



Understanding Taxpayer Perspectives on The Tax System and the Fairness of Tax Evasion Behavior: The Mediating Role of Tax Compliance

Farah Latifah Nurfauziah¹, Nurjuhariyah²

^{1,2} Accounting Study Program, Universitas Islam Nusantara, Jakarta, Indonesia

(*) Corresponding Author: farahlatifah@uninus.ac.id

Article Info:

Abstract

Keywords:

Taxation System;
Tax Fairness;
Tax Compliance;
Tax Evasion Behavior

Artikel History:

Received : 18-06-2021
Revised : 17-12-2022
Accepted : 10-04-2023

Article DOI :

10.22441/profita.2023.v16i1.002

Tax evasion is an act done to avoid the tax burden by being owed illegally by hiding the true state of affairs. The variables of the tax system, tax fairness and tax compliance used are thought to have an influence on tax evasion behavior based on taxpayer perceptions. This study aims to examine the role of tax compliance mediation on the relationship between tax system perception, tax fairness and tax avoidance behavior. The population in this study was 91,224 individual taxpayers in KPP Pratama Karawang Utara. This study was conducted using Personally Administered Questionnaires with the Slovin Formula technique so that a sample of 100 respondents was obtained. This study used multiple regression models to test each tax avoidance variable. The results showed that the tax system has a direct effect on tax compliance with a significance value of 0.009, tax fairness does not have a direct effect on tax compliance with a significance value of 0.841, the tax system does not have a direct effect on tax evasion behavior with a significance value of 0.736, tax fairness and tax compliance have a direct effect on tax evasion behavior with a significance value of 0.000 and 0.008, The tax system and tax fairness have an indirect effect on tax avoidance behavior through tax compliance with beta values of 0.146, and 0.116.

How to cite : Nurfauziah, F., & Nurjuhariyah, N. (2023). Understanding Taxpayer Perspectives on The Tax System and the Fairness of Tax Evasion Behavior: The Mediating Role of Tax Compliance. *Profita : Komunikasi Ilmiah Akuntansi dan Perpajakan*, 16(1), 15-27. doi:<http://dx.doi.org/10.22441/profita.2023.v16i1.002>



This work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/). Any further distribution of this work must maintain attribution to the author(s) and the title of the work, journal citation, and DOI.

Published under license by Universitas Mercu Buana.

INTRODUCTION

Indonesia as Developing countries make taxes a very significant part of supporting income for the state treasury used by the government to realize national development. Waluyo (2007) said that all state favors derived from taxes will be used in financing the general expenditure of the state which is ultimately for the welfare and prosperity of the people. Tax Law No. 6 of 1983 concerning General Provisions and Tax Procedures explains that Tax is a mandatory contribution to the state owed by individuals or funds that are coercive based on the Law, with no direct

compensation and used for the benefit of the state for the greatest prosperity of the people. Tax that Charged to each Taxpayer must: Followed and reported in a timely manner so that the community can play an active role make his contribution to the State, according to his ability.

Based on the 2019 State Budget report, the average growth of state revenue from the tax sector reached 15.4%. Of the total state revenue, 82.5% is revenue from taxation. However, the large amount and consistent increase contradict the equitable distribution of tax proceeds to state development which is felt by the community has not fulfilled the principle of justice. Behaviorally, generally taxpayers want to pay taxes in small amounts even, if possible can avoid it (Dewi & Merkusiwati, 2017). This desire certainly has the potential to trigger non-compliance with taxation behavior, one of which is tax evasion behavior (*tax evasion*). The cases of tax individuals such as Gaius and others caused distrust from the public towards the state tax service so that they were reluctant to pay taxes that were feared to be misused by these individuals (Nugroho, 2012).

In 2007, Indonesia recognized *Self Assessment System* Where taxpayers are given the trust to calculate, pay, and report their own taxes owed. This kind of tax system really requires awareness and honesty from taxpayers. In addition, an understanding of how technical and administrative the tax process is is needed so that taxpayers can properly and correctly fulfill their tax obligations. Some literature is used to examine the relationship of the tax system with tax evasion behavior. Some of them show that taxpayers' perceptions of the tax system have a positive effect on tax evasion behavior (Princess, 2017; Suminarsasi & Supriyadi, 2012). While Nurfadila (2020) and Wahyuni & Sulindawati (2016) found a negative influence on tax evasion behavior. When taxpayers feel that the tax system and administration are difficult and insufficient in accommodating the interests of taxpayers, the taxpayer tends to avoid their tax obligations.

