The Influence Of Cultural And Religious Dimensions On Tax Fraud

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Article Info:	Abstract
	Culture and religion shape people's attitudes in their daily activities. However, there are also many violations of attitudes committed by some groups of society, including tax fraud. Based on this phenomenon, this study aims to analyze and obtain empirical evidence about the influence of cultural dimensions (power distance, individualism, uncertainty avoidance, masculinity) and religiosity on the level of tax fraud. The population of this study is an individual taxpayer registered at KPP Pratama Makassar Utara. The sampling technique used was identical sampling. Of the 100 questionnaires distributed, 100 respondents participated. The regression analysis results show that power distance, uncertainty avoidance, and masculinity positively affect tax fraud, but high religiosity hurts tax fraud. The results showed that individualism had no impact on the level of tax fraud.

Abstrak

Budaya dan keagamaan membentuk sikap seseorang dalam aktifitas kesehariannya. Namun tak sedikit juga terjadinya pelanggaran sikap yang dilakukan oleh sebagian kelompok masyarakat termasuk kecurangan perpajakan. Melihat fenomena tersebut maka penelitian ini bertujuan untuk menganalisis dan memperoleh bukti empiris tentang pengaruh dimensi budaya (jarak kekuasaan, individualisme, penghindaran ketidakpastian, maskulinitas) dan religiusitas pada tingkat kecurangan pajak. Populasi penelitian ini adalah wajib pajak orang pribadi yang terdaftar di KPP Pratama Makassar Utara. Teknik pengambilan sampel yang digunakan adalah sampling identik. Dari 100 kuesioner yang didistribusikan, 100 responden berpartisipasi. Hasil analisis regresi menunjukkan jarak kekuasaan, penghindaran ketidakpastian dan maskulinitas memiliki efek positif pada penipuan pajak, tetapi religiusitas yang tinggi memiliki efek negatif pada penipuan pajak. Hasil penelitian menunjukkan individualisme tidak berpengaruh pada tingkat penipuan pajak.
Kata Kunci: *Culture; Power Distance; Masculinity; Individualism; Uncertainty Avoidance; Religiosity; Tax Fraud.*

INTRODUCTION

Tax fraud has become a severe concern in many developed countries, including developing countries such as Indonesia. The tax burden on the community will make taxpayers seek to minimize the tax burden in various ways (Sudirman & Muslim, 2018). Otto *et.al.* (2015) argues that if someone understands tax avoidance, it is likely that person will do tax planning. In 2016, tax fraud cases occurred involving a sugar and flour entrepreneur from Solo City with the initials SDH. In this case, SDH was suspected of being in arrears in taxes amounting to Rp 43.04 billion by way of reporting an incorrect SPT. SDH is charged under Law no. 19 of 2000

concerning Tax Collection by Force Letter. Subject to hostage sanction with a trial period of 6 months and can be extended until the tax payable is paid. (jateng.metrotvnews.com).

Society's culture is very influential in shaping a context and interpretations that can influence people's attitudes towards tax avoidance efforts. (Arsyad, 2003). Etymologically, the word culture tends to refer to the human mindset, a way of life that continues to develop in a group and is passed down from generation to generation. In a broad sense, culture is civilization. After all, it contains a complex meaning because it deals with aspects of knowledge, beliefs, moral arts, laws, customs, and other characteristics from members of society (Lannai, 2017).

Previous research has found how the cultural dimension can be related to tax avoidance through four cultural dimensions: Power distance, individualism, uncertainty avoidance, and masculinity (Hofstede 1980; Arsyad 2003)

The difference between this study and research (Hofstede 1980; Arsyad 2003) lies in the sample used and the course period. The variables used are also different from previous studies. This research was inspired by a study conducted by Basri, (2015) on the influence of cultural dimensions and religiosity on tax fraud. This study aims to analyze and examine the influence of cultural dimensions on power distance, uncertainty, masculinity, individualism, and religiosity on tax fraud.

LITERATURE REVIEW

Power distance focuses on the level of equality or inequality between people in a country. In a high power distance, power-holders are entitled to get special rights. In some countries, the tax system tends to be unfair and protects the highest power holders, resulting in differences in income. In this context, people tend to perceive the tax system as unfair and seek to avoid income taxes (Lonner, Berry, & Hofstede, 1980). Song & Yarbrough (1978) Found a negative relationship, between 75% of taxpayers claiming that the concept of justice is "ability-to-pay," which is more significantly related to tax fraud. In contrast, in low power distance countries, inequalities of power and wealth are not allowed to develop. The power distance indicated by the high level of power and wealth in certain circles causes people to commit tax evasion (Lonner et al., 1980).

