. Meanwhile, research conducted by Damayanti (2017) and Pulungan (2015) shows that justice has an effect on tax evasion. Apart from that, there is also research conducted by (Valentina & Sandra, 2019) showing that justice has a positive effect on tax evasion.

Research conducted by Fatimah & Wardani, (2017) and Widjaja, Lambey, & Walandouw, (2017) shows that discrimination has no effect on tax evasion. Meanwhile, research conducted by Komang & Julianti, (2017) shows that discrimination has a positive effect on tax evasion.

Research conducted by Fatimah & Wardani, (2017) shows that the possibility of detecting fraud has no effect on tax evasion.
Meanwhile, research conducted by Damayanti (2017) and Pulungan (2015)
shows that the possibility of detecting fraud influences tax evasion.

Researchers found *research gaps ,* namely contradictions or differences in results from previous research on the tax system, tax justice, tax discrimination, and the possibility of detecting fraud regarding tax evasion behavior. By examining samples from the DKI Jakarta area, it is hoped that this research can overcome this *research gap .*

THEORITICAL REVIEW

Attribution Theory

Attribution theory basically explains how a person communicates with the aim of analyzing, assessing, and finding conclusions about the causes of an event according to the individual's perception. According to (Komang & Julianti, 2017) attribution theory

used to explain how to find out the causes and motives of behavior
somebody.

Tax Evasion Behavior

According to (Pulungan, 2015) tax ethics are regulations in the scope of which individuals or groups of people, who live their lives within the scope of taxation, how they carry out their tax obligations, whether they are right, wrong, good or evil. Tax ethics is used to regulate taxpayers in carrying out their obligations within the scope of taxation.

Judicial System

The taxation system is a method used to process tax debts borne by taxpayers so that they can enter the state treasury to the maximum extent.

Tax Justice

Justice in the field of taxation means that every taxpayer who has a tax burden must pay their tax liability based on the ability of each taxpayer (Sulistiani & Jayanto, 2016). The existence of this principle of justice in the field of taxation will result in the amount of tax borne by each taxpayer being different. Taxpayers who have high income will also have high tax liabilities. Vice versa, for taxpayers who have low income, the tax burden is adjusted to the taxpayer's income.

Tax Discrimination

Discrimination can be interpreted as different treatment of each individual or each group based on differences in religion, ethnicity, race, ethnicity, culture, gender, language and other aspects of life (Dewi Rachmania, 2019). The same thing was expressed by Danandjaja (2003) in (Azhari, Basri, & Silaen, 2015) who defined discrimination as unequal treatment of individuals or groups based on something, such as differences in race, ethnicity, religion, or class membership. social.

Possibility of Fraud Detection

The likelihood of fraud being detected is related to how the tax audit takes place. Waluyo (2010) in research (Valentina, Amelia Sandra, 2019) states that a tax audit is an activity to collect and process data, information and evidence which is carried out objectively and proportionally based on an audit standard with the aim of testing compliance with tax obligations.

and/or for other purposes in order to implement the provisions of tax laws and regulations.

HYPOTHESIS DEVELOPMENT

The Influence of the Tax System on Tax Evasion Behavior

Tax evasion behavior can occur due to several factors, one of which is the taxation system. Indonesia adheres to a *self-assessment* tax collection system , namely by giving taxpayers authority to collect taxes, including calculating and reporting their own tax obligations based on statutory regulations (Lesti et al., 2022). *The self-assessment system* requires taxpayers to act actively without involving tax officials.

Research conducted by Pratiwi et al (2024) shows that the tax system has a significant effect on tax evasion behavior . The research results of Pratiwi et al (2024) are in line with the research results of Cristina and Ngadimin (2022), Bajri (2022), Dewi and Sari (2022) which show that the tax system has a positive effect on a person's behavior in committing tax evasion .