Another factor that influences tax evasion behavior is the taxpayer's perception of tax fairness where taxpayers who pay their tax obligations feel burdened because should the income generated by themselves be forced to be shared with the State, then the government must provide certainty that they will get fair treatment. Fair in the imposition of tax rates in general and equitable, as well as fair in its implementation by giving rights to Taxpayers To raise objections, delays in payment and appeal to the Tax Advisory Panel. Several studies have shown a positive influence of taxpayers' perceptions of tax fairness on tax evasion behavior (Faradiza, 2018; Kurniawati & Toly, 2014) which shows that the lower the justice that applies according to the perception of a taxpayer, the level of compliance will decrease, this means that his tendency to commit tax evasion will be higher. But Indriyani's research (2016) found that individual taxpayers' perceptions of tax fairness had no effect on tax evasion behavior.

The inconsistency of the results of the above research raises a map of the possible indirect influence of the perception of the tax system and tax justice on tax evasion behavior and the existence of variables that bridge the indirect relationship between these variables. Before concluding the taxpayer's perception as a factor influencing tax evasion behavior, we need to observe the impact of taxpayer perception on the compliance behavior of the taxpayer first. Tax compliance is the awareness of taxpayers to fulfill their tax obligations. Observation of tax compliance by taxpayers will show their tendency to do or not tax evasion behavior. Mukharoroh (2014) shows the effect of taxpayer tax compliance on tax evasion behavior.

This study aims to examine the mediating role of taxpayer compliance with the relationship between taxpayer perceptions of the tax system and tax fairness towards tax evasion behavior. The sample in this study was 100 respondents of personal taxpayers at KPP Pratama Karawang Utara.

LITERATURE REVIEW

The Effect of Tax System Perception on Tax Evasion Behavior

Suminarsih and Supriyadi (2012) said that an easy taxation system will encourage taxpayers to want to fulfill their tax obligations. A good tax system should make it easier for taxpayers and build taxpayer trust in the government and tax managers. The better the tax system will lead to the perception that tax evasion is an unethical behavior and hinders the state in carrying out development. The application of this system as a guideline for taxpayers, if this system works well, the taxpayer's response to obey regulations is also good. Conversely, if this system works poorly then the taxpayer's response to obey regulations is also not good.

Based on the above frame of mind, the author proposes the following hypothesis:

H1: Taxpayer perception of the tax system affects tax evasion behavior

The Effect of Tax Justice on Tax Evasion behavior

In its implementation, in accordance with legal objectives, the tax collection process must be fair (Mardiasmo, 2018). The fair implementation referred to by the Law is the imposition of general and equitable taxes adjusted to the ability of taxpayers. In addition to the imposition of taxes, in its implementation, mandatory rights such as filing objections, delays in payment, appeals must also be considered. The perception of justice can be relative to each individual. But Siahaan (2010) divide justice into 3 schools of thought, namely: the Principle of Benefit, the Principle of Ability to Pay, and Vertical Horizontal Justice. High fairness in the imposition and implementation of taxation will build public trust and encourage taxpayers to fulfill their obligations (Ningsih & Pusposari, 2016). Based on this frame of mind, the author proposes the following hypothesis:

H2: Taxpayer Perception of Tax Fairness Affects Tax Evasion Behavior

The Effect of Taxpayer Compliance on Tax Evasion behavior

The consistency of taxpayers in carrying out their tax obligations can illustrate the compliance of these taxpayers. High taxpayer compliance can increase state revenue in the tax sector and the implementation of state development can be realized. Taxpayer compliance is always accompanied by awareness that taxes collected by the government have good intentions in accordance with the Law which then minimizes the possibility of taxpayers to commit tax evasion. Mukharoroh (2014) Disclose that taxpayers have awareness in carrying out their tax obligations without the need to be preceded by inspection, investment, as well as remembrance and threats as well as administrative sanctions. Based on this frame of mind, the author proposes the following hypothesis:

H3: Taxpayer compliance affects tax evasion behavior

The Role of Tax Compliance in Mediating the Effect of Perceptions of the Tax System and Tax Fairness on Tax Evasion Behavior

