The Influences of the Tax System, Tax Rate, Tax Audit and Tax Discrimination on Tax Evasion by Body Taxpayer

ALLITA PRISANTAMA*
MUQODIM
Universitas Islam Indonesia

Abstract: The objective of this research is to analyze the influence of the tax system, tax rate, tax audit and tax discrimination on tax evasion. This survey research is using the questionnaire as an instrument. The population in this research are all body taxpayers in the form of Incorporate Company or Commanditaire Vennootschap located in Yogyakarta Province. The research samples are selected using a random sampling method. Total of samples is 42 body taxpayers in Yogyakarta Province in the form of Incorporate Company and Commanditaire Vennootschap. The data is analyzed using multiple regression analysis with SPSS (Statistical Product and Service Solution) version 23. The result of hypothesis testing conclude that: (1) tax system variable has positive and significant effect toward tax evasion, (2) tax rate has negative and insignificant effect toward tax evasion, (3) tax audit has negative and insignificant effect to tax evasion and (4) tax discrimination has positive and significant effect to tax evasion.

Keywords: Tax Evasion, Tax System, Tax Audit, Tax Discrimination

Abstrak: Tujuan dari penelitian ini adalah untuk menganalisis pengaruh sistem perpajakan, tarif pajak, pemeriksaan pajak, dan diskriminasi pajak terhadap penggelapan pajak. Penelitian ini menggunakan kuesioner sebagai instrumen. Populasi dalam penelitian ini adalah seluruh wajib pajak badan dalam bentuk Perseroan Terbatas (PT) atau Commanditaire Vennootschap (CV) yang berada di Provinsi Yogyakarta. Sampel penelitian dipilih dengan menggunakan metode random sampling. Total sampel dalam penelitian ini adalah sebanyak 42 wajib pajak badan di Provinsi Yogyakarta dalam bentuk Perseroan Terbatas (PT) dan Commanditaire Vennootschap (CV). Data dianalisis menggunakan analisis regresi berganda dengan software SPSS (Statistical Product and Service Solution) versi 23. Dari hasil pengujian hipotesis dapat disimpulkan bahwa: (1) variabel sistem perpajakan berpengaruh positif dan signifikan terhadap penggelapan pajak, (2) variabel tarif pajak berpengaruh negatif dan tidak signifikan terhadap penggelapan pajak, (3) variabel pemeriksaan pajak berpengaruh negatif dan tidak signifikan terhadap penggelapan pajak, dan (4) variabel diskriminasi pajak berpengaruh positif dan signifikan terhadap penggelapan pajak.

* Corresponding author: muqodim@uii.ac.id
1. Introduction

The economic system in a country, especially in developing countries, like Indonesia, cannot be separated from a macroeconomic policy that is done by the state (Ardyaksa & Kiswanto, 2014). It is undeniable that a country biggest income is from taxes. According to Soemitro (1992) cited in Suminarsasi & Supriyadi (2012), the tax is an obligatory contribution for all of the people that must be paid for the state treasury based on the regulation. It can be forced and without recompense directly and it can be used to fund the state expenditure (Ardyaksa & Kiswanto, 2014). According to Sunarto (2003) cited in Ardyaksa & Kiswanto (2014), the tax is a contribution that must be paid by the taxpayer to increase the country revenue, so that the state can run its activities and it is mandatory because it has been set in the regulation.

In Indonesia, the role of taxes in the state budget (APBN) has increased from year to year. It makes tax as a backbone of the country and has an important role in national development. Otherwise, in reality, the realization of tax revenue in recent years is not in line with the predetermined targets (Ardian & Pratomo, 2013). Many taxpayers feel aggrieved if they were obliged to pay taxes because they would not receive any compensation from the state. It is the reason why taxpayer commits tax evasion. Tax evasion is an act to relieve or even eliminate the tax burden to its illegality (Mardiasmo, 2009 cited in Ardyaksa & Kiswanto, 2014).