Based on the description presented above, the first hypothesis that can be formulated is:

H1: The tax system has a positive effect on tax evasion *behavior*

The influence of tax discrimination on tax evasion behavior *(tax evasion)*

The influence of discrimination on taxpayers' perceptions regarding the ethics of tax evasion *is* based on situational attribution theory. Situational attributions link a person's behavior to external factors such as the work environment or social influence (pressure) from other people. So it can be interpreted that taxpayers behave in accordance with their views regarding tax evasion *which* is influenced by external conditions, namely related to discrimination carried out by the government.

This research is also in line with that conducted by Wulandari (2020), which indicates that discrimination has a positive effect on tax evasion behavior. Research conducted by Siregar (2020) also showed that discrimination influences tax evasion behavior. Based on the description presented above, the second hypothesis that can be formulated is:

H2: Tax discrimination has a positive effect on tax evasion *behavior*

The influence of tax fairness on tax evasion *behavior*

The influence of justice on taxpayers' perceptions regarding the ethics of tax evasion *is* also based on situational attribution theory. Situational attributions link a person's behavior to external factors such as the work environment or social influence (pressure) from other people. So it can be interpreted that taxpayers behave in accordance with their views regarding tax evasion *which* is influenced by external conditions, namely related to justice provided by the government.

Christina & Ngadiman (2020) found that justice is one of the factors that influences tax evasion. As research conducted by Suminarsasi and Supriyadi (2020), shows that there is a positive influence of justice on tax evasion behavior. Based on the description presented above, the third hypothesis that can be formulated is:

H3: Tax fairness has a positive effect on tax evasion *behavior*

The influence of the possibility of detecting fraud on tax evasion *behavior*

According to Rahman (2021), the probability of detecting fraud is how likely it is that fraud will be detected if an inspection is carried out. The possibility of detecting fraud can be done through a tax audit. Through this audit, the possibility of detecting fraud by taxpayers increases.
Tax audits are carried out in order to implement the provisions of tax laws and regulations. The percentage probability that a tax audit will be carried out in accordance with tax regulations to detect fraud committed by taxpayers, thereby influencing tax evasion. When someone considers that the percentage of possibility of detecting fraud through a tax audit is high, they will tend to comply with tax regulations (Ulfa, 2021).

Research conducted by Indriyani et al. (2022), Ulfa (2021), Lumban Tobing (2015) and Bajri (2019) which state that the possibility of detecting fraud influences tax evasion. Based on the description presented above, the fourth hypothesis that can be formulated is:

H4: The possibility of detecting fraud has a positive effect on tax evasion behavior .

The following is a conceptual framework created based on development Previous hypothesis:
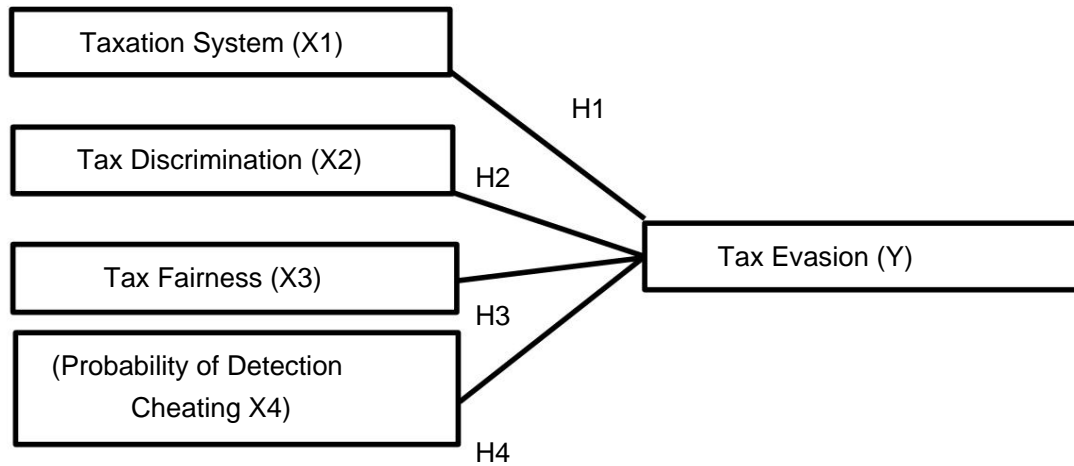

Figure 1: Research Framework

RESEARCH METHODS

This research is quantitative research using primary data. Data was collected by distributing questionnaires. The sampling method in this research was *purposive sampling method.* Respondents in this study were taken from students who were pursuing postgraduate education, both strata 2 (S2) and strata 3 (S3). The number of respondents in this study was 100 samples. The location of this research is in the DKI Jakarta area.