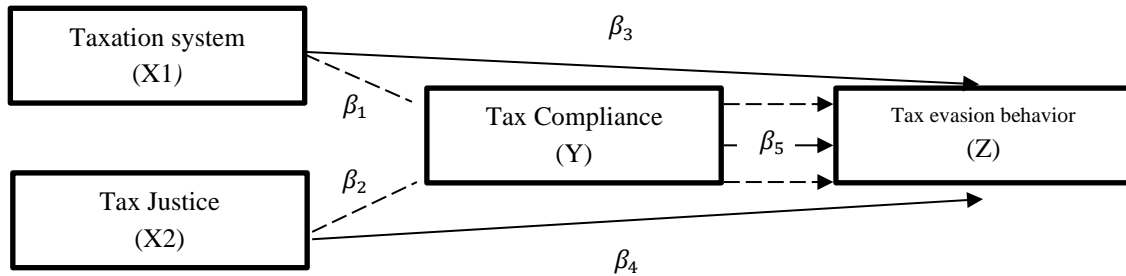
The awareness of WPs to register, deposit, pay will affect WP's intention to evade taxes. The more compliant the WP, the lower the tax evasion rate. As the questionnaire stated that the majority of 83% of respondents agreed that WP has no tax arrears where WP's compliance in paying taxes can affect WP's intention to file tax returns on time, which is an indication that there is no WP's intention to evade taxes. The compliance of the WP to calculate its tax burden correctly and correctly can also affect the WP's intention to report the truth on all WP objects. Meanwhile, according to Mardiasmo (2018) WP is not considered a perpetrator of tax evasion if you submit a tax return correctly, meaning that there is a very close influence between tax compliance and WP's intention to evade taxes.

H4: Tax Compliance Mediates the Effect of Tax System Perceptions on Tax Evasion Behavior

H5: Tax Compliance in Mediating the Effect of Tax Justice System Perception on Tax Evasion Behavior

Research Model

Figure 1. Path Diagram



Source : Author's preparation (2021)

To analyze the effect of tax compliance mediation on the influence of tax system perception and tax reliability on tax evasion behavior, it is necessary to make 2 sub-structural path equations, which are as follows:

Model equation 1:

Regression : $+eY = a + b_1X_1 + b_2X_2$
Line : $+ Y = X_1 + \beta_2X_2 + \epsilon$

Model equation 2:

Regression : $+ e Z = a + b_1X_1 + b_2X_2$
Line : $+ Z = \beta_3X_1 + \beta_4X_2 + \beta_5Y + \epsilon$

Description:

- Z = Tax Evasion Behavior
- a,c = Constant
- b_1 = Regression Coefficient of Taxation System Perception
- b_2 = Regression Coefficient of Perception of Tax Fairness
- X_1 = Perception of the Tax System
- X_2 = Tax Fairness
- d = Tax Compliance regression coefficient
- e_1, e_2 = error

METHOD

This type of research is quantitative descriptive research using multiple linear regression and path analysis. Rutherford (1993) quoted in Hakam (2015) said that path analysis is a technique for analyzing causal relationships between variables and variables bound directly or indirectly. Descriptive research is research conducted to know and explain the characteristics of the variables studied in a situation.

Population and Research Sample

Population refers to the collection of groups of people, events or other things that want to be investigated (Sekaran, 2006). The population in this study is Individual Taxpayers (WPOP) living in Karawang City who are registered with SPT at the North Karawang Pratama Tax Office who carry out their tax obligations. Data collection was carried out at KPP Pratama Karawang Utara With the technique of Personally Administered Questionnaires, which is a questionnaire delivered and collected directly by researchers which is a type of primary data. Because the study population was perceived to be too large, a sample was taken using the Slovin formula to calculate the sample size based on estimating the proportion of the population (Rachmadi & Zulaikha, 2014). In this study, a sample of 100 WPOP respondents was taken at KPP Pratama Karawang Utara.

Variable Measurement

Taxation System (X1)

The tax system research indicator refers to Rahman's research (2013) which refers to the principle of certainty by Adam Smith in his book *Wealth Of Nation* in 1983 which consists of 8 indicators to measure the perception of the tax system using a 5-point Likert scale, including:

1. Ease in carrying out their tax obligations when they understand the tax system
2. The tax collected does not burden taxpayers.
3. Consider the low cost of tax collection with the tax burden imposed.
4. The ability of taxpayers to pay taxes owed.
5. Its availability of technology is associated with taxation.
6. Adequate technology related to taxes.
7. Distribution of funds sourced from taxes.
8. Ease of tax system facilities.

Tax Justice (X2)

The tax fairness indicator refers to the Siahaan theory (2010), principles of legal philosophy and FMD. No.122/PMK.010/2015. It consists of 5 indicators using a 5-point likert scale, including:

1. High tax rates for WPs with high incomes.
2. Low tax rate for low-income WPs.
3. Government policy is fair to the lower or upper class.
4. Benefits obtained from Taxpayers on tax payments.
5. The distribution of tax burden to taxpayers is balanced.