H1 : The higher the level of power distance, the higher the rate of tax fraud

Individualism focuses on the degree to which a state strengthens individual or collective achievement and interpersonal relationships. In countries of high individualism, the same standards of values should apply to everyone (Hofstede, 1980). This means that rules and procedures are applied universally to ensure equity and consistency. Therefore, the tax systems in these countries tend to be evenly distributed and according to the principle of ability to pay because the tax laws apply to people in the same way. The distribution of the tax burden is quite spread (Trompenaars, 1998).

In this rule, people tend to comply with tax laws because they consider a fair tax system. On the other hand, in countries with low individualism, the traditional values differ for specific groups and outside groups. This means that flexibility in rules and procedures is encouraged in certain situations (Hampden-Turner & Trompenaars, 2011). The tax systems in these countries tend to be unfair and violate the principle of paying them because the tax laws apply to people in different ways, so the tax burden is spread unfairly (Surrey, 1985). In this environment, people tend to avoid income taxes because they perceive the tax system as unfair.

H2. the higher the level of individualism, the lower the level of tax fraud.

The tax systems in these countries tend to be complicated due to the need for many written tax laws and regulations to reduce uncertainty and ambiguity (Lonner et al., 1980). In this situation, people tend to consider complex tax systems and avoid income taxes. Richardson's research (2008) provides strong empirical evidence to show that tax complexity has a positive relationship with tax fraud. Countries with uncertainty and ambiguity tend to recognize the tax system as simple and do not comply with tax laws (Long & Swingen, 1988).
H3. The higher the level of avoidance uncertainty, the higher the level of tax fraud

Masculinity focuses on the extent to which a state reinforces men's traditional male role models of achievement, control, and power. In states of high masculinity, people strive for achievement in increasing ego, wealth, and recognition (Hofstede 1980). They are focused on pursuing material success in an unfair world. In contrast, in states of low masculinity, people strive for attainment in terms of quality of contact, life, and environment. They focus on caring for others, preserving the preservation of values, and usually see the world as merely a place that should offer a minimum quality of life for everyone (Hofstede, 2001). Husted (1999) claims that a focus on material success in states of high masculinity should lead to people's greater willingness to participate in corrupt transactions in pursuit of material success. He found a positive relationship between masculinity and corruption in countries. Thus, it is reasonable to theorize that an emphasis on material success in high masculinity countries should result in more significant revenues from tax evasion than in low-masculinity states, where more emphasis is placed on the quality of contact, life, and the environment (Hofstede, 2001).
H4. The higher the masculinity, the higher the tax fraud.

Religiosity is belief in God accompanied by a commitment to follow the principles that are believed (McDaniel & Burnett, 1990). Allport (1950) argued that religion is considered to have a unique role in individual life, including controlling individual behavior from unethical attitudes. Strong religious belief is expected to prevent illegal behavior through feelings of guilt, especially tax avoidance (Grasmick et al., 2013)
Religiosity has two different dimensions, namely extrinsic religiosity and intrinsic religiosity. Extrinsic religiosity is one's approach to religion and reflects one's motivation for social approval. In contrast, intrinsic religiosity refers to the reason which is based on inherent and religious tradition itself. Intrinsic religiosity shows a commitment and involvement of religiosity for spiritual goals that are more inherent in being committed to religious principles (Hafizhah, 2016)
H5. The higher the religiosity, the lower the tax fraud.

METHOD
The data used in this survey is quantitative, data collection using a questionnaire. This study uses primary data collected directly at KPP Pratama Makassar Utara. This study population is 100 individual taxpayers (WPOP) and has business activities and is registered at KPP Pratama Makassar Utara. The sampling technique uses the incidental sampling method, that is, anyone who happens to be encountered and is suitable as a data source.

This research method uses multiple linear regression, which is used to test the hypothesis using SPSS software. Data were analyzed through data quality tests consisting of validity tests, reliability tests, descriptive statistics, and classical assumptions, consisting of normality test, multicollinearity test, heteroscedasticity test, and hypothesis testing through

regression coefficient significance test, t-test, simultaneous test and determination coefficient test (Sugiyono, 2018).