RESULTS AND DISCUSSION

Validity test

Table 1 Validity Test

Variable	Item Question	Mark Correlation Rcount *(Person Correlation)*	Rtable Value	Description

Tax Evasion (Y)	Y.1	0.873	0.361	**Valid**
	Y.2	0.873	0.361	**Valid**
	Y.3	0.582	0.361	**Valid**
	Y.4	0.582	0.361	**Valid**
	Y.5	0.582	0.361	**Valid**
	Y.6	0.873	0.361	**Valid**
Taxation System (X1)	X1.1	0.429	0.361	**Valid**
	X1.2	0.886	0.361	**Valid**
	X1.3	0.901	0.361	**Valid**
	X1.4	0.441	0.361	**Valid**
Tax Fairness (X2)	X2.1	0.861	0.361	**Valid**
	X2.2	0.861	0.361	**Valid**
	X2.3	0.959	0.361	**Valid**
	X2.4	0.959	0.361	**Valid**
Tax Discrimination (X3)	X3.1	0.719	0.361	**Valid**
	X3.2	0.629	0.361	**Valid**
	X3.3	0.782	0.361	**Valid**
	X3.4	0.621	0.361	**Valid**
Probability of Detection Cheating (X4)	X4.1	0.473	0.361	**Valid**
	X4.2	0.603	0.361	**Valid**
	X4.3	0.683	0.361	**Valid**
	X4.4	0.716	0.361	**Valid**
	X4.5	0.718	0.361	**Valid**
	X4.6	0.65	0.361	**Valid**

Source: Data processed by researchers, 2024

Based on the table above, it shows that all the statement instrument items for each variable of tax justice, tax system, discrimination, possibility of detecting fraud, tax audit, tax rate, and tax evasion are declared valid, because the calculated *r* value is greater than Sig 2-tailed. So that all statement instrument items for each variable can be used in this research.

Reliability Test

Table 2 Reliability Test

Variable	Amount Items	*Cronbach Alpha*	>/<	Constant	Information
Tax Evasion (Y)	6	0.814	>	**0.60**	Reliable
Taxation System (X1)	4	0.617	>	**0.60**	Reliable
Tax Fairness (X2)	4	0.911	>	**0.60**	Reliable
Tax Discrimination (X3)	4	0.627	>	**0.60**	Reliable
Probability of Detection Cheating (X4)	6	0.71	>	**0.60**	Reliable

Source: Data processed by researchers, 2024

Based on the table above, it is concluded that the seven research instruments have met the reliability requirements, because they are above the Cronbach alpha value (> 0.60). So, it can be concluded that the question items used by researchers can be used as instruments for research

furthermore.

Descriptive Statistical Analysis

Table 3 Descriptive Statistical Analysis

	N Range Minimum Maximum Mean			Std. deviation
Tax Evasion (Y) 100 8.00	12.00	20.00	16.8000	1.84226
Taxation System (X1) 100 4.00	7.00	11.00	9.7100	1.00800

Tax Fairness (X2)	100 6.00	6.00	12.00	10,0000 1.55700	
Tax Discrimination (X3) 100 12.00 4.00			16.00	9.8000 2.40370	
Possibility It was detected Cheating (X4)	100 18.00 6.00		24.00	18.1800 3.16668	
Valid N (listwise)	100				

Source: data processed by researchers, 2024

Tax evasion (Y) in this study has six questions, so there are six questions on the Tax Evasion (Y) variable which are given a value in the range of one to four. The questions prepared include questions that are positive or negative in nature with the aim of making the data obtained more valid. Based on all the answers obtained from respondents, the minimum value obtained for this variable is 12, and the maximum value for this variable is 20 with an average (mean) of 16.80, and the standard deviation value obtained is 1,842.