Tax Compliance (Y)

Tax compliance indicators refer to research conducted by Aryobimo (2012) which consists of 6 indicators using a 5-point Likert scale including:

1. Register as a Taxpayer
2. Taxpayers have the obligation to re-deposit the Tax Return (SPT)
3. Taxpayers have an obligation to report the amount of tax owed
4. Taxpayers correctly calculate taxes owed in tax returns and report in a timely manner
5. Taxpayer obligations must be fulfilled in the repayment of taxes owed
6. The obligations of the Taxpayer must be fulfilled in the payment of arrears

Tax Evasion Behavior (Z)

Indicators of tax evasion behavior refer to Yusmarwandi's research (2014) which consists of 6 indicators using a 5-point Likert scale, including:

1. Submitting tax returns incorrectly.

2. Do not deposit taxes that have been collected/withheld.
3. Report less revenue than it should.
4. Not registering or misusing NPWP.
5. Not submitting tax returns on time.

In this research questionnaire, when respondents choose the choice strongly agree, tax evasion behavior is considered an ethical action, where independent variables as factors influence the occurrence of tax evasion behavior.

RESULTS AND DISCUSSION

3,433

	N	Minimum	Maximum	Mean	Std. Deviation
persepsi sistem perpajakan	100	42	61	52,12	4,567
persepsi keadilan pajak	100	23	42	35,79	3,652
kepatuhan pajak	100	19	47	34,73	4,329
Perilaku penggelapan pajak	100	23	40	31,46	3,433

Source : SPSS Output by Author 2022

From the table above, it can be seen that the lowest tax system perception value of 42 strongly disagrees that the tax system in KPP Karawang Utara has made it easier for taxpayers. This can be because the registered WP is dominated by WPs whose jobs are private employees or employees, so the system is still not understood because so far the tax burden of Employee WP is deducted directly by the company so that the understanding of the system is lacking. As for the respondent's statement regarding "The tax imposed on me is within my means" means that a minority of respondents chose to disagree because there are still WPs who feel that the tax burden they impose is not in accordance with the ability of the WP itself. The highest tax system perception value of 61 who voted agreed that the tax system in KPP Karawang Utara has made it easier for taxpayers in their tax administration. Because the current system is sufficient so there is no need to bother coming directly to the KPP to pay the tax. The average value of tax system perception of 52.12 is greater than the standard deviation of 4.657, this shows that the distribution of tax system perception data on each taxpayer respondent is uneven, meaning that the difference between the tax system in KPP and the perception of taxpayers is quite high.

The data above also shows 23 people who voted disagree that the imposition of taxes has not been in accordance with the ability of each taxpayer. This can be because the registered WP is dominated by WPs whose jobs are private employees or employees, where the tax burden of WP Employees is deducted directly by the company so that tax justice cannot be known by WP, because the salary received must have been directly deducted to pay taxes. The statement from the questionnaire regarding "Public facilities needed is only slightly felt" dominated by the statement of 70% of respondents agreed that facilities or indirect rewards from tax payments have not been felt, because there is still a lot of infrastructure that has not been felt by the community. The highest value of tax fairness perception 42 chose neutral which stated that tax fairness was felt enough by taxpayers, where the imposition of this tax rate was in accordance with their respective abilities or the facilities they got were quite pronounced. The average value of tax fairness of 35.79 is greater than the standard deviation of 3.652, this shows that the distribution of data on the perception of tax fairness in each taxpayer respondent is uneven, meaning that the difference in tax fairness in KPP with the perception of taxpayers is quite high.

The lowest tax compliance score of 19 who voted strongly disagree was said to be a compliant WP who registered as a WP or re-deposited a tax return. The statement from the questionnaire regarding "I always report back my tax return even though I am often late" was dominated by the statement of 63% of respondents who chose not to agree that WP is often late in reporting tax returns, because they do not want to be said to be non-compliant taxpayers. The highest tax compliance score of 47 who voted agreed that the taxpayer felt compliant with all tax regulations. The average value of tax compliance of 34.73 is greater than the standard deviation of 4.329, this shows that the distribution of tax compliance perception data on each taxpayer respondent is uneven, meaning that the difference in tax compliance in KPP with the perception of taxpayers is quite high.