There are many cases of tax evasion. According to Panggabean (2013) in liputan6.com, the Section Head of Tax Office on West Jakarta, Sarah Lallo, did the tax evasion. She did not pay the tax from 2003 and 2004. She also did fraud by receiving fees from PT Mutiara Virgo on condition that Sarah is reducing taxes PT Mutiara Virgo. According to Ariyanti (2013) in liputan6.com, tax evasion also occurs in Riau, in the same year. The perpetrator, the trader of electronic appliances, did the tax evasion by filling tax return incorrectly. According to this case, we can see that the tax
system in Indonesia is still less strict because there are still many taxpayers who did tax evasion. This means that the tax system in Indonesia should be repaired to reduce the tax evasion.

According to Iqbal (2016) in RMLO.co, nowadays, many businessmen complain regarding the different treatment of sales tax refunds. According to Supriatna Suhala, Executive Director of Asosiasi Pertambangan Batubara Indonesia (APBI), discrimination can impact business uncertainty. The company that has Perjanjian Karya Pengusahaan Pertambangan Batubara (PKP2B) third generation, demanding the same treatment from the Directorate General of Taxation on the mechanism refunds of value-added tax (VAT). There is a third generation of coal mining company in the same business group, but the restitution is different from one to another. According to this case, it can be concluded that in Indonesia there are still many cases of tax discrimination.

The number of cases of tax evasion results in people not to implement the tax obligation correctly according to the law. One of the motivations of a taxpayer who try to minimize the tax burden is caused by the existence of many cases in tax evasion, or in the other word, they are afraid that tax officials corrupt their money. Other causes of tax evasion that is the taxpayer are less aware of state obligation, less obedient to the rules and taxpayer feels what is paid does not suit to what they receive.

Several previous studies have conducted the issue of tax evasion. In outside Indonesia, similar researches were conducted by Miculescu (2015); Cebula (2014); Ibadin & Eiya (2013); Yalama & Gumus (2013); and Chiarini et al., (2013). Meanwhile, the researchers from Indonesia were conducted by Ardyaksa & Kiswanto (2014); Handayani & Cahyonowati (2014); and Ardian & Pratomo (2013). In general, this research show that tax evasion is affected by several factors. Related to the result of those previous studies, can be identified the factors that can influence the occurrence of tax evasion are tax system, tax rate, tax audit, and tax discrimination.

Based on the previous study, this research will investigate further the factors that influence taxpayer to do tax evasions such as tax system, tax rate, tax audit and tax discrimination.
Based on the description above, the researcher finds several research problem as follows:

1. Does the tax system influence the tax evasion?
2. Does the tax rate influence the tax evasion?
3. Does tax audit influence the tax evasion?
4. Does tax discrimination influence the tax evasion?

2. Theoretical Framework and Hypothesis Development

2.1. Theoretical Framework

2.1.1. Tax Evasion

Tax evasion is the failure to disclose the correct income that should be assessed either by misstatement of facts, falsification of figures, the filing of false returns or by misrepresentation of tax liabilities (Modugu & Omoye, 2014). Tax evasion is accomplished by a deliberate act of omission or commission which themselves constitutes criminal acts under the tax laws (Modugu & Omoye, 2014).

2.1.2. Tax System

The tax system is closely related to justice, meaning the tax system must be based on justice (Ardian & Pratomo, 2013). The tax system also should provide certainty to the taxpayer about the amount of the tax payable. There should be transparency to avoid abuses of the tax collector.

2.1.3. Tax Rate

The tax rate is the percentage for calculating the tax payable (Ardyaksa & Kiswanto, 2014). According to Ayu (2009) cited in Ardyaksa & Kiswanto (2014) tax rate is the percentage calculation that must be paid by the taxpayer.