The Taxation System (X1) in this study has four questions, so there are four questions on the Taxation System (X1) variable which are given a value in the range of one to four. The questions prepared include questions that are positive or negative in nature with the aim of making the data obtained more valid. Based on the overall answers obtained from respondents, the minimum value obtained for this variable is 7, and the maximum value for this variable is 11 with an average (mean) of 9.71, and the standard deviation value obtained is 1.008.

Tax Justice (X2) in this study has four questions, so there are four questions on the Tax Justice (X2) variable which are given a value in the range of one to four. The questions prepared include questions that are positive or negative in nature with the aim of making the data obtained more valid. Based on all the answers obtained from respondents, the minimum value obtained for this variable is 6, and the maximum value for this variable is 12 with an average (mean) of 10.00, and the standard deviation value obtained is 1.557.

Tax Discrimination (X3) in this study has four questions, so there are four questions on the Tax Discrimination (X3) variable which are given a value in the range of one to four. The questions prepared include questions that are positive or negative in nature with the aim of making the data obtained more valid. Based on the overall answers generated from

respondents, the minimum value obtained for this variable was 4, and the maximum value for this variable was 16 with an average (mean) of 9.80, and the standard deviation value obtained was 2.404.

The probability of detecting fraud (X4) in this study has six questions, so the questions on the variable probability of detecting fraud (X4) are six questions which are given a value in the range of one to four. The questions prepared include questions that are positive or negative in nature with the aim of making the data obtained more valid.

Based on the overall answers generated from respondents, the minimum value is
The result for this variable is 6, and the maximum value for this variable is 24 with an average (mean) of 18.18, and the standard deviation value obtained is 3.167.

Normality test

Table 4 Normality Test

Statistical Tests	Significance Value	Information
0.122	0.086	data is normally distributed

Source: Data processed by researchers

Based on the table above, it shows that the significance value is 0.086.
This shows a sig value > 0.05 which means that the data in this study has a normal distribution.

Heteroscedasticity Test

Table 5 Heteroscedasticity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.142	,317		-.447	,656
	System Taxation (X1)	-.031	,040	-.123	-.771	,443
	Justice Tax (X2)	,068	.026	,423	2,636	,010

Discrimination Tax (X3)	-.023	,010	-.222	-2,293	.024
Possibility It was detected Fraud (X4)	,010	,008	.118	1,237	,219

a. Dependent Variable: abs

Source: Processed by researchers. 2024

Based on the table above, it can be seen that all variables obtained significant values above 0.05. This shows that there is no indication of heteroscedasticity in this study.

Multicollinearity Test

Table 6 Multicollinearity Test

Variable	Mark *Tolerance*	Mark VIF	Information
Taxation system	0.351	2,845	No Multicollinearity
Tax justice	0.349	2,866	No Multicollinearity
Tax discrimination	0.959	1,043	No Multicollinearity
The possibility of fraud being detected	0.975	1,026	No Multicollinearity

Source: Data processed by the author

Based on the table above, it shows that there is no multicollinearity for each variable. This can be seen from the *tolerance* value for the tax system variable of 0.351 > 0.1 and the VIF value of 2,845 < 10, the tax justice variable obtained a *tolerance* value of 0.349 > 0.1 and the VIF value of 2,866 < 10, the discrimination variable obtained a *tolerance* value amounting to 0.959 > 0.1 and a VIF value of 1.043 < 10, the variable probability of detecting fraud obtained a *tolerance* value of 0.975 > 0.1 and a VIF value of 1.026 < 10.