The lowest value of tax evasion behavior was 23 who voted agreed that taxpayers are often late in reporting their tax obligations. This is because the sample is dominated by taxpayers who work as private employees whose tax obligations are deducted directly by the company, so that the taxpayer's intention to evade taxes still cannot be detected. The highest value of tax evasion behavior was 40 who chose to disagree that taxpayers are often late in reporting their taxes, let alone the intention to evade taxes. The average value of tax evasion behavior of 31.46 is greater than 3.433, this shows that the distribution of data on tax evasion behavior among each taxpayer respondent is uneven, meaning that the difference in tax evasion behavior in KPP with the taxpayer's intention to evade taxes is quite high. The statement from the questionnaire regarding "I deposit taxes based on the actual amount of the actual tax object" was dominated by the statement of 75% of respondents who voted in agreement, meaning that WPs at KPP Pratama Karawang Utara already feel that they deposit their taxes in accordance with the actual number of tax objects, because the majority of WPs are dominated by WP employees whose tax obligations are deducted directly by the company so that the tax burden deposited cannot be manipulated.

a. Dependent Variable: Y
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	19,448	4,943		3,935	,000
1 X1	,251	,094	,279	2,668	,009
X2	,027	,134	,222	,201	,841

a. Dependent Variable: Y

Source : SPSS Output by Author

$$Z = 19.448 + 0.251 + 0.027$$

The value of constant (a) is 19.448, indicating that when the value of the variables of tax system perception (X1) and tax fairness (X2) is assumed to be zero, then the value of tax compliance increases by 19.448. The value of the tax system coefficient (X1) of 0.251 shows that it has a positive relationship between the tax system (X1) and the perception of tax compliance (Y). This means that every increase in the value of the tax system (X1) by one, it will be followed by an increase or increase in tax compliance by 0.251 assuming the other variables are constant (unchanged). The value of the tax justice coefficient (X2) of 0.027 shows that there is a positive relationship between tax fairness (X2) and perceptions of tax compliance (Y). This means that every increase in the value of tax fairness (X2) by one, it will be followed by an increase or increase in tax compliance by 0.027 assuming the other variables are constant (unchanged). Referring to the regression output of model I, it can be concluded that the significance values of the two variables are $X1 = 0.009 < 0.05$ and $X2 = 0.841 > 0.05$. These results conclude that regression of model I, namely variable X1 has an effect on Y and X2 has no effect on Y

a. Dependent Variable: Z
Coefficients^a

Model	Unstandardized Coefficients		Z	=	Tax Evasion Behavior	
	=	Constant	Beta			
1	Regression Coefficient of Perception of Tax Fairness	4,274		Perception of the Taxation System	,268	
	Tax Justice	d	=	Tax Compliance Regression Coedisien	-,338	
	X2	,191	,108	,016	1,767	,008
	Y	,481	,082	,523	5,900	,000

a. Dependent Variable: Z

Source : SPSS Output

$$Z = 4.760 - 0.026 + 0.191 + 0.481$$

The value of constant (a) is +4.760, indicating that when the value of the variables of tax system perception (X1), tax fairness (X2) and tax compliance (y) is assumed to be zero, then the value of tax evasion behavior increases by +4.760. The value of the tax system coefficient (X1) of -0.026 shows that there is a negative relationship between the tax system (X1) and tax evasion behavior (Z). This means that every increase in the value of the tax system (X1) by one, it will be followed by a decrease in tax evasion behavior by -0.026 assuming the other variables are constant (unchanged). The value of the tax justice coefficient (X2) of +0.191 shows that there is a positive relationship between tax justice (X2) and tax evasion behavior (Z). This means that every increase in the value of tax fairness (X2) by one, it will be followed by an increase or increase in tax evasion behavior by +0.191 assuming the other variables are constant (unchanged). The value of the tax compliance coefficient (Y) of +0.481 shows that there is a positive relationship between tax compliance (Y) and tax evasion behavior (Z). This means that every increase in the value of tax compliance (Y) by one, it will be followed by an increase or increase in tax evasion behavior by +0.082 assuming the other variables are constant (unchanged). Based on the regression output of model II, it is known that the significance values of the three variables are $X1 = 0.736 > 0.05$ (H1 rejected), $X2 = 0.008$ (H2 accepted) and $Y = 0.0001 < 0.05$ (H3 accepted). This result concludes that the variable Perception of the Tax System does not affect tax evasion behavior, while the variables of Perception of Tax Fairness and Tax Compliance affect Z.