2.1.4. Tax Audit

According to OECD (2006) cited in Modugu & Anyaduba (2014), a tax audit is an examination of whether a taxpayer has correctly assessed and reported
their tax liability and fulfilled other obligations. A tax audit is conducted to implement the provisions of the tax law and to detect possible fraud committed by the taxpayer (Ardian & Pratomo, 2013). In Article 29 paragraph (1) of General Provisions and Procedures of Taxation Law (UU KUP), it is stated that the Director General of Taxation is authorized to conduct an audit to verify compliance fulfillment of tax obligations and for other purposes to implement the provisions of the tax legislation. On the other hand, a tax audit is expected to influence the increase in tax revenue, both derived from the findings of the examination and also improvement of taxpayer compliance in the following years.

2.1.5. Tax Discrimination

Based on Law No. 39 Year 1999 about Concerning Human Rights, Article 1 clause (3), it said that discrimination means all limitations, affronts or ostracism, both direct and indirect, on the grounds of differences in religion, ethnicity, race, group, faction, social status, economic status, sex, language, or political belief, that results in the degradation, aberration, or eradication of recognition, execution, or application of human rights and basic freedoms in political, economic, legal, social, cultural, or any other aspects of life.

2.1.6. Deterrence Theory

According to Eassey & Boman (2015), deterrence theory is a theory associated with tax compliance. This theory is based on the paradigm of benefits. This theory describes a model that takes into account the costs and potential benefits to be derived from a chosen course of action. Legal sanction is the potential loss arising from illegal actions that have been carried out. One's perception of the rule of law will affect his/her commitment to the illegal action. Someone will try to avoid any potential losses as a result of actions in violation of the rules.
2.1.7. Motivation Theory

Motivation is a suggestion or encouragement that comes as a given by one person to another or themselves, the encouragement is intended for that person to be a better person than before (Sari, 2015). Motivation can also be interpreted as an act of a person. There are various terms used to refer to the word motivation, like need, urge, wish and drive. In line with Ardyaksa (2014) cited in Sari (2015), people will use the term of motivation that is defined as a condition of someone who encourages the desire of the individual to engage in certain activities to achieve the goal. Thus, it can be concluded that motivation is the driving force within the individual that drove them to act.

2.2. Hypothesis Formulation

2.2.1. Tax Evasion and Tax System

Related to the deterrence theory, the absence of justice in the application of tax penalties can improve taxpayer compliance. The taxpayer will avoid the behavior of tax evasion because it is unethical and has a high risk if known by the tax authorities. Tax sanctions will be a deterrent effect for offenders tax rules so that taxpayers would prevent that it is happening to adhere to all applicable tax laws.

The result of research by Handayani & Cahyonowati (2014); Ardian & Pratomo (2013); and Suminarsasi & Supriyadi (2012) stated that the tax system has a negative influence on tax evasion.

According to Ardian & Pratomo (2013) tax system should be transparent to avoid abuses of the tax collector. If the tax system is not transparent and unfair, the taxpayer that do tax evasion will be increased. It means that the better the tax system, the less taxpayer who do tax evasion, conversely, the worst the tax system, the more taxpayer who do tax evasion.

H1. Tax system negatively influences tax evasion.
2.2.2. Tax Evasion and Tax Rate

If connected with the motivation theory by Hilgard and Atkinson (1979) cited in Ardyaksa & Kiswanto (2014), the taxpayer will make its own assessment of motivation to the tax rates. If they feel the applicable tax rate is too high, it will be directly proportional to the level of tax evasion.

The result of the study by Ardyaksa & Kiswanto (2014); Modugu & Omoye (2014); and Yalama & Gumus (2013) stated that the tax rate has a positive influence on tax evasion.

According to Permatasari (2013) cited in Ardyaksa & Kiswanto (2014), if the tax rate is high, then the tax evasion will also be high. It means that the higher the tax rate, the more taxpayer who do tax evasion, conversely, the lower the tax system, the less taxpayer who do tax evasion.

**H2. Tax rate positively influences tax evasion.**

2.2.3. Tax Evasion and Tax Audit

Related to the deterrence theory, the tax audit can improve taxpayer compliance. The taxpayer will avoid the behavior of tax evasion because it is unethical and has a high risk if known by the tax authorities. Tax sanctions will be a deterrent effect for offenders tax rules so that taxpayers would prevent that it is happening to adhere to all applicable tax laws.