RESULT AND DISCUSSION

Table 1. Descriptive Statistical Analysis

	N	Range	Minimum	Maximum	Mean	Std. Deviation
Power Distance	100	2.00	3.00	5.00	4.3240	.68801
Individualism	100	2.00	3.00	5.00	4.1025	.71870
Uncertainty Avoidance	100	2.00	3.00	5.00	4.3640	.67533
Masculinity	100	2.00	3.00	5.00	4.2820	.53793
Religiosity	100	2.40	2.60	5.00	4.1540	.67680
Tax Fraud	100	2.00	3.00	5.00	4.2750	.67933
Valid N (listwise)	100					

Source: Data processed, 2020

Table 2. Data Validity Test Results

Variable Instruments	Statement Items	r count	r table	Information
X1	JK1	.858**	0.196	Valid
	JK2	.876**	0.196	Valid
	JK3	.823**	0.196	Valid
	JK4	.841**	0.196	Valid
	JK5	.875**	0.196	Valid
X2	I1	.878**	0.196	Valid
	I2	.811**	0.196	Valid
	I3	.854**	0.196	Valid
	I4	.867**	0.196	Valid
X3	PK1	.842**	0.196	Valid
	PK2	.857**	0.196	Valid
	PK3	.844**	0.196	Valid
	PK4	.860**	0.196	Valid
	PK5	.867**	0.196	Valid
X4	M1	.824**	0.196	Valid
	M2	.687**	0.196	Valid
	M3	.814**	0.196	Valid
	M4	.764**	0.196	Valid
	M5	.628**	0.196	Valid
X5	R1	.829**	0.196	Valid
	R2	.832**	0.196	Valid
	R3	.874**	0.196	Valid
	R4	.828**	0.196	Valid
	R5	.794**	0.196	Valid
Y	KP1	.825**	0.196	Valid
	KP2	.858**	0.196	Valid
	KP3	.766**	0.196	Valid
	KP4	.787**	0.196	Valid

Source: Data processed, 2020

Based on table 1, data information is obtained, namely (N) is the amount of data tested, for the Power Distance variable has an average value of 4.32, a minimum value of 3.00 and a maximum value of 5.00 and a standard deviation of 0.68. The individualism variable with an

average value of 4.10, a minimum amount of 3.00, a maximum weight of 5.00, and a standard deviation of 0.71. Uncertainty avoidance variable with a mean value of 4.36, a minimum amount of 3.00, a maximum weight of 5.00, and a standard deviation of 0.67. Masculinity variable with an average amount of 4.28, a minimum amount of 3.00 and a maximum value of 5.00, and a variation of 0.53. Religiosity variable with an average value of 4.15, a minimum amount of 3.00, and a maximum weight of 5.00 and a standard deviation of 0.67. The tax fraud variable with an average amount of 4.27, a minimum amount of 3.00 and a maximum value of 5.00, and a standard deviation of 0.67.

An instrument is declared valid if the table correlation coefficient is at a significance level of 1% or 5%. To determine the validity of the question, then r count is compared with r_ (table) at α 0.05 in this study were 100 respondents, with r table = 0.196. If r count> r table, then the statement is valid. The results obtained in Table 2 from testing the validity of the research instrument show that all statement items in the questionnaire have an item-total correlation> 0.196. Based on these results, it can be concluded that all statement items in the questionnaire are valid.

A research instrument is declared reliable if the Cronbach's Alpha value is > 0.60. Table 3 shows that all instruments are declared reliable.

Table 3. Reliability Test Results

Variabel	Cronbach's Alpha	Explanation
X1	0.908	Reliable
X2	0.875	Reliable
X3	0.907	Reliable
X4	0.802	Reliable
X5	0.888	Reliable
Y	0.823	Reliable

Source: Data processed, 2020

Figure 1. Normality Test Results
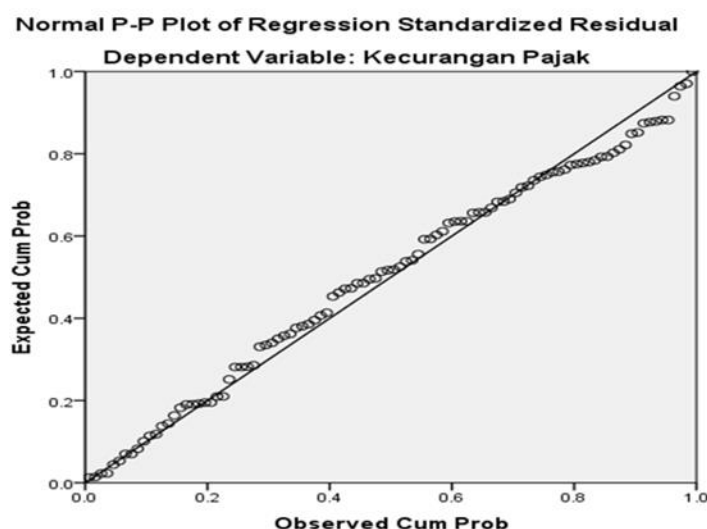
The normality test aims to test whether the regression model, confounding variables, or residuals have average residuals. The basis for the decision is if the data spread around the

diagonal line and follows the histogram graph's direction, it shows a normally distributed pattern so that the regression model meets the assumption of normality (Ghozali, 2016). Figure 1 shows the spread around the diagonal line and follows the direction of the histogram graph so that it can be concluded that all variables are normally distributed.