Path Analysis (Indirect influence)

As for knowing the indirect influence, it can be seen in the standardized coefficient beta table 3 that the analysis of the influence of X1 through Y on Z is known to have a direct influence given by X1 on Z of 0.032. While the indirect influence of X1 through Y on Z is the multiplication between the beta value of X1 against Y in table 2 with the beta value of Y against Z in table 3, namely: $0.279 \times 0.523 = 0.146$. So the total influence given by X1 on Z is a direct influence coupled with an indirect influence, namely: $0.032 + 0.146 = 0.178$. Based on the results of the calculation, it is known that the value of direct influence is 0.032 and indirect influence is 0.146. Which means that the value of indirect influence is greater than the value of direct influence. This shows that tax

compliance variables mediate the influence of tax system perceptions on tax evasion behavior (H4 received).

As for knowing the indirect influence, it can be seen in the standardized coefficient beta table 4.20 analysis of the influence of X2 through Y on Z, it is known that the direct influence given by X2 on Z is 0.016. While the indirect influence of X2 through Y on Z is the multiplication between the beta value of X2 against Y with the beta value of Y against Z, namely: $0.222 \times 0.523 = 0.116$. So the total influence given by X2 on Z is a direct influence coupled with an indirect influence, namely: $0.016 + 0.116 = 0.132$. Based on the results of the calculation, a direct influence value of 0.016 and an indirect influence of 0.116 is obtained, which means that the value of indirect influence is greater than direct influence. This suggests that tax compliance variables mediate the influence of perceived tax fairness on tax evasion behavior (H5 accepted).

The Effect of Tax System Perception on Tax Evasion Behavior

Based on the results of regression analysis in model 2, Taxation system (X1) has no effect on tax evasion behavior (Z), According to Siahaan's theory (2010) that the tax collection system is one of the important elements that support the success of a country's tax collection. Because the system used uses a self-assessment system where WP itself deposits, calculates and pays so that if this system can make it easier for WP it will reduce WP's intention to evade taxes. When taxpayers feel that the tax system and administration are difficult and insufficient in accommodating the interests of taxpayers, the taxpayer tends to avoid their tax obligations. However, the tax system in this study does not affect WP's intention to evade taxes. This is possible because taxpayer awareness is indeed high in accordance with the results of descriptive analysis which shows the average value of WP compliance in the sample is quite high. the results of this study are in line with research conducted by Nurfadila (2020) and Wahyuni & Sulindawati (2016) Where the tax system has no effect on tax evasion.

The Effect of Perceived Tax Fairness on Tax Evasion Behavior

Based on the results of regression analysis in model 2, Tax justice (X2) effect on tax evasion behavior (Z), This means that tax fairness can be felt by taxpayers, so taxpayers tend to reduce their intention to evade taxes. As the questionnaire stated that as many as 68% of respondents think the tax rate applied in Indonesia has met the income level of taxpayers, dominated by choices, agree that taxpayers already feel treated fairly so that taxpayers always file tax returns on time. And the current tax rate is high for high-income taxpayers which makes taxpayers willing to deposit taxes based on the actual amount of the real tax object. Questionnaire statements according to the perception of taxpayers as many as 60% of respondents think this can be concluded that fair tax treatment to taxpayers will reduce taxpayers' intentions to evade taxes, so that this tax evasion behavior can be minimized. This is in line with the theory put forward by Siahaan (2010) that the tax rate should correspond to the income or ability of the taxpayer and from the principle of legal philosophy that the distribution of the tax burden is equal or balanced. High fairness in the imposition and implementation of taxation will build public trust and encourage taxpayers to fulfill their obligations (Ningsih & Pusposari, 2016). This research is supported by Faradiza's research (2018) which shows that fairness affects taxpayers' perceptions of tax evasion ethics.

The Effect of Tax Compliance on Tax Evasion Behavior

Based on the results of regression analysis in model 2, tax compliance (Y) effect on tax evasion behavior (Z) This hypothesis is accepted because The awareness of WPs to register, deposit, pay will affect WP's intention to evade taxes. The more compliant the WP, the lower the tax evasion rate. As the questionnaire stated that the majority of 83% of respondents agreed that WP has no tax arrears where WP's compliance in paying taxes can affect WP's intention to file tax

returns on time, which is an indication that there is no WP's intention to evade taxes. The compliance of the WP to calculate its tax burden correctly and correctly can also affect the WP's intention to report the truth on all WP objects. Meanwhile, according to Mardiasmo (2009), taxpayers are not considered tax evasion perpetrators if they submit tax returns correctly, meaning that there is a very close influence between tax compliance and taxpayers' intentions to evade taxes. Supported by previous research researched by Rossje and Ancilla (2019) that tax compliance has a positive effect on tax evasion and Mukharoroh (2014) which reveals that taxpayers have awareness in carrying out their tax obligations without the need to be preceded by inspection, investment, and remembrance and threats as well as administrative sanctions.