The result of the study by Yalama & Gumus (2013) and Ardian & Pratomo (2013) stated that tax audit has a negative influence on tax evasion.

Gemmell and Ratto (2012) cited in Yalama & Gumus (2013), investigated and concluded that audited taxpayers had reduced subsequent compliance. Based on research, the possibility of detected fraud against tax evasion showed any indication of negative values. When the taxpayer does fraud and considers that it can be detected, a taxpayer who does tax evasion will be decreased. It means that the more stringent a tax audit, the less taxpayer who do tax evasion, conversely, the less stringent a tax audit, the more taxpayer who do tax evasion.

**H3. Tax audit negatively influences tax evasion.**
2.2.4. Tax Evasion and Tax Discrimination

Related to the motivation theory, this theory is very relevant to explain the behavior of the taxpayer because each taxpayer has motivation in fulfilling their tax obligations. The motivation that encourages tax compliance in meeting the intensity of taxpayers in filing a tax return to the Tax Office. This theory could also underlie whether the tax authorities do have an incentive to provide good service or vice versa. So, if the tax authorities do the tax discrimination, taxpayer have the motivation to do tax evasion.

The result from Suminarsasi & Supriyadi (2012) stated that tax discrimination has a positive influence on tax evasion. It means that the higher rate of tax discrimination, the more taxpayer who do tax evasion, conversely, the lower rate of tax discrimination, the less taxpayer who do tax evasion.

**H4. Tax discrimination positively influences tax evasion.**

2.3. Research Model

The research model of this research can be seen as follow:

Figure 1.

Research Model

3. Research Method

3.1. Population and Sample

The population in this study are all body taxpayers located in Yogyakarta province (Incorporate Company or Commanditaire Vennootschap), and the unit analysis of
this study is a group. According to Roscoe (1975) cited in Sekaran (2003), there are rules of thumb for determining sample size in multivariate research (including multiple regression analysis), the sample size should be several times (preferably 10 times or more) as large as the number of variables in the research. Thus, the sample used in this study is about 60 body taxpayers located in Yogyakarta. The respondents will be the person who works as a financial manager or finance director. The sampling method in this study is using a random sampling method.

3.2. Research Variable

In this research, there are one dependent variable and four independent variables that will be observed. The dependent variable is tax evasion, whereas the independent variables are the tax system, tax rate, tax audit, and tax discrimination. This research is conducted by distributing questionnaires. The questionnaire in this study is measured using an interval scale with four possible answers, namely Strongly Disagree (SD) are given a value of 1, Disagree (D) are given a value of 2, Agree (A) are given a value of 3 and Strongly Agree (SA) are given a value of 4.

3.2.1. Tax Evasion

The questionnaire for this variable is measured using an interval scale and consists of three questions. The three questions are adopted from Tanaja (2015) and Sari (2015).

3.2.2. Tax System

The questionnaire for this variable is measured using an interval scale and consists of four questions. The four questions are adopted from Tanaja (2015).

3.2.3. Tax Rate

The questionnaire for this variable is measured using an interval scale and consists of five questions. The five questions are adopted from Fad’aq (2013).

3.2.4. Tax Audit

The questionnaire for this variable is measured using an interval scale and consists of four questions. The four questions are adopted from Fad’aq (2013).
3.2.5. Tax Discrimination

The questionnaire for this variable is measured using an interval scale and consists of four questions. The four questions are adopted from Tanaja (2015) and Sari (2015).

3.3. Analytical Techniques

3.3.1. Validity Test and Reliability Test

Validity test is used to measure whether the questionnaire is valid or not. A questionnaire is considered valid if the questions in the questionnaire were able to reveal something that will be measured by the questionnaire (Ghozali, 2013).

Reliability test is a tool to measure a questionnaire that used as an indicator of the variable. A questionnaire is said to be reliable if someone answering the statement is consistent or stable over time, and the answer should not be random because each question is going to measure the same thing (Ghozali, 2013).