Multiple Regression Analysis

Table 7 Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,189	,438		2,715	,008
	Taxation system	1,082	,056	,592	19,158	,000
	Tax justice	,526	,037	,445	14,344	,000
	Tax discrimination	-.014	.014	-.019	-.995	,322
	Possibility of detection fraud	-.001	.011	-.001	-.061	,952

a. Dependent Variable: Tax evasion

Source: data processed by researchers, 2024

From these data, the equation for the regression model is obtained as follows:

Y= 1.189 + 1.082X1 + 0.526X2 - 0.014X3 - 0.001X4 + e

Information:

X1: Tax system

X2: Tax fairness

X3: Tax discrimination

X4: Probability of detection of fraud

ÿ: Constant

ÿ: Variable coefficient

e: error or residue

From the regression model equation, there is an explanation for this research as follows:

1. The constant value (ÿ) of 1.189 shows a positive sign, which means that the independent variables are tax system (X1), tax fairness (X2), tax discrimination (X3), and

the possibility of detecting fraud (X4) remains or has a value of 0, then tax evasion (Y) has a value of 1.189.

2. The coefficient value of the taxation system (X1) is 1.082 and is positive, indicating a positive relationship between the taxation system (X1) and tax evasion (Y).

3. The coefficient value of tax justice (X2) is 0.526 and is positive, indicating a positive relationship between the tax justice system (X2) and tax evasion (Y).

4. The coefficient value of tax discrimination (X3) is -0.014 and is negative indicates a negative relationship between tax discrimination (X3) and tax evasion (Y).

5. The coefficient value of the probability of detecting fraud (X4) is -0.001 and is negative, indicating a negative relationship between the probability of detecting fraud (X4) and tax evasion (Y).

Discussion

The Influence of the Tax System on Tax Evasion Behavior

The results of testing hypothesis 1 show that H1 is supported. These results indicate that the tax system has an influence on tax evasion. This means that the better the tax system will have an effect on reducing the level of tax evasion. Likewise, the worse the tax system is, the more it will affect the level of tax evasion.

The results of this research are in line with research conducted by Siregar (2024), Pratiwi et al (2024), and Christina & Ngadiman (2022), stating that the tax system has a positive effect on tax evasion. However, the results of this research are not in line with research conducted by Bajri (2022) and Valentina & Sandra (2019) which stated that the tax system has a negative effect on tax evasion.

The Influence of Tax Fairness on Tax Evasion Behavior

The results of testing hypothesis 2 show that H1 is supported. These results indicate that tax fairness influences tax evasion. This means that the better the level of tax fairness, the more influence it will have on reducing the level of tax evasion. Likewise, vice versa, the worse the level of tax justice, the more it will influence the increase in the level of tax evasion.

The results of this research are in line with research conducted by Pratiwi et al (2024), Raharjo & Tyas (2020), Valentina and Sandra (2019), and Pratiwi & Prabowo (2019) stating that tax justice has a positive effect on tax evasion. However, the results of this research are not in line with research conducted by Siregar (2024),

Auliana & Muttaqin (2023), and Christina & Ngadiman (2022) who state that tax fairness has a negative effect on tax evasion

The Effect of Tax Discrimination on Tax Evasion

The results of testing hypothesis 3 show that H1 is not supported. These results indicate that discrimination has no effect on tax evasion. This means that the higher or lower the level of discrimination has no effect on increasing or decreasing the level of tax evasion.

The results of this research are not in line with research conducted by Putra (2024), Wulandari (2024), Auliana & Muttaqin (2023), and Dewi & Sari (2022) which stated that discrimination has an effect on tax evasion. However, the results of this research are in line with research conducted by Fatimah & Wardani (2017), Widjaja et al (2017), and Pratiwi & Prabowo (2019) which stated that discrimination has no influence on tax evasion.

The Effect of the Possibility of Detecting Fraud on Tax Evasion

The results of testing hypothesis 4 show that H1 is not supported. These results indicate that the possibility of detecting fraud has no effect on tax evasion. This means that the higher or lower the possibility of detecting fraud, the less influence it will have on increasing or decreasing the level of tax evasion.