The Role of Tax Compliance Mediation on the Effect of Tax System Perception and Tax Fairness on Tax Evasion Behavior

From the results of the path analysis, tax compliance is a mediating variable of the influence of perceptions of the tax system and tax fairness on tax evasion behavior. A tax system that is easy to understand and not complicated, will make WP compliant in carrying out its tax obligations. Because tax compliance is closely related to tax evasion behavior, tax compliance can mediate the perception of the tax system with tax evasion behavior. As the questionnaire statement according to WP's perception as much as 70% that WP already considers the tax system at KPP Pratama Karawang Utara simple so that it can facilitate WP in carrying out tax administration where the convenience of this system tends to make WP compliant to report back SPT and reduce WP's intention to report all tax objects not in accordance with the truth. Because taxpayers who work as civil servants can easily understand the tax system so they tend to obey and reduce WP's intention to evade taxes. "The self-assessment system requires active participation from the community and more supervision from the government so that the tax collection is carried out properly". This system will be actively applied in a State when the conditions of voluntary obedience that exist in the community have been established. This research is in line with the research of Yulianti Dewi and Lely Aryani (2017) that the tax system influences tax evasion and research by Rossje & Ancilla (2019) that tax compliance has an effect on

Treatment of taxpayers who are considered fair, will make taxpayers comply with all provisions of tax regulations, where this compliance tends to reduce WP's intention to evade taxes. As stated by the questionnaire, according to the perception of WP as much as 81% that the tax rate applied in Indonesia has met the level of income of taxpayers, which tends to make taxpayers compliant in reporting back their tax returns. The importance of taxes is attached to fairness as a variable that can affect tax compliance behavior in society. Therefore, tax compliance is closely related to tax evasion. This research is supported by Yesi et al that the perception of tax fairness affects the intention to behave non-compliantly and research by Rossje & Ancilla (2019) that tax compliance has a positive effect on tax evasion.

CONCLUSION

The conclusions of the results of this study are as follows:

1. The perception of the tax system does not have a direct effect on tax evasion behavior. This hypothesis was rejected because maybe the sample I examined was still small, and only examined on one KPP where the KPP taxpayers were mostly private employees who were still laymen using a system that was considered still complicated, and because the tax burden was directly deducted by the company so as to reduce WP's intention to evade taxes.
2. The perception of tax fairness has a direct effect on tax evasion behavior. This fairness of tax treatment has been felt by taxpayers, thereby reducing taxpayers' intention to evade taxes.

3. The perception of tax compliance has a direct effect on tax evasion behavior. This shows that there is awareness of taxpayers to register, deposit, report and pay so as to reduce the intention of taxpayers to evade taxes. Because the more compliant the taxpayer is, the lower the level of tax evasion behavior.
4. The perception of the tax system has an indirect effect through tax compliance with tax evasion behavior. This shows that the ease of the tax system, uncomplicated procedures or adequate technology will make taxpayers compliant to carry out their tax obligations, because it is considered not difficult for taxpayers. So that this compliance can reduce the intention of taxpayers to evade taxes. So the compliance of taxpayers can mediate tax system variables with tax evasion behavior.
5. The perception of tax fairness has an indirect effect through tax compliance with tax evasion behavior. This shows that fairness based on the Law and its implementation will make taxpayers more compliant with all provisions of tax regulations, so that this compliance reduces the taxpayer's intention to evade taxes. So the compliance of this taxpayer can mediate tax justice variables with tax evasion behavior.

SUGGESTION

For future research, it is expected to continue to consider tax fairness as a variable in research because tax fairness is very important to minimize tax evasion behavior. In addition, it is recommended to develop this research by adding other variables such as tax sanctions variables, fraud detection, understanding taxation in tax evasion behavior research and using other testing methods. The background of respondents from several KPPs is also suggested, for example, KPPs in areas where most are entrepreneurs or work in other fields apart from office employees.