One way to detect the presence or absence of heteroscedasticity is by looking at the plot graph. To test whether there is heteroscedasticity by looking at the graph. If there is a specific pattern, such as the dots forming a specific regular pattern (wavy, widened, then narrowed), there has been a heteroscedasticity symptom. If there is a clear pattern, the dots spread above and below the 0 on the axis. Y, then there is no heteroscedasticity. The results of the heteroscedasticity test can be seen in the following Scatterplot image:

Figure 2. Heteroscedasticity Test
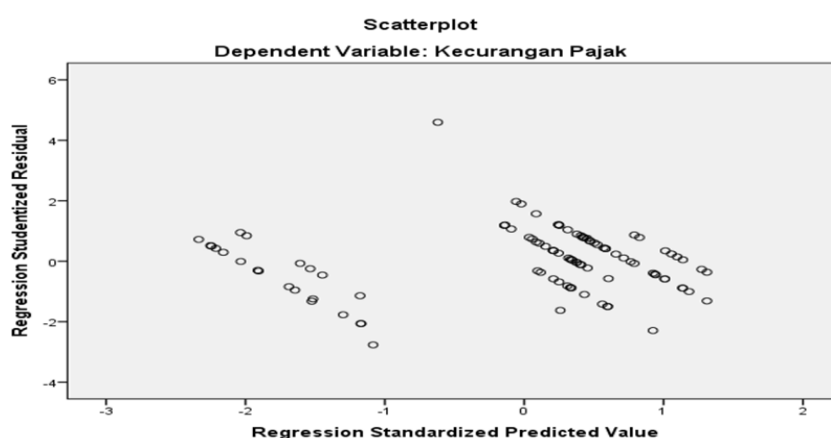
The results obtained in Figure 2 show that there is no specific pattern, and the points spread above and below the zero have a Y-axis, so it can be concluded that there is no heteroscedasticity.

Table 4. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	5.038	1.616		3.118	.002		
Power Distance	.432	.057	.547	7.628	.000	.312	3.202
Individualism	-.126	.055	-.133	-2.285	.025	.472	2.118
Uncertainty avoidance	.108	.041	.134	2.643	.010	.621	1.611
Masculinity	.213	.070	.210	3.021	.003	.331	3.018
Religiosity	-.102	.044	-.128	-2.348	.021	.544	1.837

Source: Data processed, 2020

A tolerance value that is not less than 0.10 indicates that there is no multicollinearity between the variables in the regression results. The first hypothesis Power distance variable has a positive effect on tax fraud. This shows that if the power distance variable increases by one point, while the other independent variables are considered constant 1, it will grow tax fraud by 0.432. This means that the higher the power distance, the higher the tax fraud level for individual taxpayers at KPP Pratama Makassar Utara. This means that (H1) is accepted so that it can be said that Power Distance has a positive and significant effect on Tax Fraud. The second hypothesis Individualism variable hurts tax fraud. This shows that if the Individualism variable increases by one point, while the other independent variables remain, it will decrease tax fraud by 0.126. which means individualism does not affect tax fraud. This means that (H2) is rejected, so it can be said that essence has a negative and significant effect on tax fraud.

The third hypothesis Uncertainty avoidance variable has a positive effect on tax fraud. This shows that if the power distance variable increases by one point, while the other independent variables are considered constant, it will grow tax fraud by 0.432. This means that (H3) is accepted so that it can be said that Uncertainty Avoidance has a positive and significant effect on Tax Fraud. The fourth hypothesis Masculinity variables have a positive effect on tax fraud. This shows that if the Masculinity variable increases by one point, while the other independent variables remain, it will increase tax fraud by 0.213. This means that (H4) is accepted so that it can be said that Masculinity has a positive and significant effect on Tax Fraud.