The results of this research are not in line with research conducted by Umar & Hertati (2023), and Raharjo & Tyas (2020) which stated that the possibility of detecting fraud has an influence on tax evasion. However, the results of this research are in line with research conducted by Fatimah & Wardani (2017) which states that the possibility of detecting fraud has no effect on tax evasion.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The following are the results of the conclusions in this research, namely:

1. The Tax System has a significant positive effect on Tax Evasion. This means that the better the tax system, the higher the level of tax evasion

low. Vice versa, the worse the tax system, the higher the level of evasion.

2. Tax Justice has a significant positive effect on Tax Evasion. This means that the higher the level of tax justice, the effect on reducing the level of tax evasion. Likewise, the lower the level of tax justice, the higher the level of tax evasion.

3. Discrimination has no effect on Tax Evasion. This means that the higher or lower the level of discrimination has no effect on increasing or decreasing the level of tax evasion.

4. The possibility of detecting fraud has no effect on tax evasion.
This means that the higher or lower the possibility of detecting fraud, the greater or lesser the level of tax evasion does not affect the increase or decrease.

Suggestion

Based on the research results and limitations in the research, the suggestions given by the author are as follows:

1. Future research is expected to add the independent variables used, or use mediating variables as new references.
2. Future researchers are expected to research individual taxpayers who have their own businesses or MSMEs, so that research related to individual taxpayers will be broader in *general* and can determine the level of taxpayer compliance.

BIBLIOGRAPHY

Ardian, RD, & Pratomo, D. (2018). The Influence of the Taxation System and Tax Audits on Tax Evasion by Corporate Taxpayers (Study at KPP Pratama Bandung City Region). *E Proceedings of Management,* 2(3), 3169–3178.

Ardyaksa, TK, & Kiswanto. (2017). Influence of Justice, Tax Rates, Accuracy Allocations, Fraud, Technology and Information Taxation Against Tax Evasion. *Accounting Analysis Journal,* 3(4), 475–484.

Dewi, NKTJ, & Merkusiwati, NKLA (2020). Factors That Influence Taxpayer Perceptions Regarding the Ethics of Tax Evasion. *University Accounting E-Journal Udayana,* 18(3), 2534–2564.

Dhanayanti, KM, & Suardana, KA (2020). The Influence of Taxpayer Perceptions Regarding Tax Evasion and the Fairness of the Tax System on Tax Compliance. *Udayana University Accounting E-Journal,* 20(2), 1504 1533.

Fatimah, S., & Wardani, D. K. (2020). Factors that Influence Tax Evasion at the Temanggung Pratama Tax Service Office. *Accountancy Dewantara,* 1(1), 1–14.

Fattah, D. (2016). Theory of Justice According to John Rawls. *BUTs,* 9.

Ghozali, I. (2014). *Multivariate Analysis Application with SPSS Program.* Semarang: Diponegoro Publishing Agency.

Handyani, A., & Cahyonowati, N. (2017). Analysis of Factors That Influence Taxpayer Perceptions Regarding Tax Evasion. *DIPONEGORO JOURNAL OF ACCOUNTING,* 3(3), 1–7.

Indriyani, M., Nurlaela, S., & Wahyuningsih, EM (2019). Influence Justice, Taxation System, Discrimination, and the Possibility of Detecting Fraud on Perceptions of Individual Taxpayers *IENACO National* Personal Regarding Tax Evasion Behavior. *Seminar,* 818–825.

Kurniawati, M., & Toly, AA (2017). Analysis of Tax Fairness, Tax Tariff Costs on Compliance, and Taxpayer Perceptions Regarding Western Evasion. *TAX & ACCOUNTING REVIEW,* Taxes in Surabaya 4(2), 1–12.

Linangkung, E. (2019, December 24). Taxpayers Increase, But Not Targeted. Reach Yogyakarta *Newspaper Sindo*. Retrieved from sindo.com/ http://newspaper page/news/2016-12 5/24/18/Tax_Payers_Increase_But_Not_Reach_Target

Lumban Tobing, CV (2018). The Influence of Tax Fairness, Service Quality, Possibility of Fraud Tax, Detection, Tax Sanctions, and Tax Rates on Taxpayer Perceptions Regarding Tax Evasion. *Jom FEKON,* 2(2), 1–15.