BIBLIOGRAPHY

- Aryobimo, P. T., & Cahyonowati, N. (2012). The Effect of Taxpayer Perception of Fiscus Service Quality on Taxpayer Compliance with Taxpayer Financial Condition and Risk Preference as a Moderating Variable (Empirical Study of Individual Taxpayers in Semarang City). *Diponegoro Journal of Accounting*, 1(1), 759–770.
- Dewi, N. K. T. J., & Merkusiwati, N. K. L. A. (2017). FACTORS INFLUENCING TAXPAYERS' PERCEPTIONS REGARDING ETHICS OVER TAX EVASION Faculty of Economics and Business Udayana University (Unud), Bali, Indonesia Faculty of Economics and Business Unvers. *E-Journal of Accounting Udayana University*, 18, 1–31.
- Faradiza, S. A. (2018). Perceptions of Fairness, the Tax System and Discrimination Against the Ethics of Tax Evasion. *Accountability*, 11(1), 53–74. <https://doi.org/10.15408/akt.v11i1.8820>
- Hakam, M., Sudarno, & Hoyyi, A. (2015). Track analysis of factors affecting the Grade Point Average (GPA) of Undip Statistics students. *Gaussian Journal*, 4(1), 61–70.
- Indriyani, M., Nurlaela, S., & Wahyuningsih, E. M. (2016). The Effect of Fairness, Tax System, Discrimination and the Possibility of Fraud Detection on Individual Taxpayers' Perceptions of Tax Evasion Behavior. *Proceedings of the IENACO National Seminar*.
- Kurniawati, M., & Toly, A. A. (2014). Analysis of tax fairness, compliance costs, and tax rates on taxpayer perceptions regarding tax evasion in West Surabaya. *Tax & Accounting Review*.
- Mardiasmo. (2018). Taxation Revised Edition 2018. In Andi Publishers.
- Mukharoroh, A. H. (2014). Analysis of Factors Influencing Taxpayers' Perceptions of Tax Evasion (Empirical Study on Personal Taxpayers in Semarang City). *Thesis (Semarang: Diponegoro University)*.

- Ningsih, D. N. C., & Pusposari, D. (2016). Determinants of Perceptions of Ethics on Tax Evasion (Study on Students of the Department of Accounting, Faculty of Economics and Business, Universitas Brawijaya). *Journal of Accounting, FEB, Universitas Brawijaya*.
- Nugroho, R. A. (2012). FACTORS AFFECTING THE WILLINGNESS TO PAY TAXES WITH AWARENESS OF PAYING TAXES AS AN INTERVENING VARIABLE (Case Study of Individual Taxpayers Doing Free Work Registered at KPP Pratama Semarang Tengah Satu). *Diponegoro Journal of Accounting*, 1(1), 150–160.
- Nurfadila. (2020). The Effect of Justice, Tax System, Service Quality, and Fraud Detection on Tax Evasion at the Makassar Intermediate Tax Service Office. *Celebes Equilibrium Journal*, 1(2), 44–53.
- Putri, H. (2017). The Effect of Tax System, Discrimination, Compliance and Tax Knowledge on Taxpayer Perceptions of Tax Evasion Ethics. *JOM Fekon*, 4(1).
- Rachmadi, W., & Zulaikha. (2014). Factors influencing individual taxpayers' perceptions of tax evasion behavior. *Diponegoro Journal of Accounting*, 3(2), 1–9.
- Rahman. (2013). *The effect of justice, tax system, discrimination, and the possibility of fraud detection on taxpayers' perceptions of tax evasion ethics*. UIUN Syarif Hidayatullah.
- Sekaran, U. (2006). *Business Research Methods*. Jakarta: Salemba Empat.
- Siahaan, M. P. (2010). *Elementary Tax Law*. Yogyakarta: Graha Ilmu.
- Suminarsasi, W., & Supriyadi. (2012). The Effect of Justice, Tax System, and Discrimination on Taxpayer Perceptions of Tax Evasion Ethics. *Multiparadigm Lecture2*.
- Suryaputri, R. V., & Averti, A. R. (2019). The effect of tax justice, tax system, tax discrimination, taxpayer compliance with tax evasion. *Trisakti Journal of Accounting*, 5(1), 109. <https://doi.org/10.25105/jat.v5i1.4851>
- Wahyuni and Sulindawati. (2016). The Effect of Justice, Tax System, Discrimination, and Compliance Costs on Taxpayer Perceptions of Tax Evasion Ethics at Kpp Pratama Singaraja. *TALIAT (Scientific Journal of SI Accounting Students)*, 6(3), 1–11.
- Waluyo. (2007). *Indonesian Taxation: Discussion in accordance with the Provisions of Tax Legislation and the Latest Tax Implementation Rules*. Jakarta: Salemba Empat.
- Yusmarwandi. (2014). *The effect of possible detection of fraud, fairness of the tax system and personal propensity towards tax evasion*. Syiah Kuala Darussalam University.