Table 5. Results of Multiple Regression Analysis
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	5.038	1.616		3.118	.002
	Power Distance	.432	.057	.547	7.628	.000
	Individualism	-.126	.055	-.133	-2.285	.025
	Uncertainty avoidance	.108	.041	.134	2.643	.010
	Masculinity	.213	.070	.210	3.021	.003
	Religiosity	-.102	.044	-.128	-2.348	.021

a. Dependent Variable: Tax Fraud
Source: Data processed, 2020

The fifth hypothesis The variable of religiosity hurts tax fraud. This shows that if the power distance variable increases by one point, while the other independent variables are considered constant, it will decrease tax fraud by 0.102. This means that H5 is rejected, so it can be said that individualism has a negative and significant effect on tax fraud.

DISCUSSION

Hypothesis test results show that the Power Distance variable has a positive and significant effect on Tax Fraud. This study is following the Theory of Planned Behavior (TPB) theory argued by Ajzen that behavior (action) arises because there is an intention to behave. This study indicates that culture is one of the external factors that influence a person's behavior, where if the distance of power is high in a country, it tends to an unfair tax system. This study's results are in line with Song & Yarbrough's (1978) research, which states that in low power

distance countries in these countries, wealth is almost evenly distributed with a fair tax system. This study's results align with Song & Yarbrough's (1978) research, which states that wealth is almost evenly distributed with a fair tax system in low power distance countries in these countries. This result means that a higher power distance will have an impact on the unequal wealth of society. People who feel unfair tend to commit tax fraud to avoid large expenses.

The results of hypothesis testing show evidence that the individualism variable has a negative effect on tax fraud. Individualism culture refers to the extent to which individuals are integrated into significant groups regarding ties in society. This research is following the Theory of Planned Behavior (TPB) theory, namely behavior control. A person who has subjective attitudes and norms that support specific actions will depend on the support of perceived behavior control. This study indicates that individualism does not affect tax fraud because, in Indonesia, the level of identity is high enough that the level of tax fraud in Indonesia is low, especially in KPP Pratama Makassar Utara. This research is in line with a study conducted by Yesi Mutia Basri (2015), which states that countries with high individualism with even procedures lead to low tax fraud. This shows that the essence felt by individual taxpayers (WPOP) does not affect their attitude.

The hypothesis testing results indicate that the uncertainty avoidance variable has a positive and significant effect on tax fraud. This study is following the Theory of Planned Behavior (TPB) theory argued by Ajzen that behavior (action) arises because there is an intention to behave. The cultural dimension includes uncertainty avoidance because culture is one of the external factors influencing a person's behavior. The high tax uncertainty indicates the high ambiguity that causes a higher tendency for people to commit tax fraud.

The hypothesis testing results indicate that the masculinity variable has a positive and significant effect on tax fraud. Masculinity focuses on the extent to which a State reinforces men's traditional masculine job role models of achievement, control, and power. Countries with a high level of masculinity tend to have selfish characteristics, increasing wealth to gain recognition. On the other hand, countries with low levels of masculinity always try to maintain life values. This research follows the theory Theory of Planned Behavior (TPB)argued by Ajzen that behavior (action) arises because there is an intention to behave. This study is in line with research conducted by Supporting Hofstede (1980) that in states of high masculinity, people strive for achievement in increasing ego, wealth, and recognition, and they focus on pursuing material success that causes a tendency to cheat as well. higher.

The results of hypothesis testing indicate that the religiosity variable hurts tax fraud. The results of hypothesis testing indicate that the religiosity variable hurts tax fraud. This research is in line with a study conducted by Yesi Mutia Basri (2015), which states that religiosity hurts tax fraud for individual taxpayers registered at KPP Pratama Makassar Utara. These results indicate that a strong religious belief can prevent illegal behavior through feelings of guilt, especially in tax fraud. This research is also supported by research (Hafizhah, 2016), which states intrinsic religiosity refers to motivation based on inherent and religious tradition. Intrinsic religiosity shows a commitment and involvement of religiosity for spiritual goals inherent in being committed to religious principles.

CONCLUSION

This study concludes that power distance has a positive and significant effect on tax fraud. The higher the level of power distance, the higher the level of tax fraud in a country. Individualism hurts tax fraud. The higher the level of individualism, the lower the level of tax fraud in a country. Uncertainty avoidance has a positive and significant effect on tax fraud. The

higher the level of uncertainty avoidance, the higher the level of tax fraud in a country. Masculinity has a positive and significant effect on tax fraud. The higher the masculinity, the higher the tax fraud in a country. Religiosity hurts tax collections—the higher the religiosity, the lower the tax fraud in a country.

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