3.3.2. Classical Assumption

Classical assumptions test is used to determine whether the data to be used in the study is free from classical assumption or not. Classical assumption test consists of a normality test, multicollinearity test, and heteroscedasticity test.

3.3.2.1. Normality Test

Normality test aims to test whether there is a confounding variable or residual variable that has a normal distribution in the regression model (Ghozali, 2013). Statistical tests that can be done to test the normality is by seeing the value of kurtosis of the residual. Z-statistic value for the kurtosis can be calculated by the formula as follow:

\[
Z_{\text{kurtosis}} = \frac{\text{Kurtosis}}{\sqrt{\frac{24}{N}}}
\]
3.3.2.2. **Multi-collinearity Test**

The multicollinearity test aims to test whether there is a correlation between the independent variables in the regression model (Ghozali, 2013). How to detect the presence or absence of multicollinearity in the regression model can be seen from the value of tolerance and variance inflation factor (VIF).

3.3.2.3. **Heteroscedasticity Test**

Heteroscedasticity test aims to test whether there is inequality variance from residual of one observation to another observation in the regression model (Ghozali, 2013). How to detect the presence or absence of heteroscedasticity in this research is by using Glejser test.

3.3.3. **Multiple Regression**

Multiple regression analysis was used to know the influence of independent variables on the dependent variable. The equation of multiple regression can be formulated as follows:

\[
\text{TE} = \alpha - \beta_{TS} + \beta_{TR} - \beta_{TA} + \beta_{TD} + \varepsilon
\]

TE means tax evasion, while TS, TR, TA, and TD is the independent variables which are tax system, tax rate, tax audit, and tax discrimination. Then, \( \alpha \) means constant, \( \beta \) means coefficient regression and \( \varepsilon \) means residual error.

3.3.4. **Hypothesis Testing**

3.3.4.1. **The coefficient of Determination (R}^2\)

The coefficient of determination (R}^2\) essentially measures how far the ability of the model to explain variations independent variable (Ghozali, 2013).

3.3.4.2. **Simultaneous Regression Test (F Test)**

Simultaneous regression test (F test) is a test used to determine whether there is influence shared between the independent variables on the dependent variables (Ghozali, 2013).
3.3.4.3. Partial Regression Test (T-Test)

Partial regression test (t-test) is a test used to determine whether there is an effect of partially between each independent variables on the dependent variable (Ghozali, 2013).

4. Results

4.1. Validity Test and Reliability Test

Table 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Question</th>
<th>R count</th>
<th>R table</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax System</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>0.849</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>0.858</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>0.787</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>0.340</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td><strong>Tax Rate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>0.777</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>0.796</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>0.794</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>0.753</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>0.807</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td><strong>Tax Audit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>0.627</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>0.782</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>0.823</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>0.696</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td><strong>Tax Discrimination</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>0.524</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>0.815</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>0.722</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>0.823</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td><strong>Tax Evasion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>0.903</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>0.864</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>0.810</td>
<td>0.257</td>
<td>Valid</td>
<td></td>
</tr>
</tbody>
</table>

Validity test is done by comparing the value of r count and r table. In this research, the r table is 0.257 because the degree of freedom is 40 and the value of alpha is 0.05. If r count \( \geq \) r table and has positive value, so the indicator is valid. Conversely, if r count < r table, it means the indicator is invalid (Ghozali, 2013). Based on table 1, it can be seen that the validity test of all variables results in r count which is higher than r table and has a positive value. So, the data is suitable to be a measuring tool in this research.
Table 2.
Reliability Test Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax System</td>
<td>0.710</td>
<td>Reliable</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>0.843</td>
<td>Reliable</td>
</tr>
<tr>
<td>Tax Audit</td>
<td>0.712</td>
<td>Reliable</td>
</tr>
<tr>
<td>Tax Discrimination</td>
<td>0.707</td>
<td>Reliable</td>
</tr>
<tr>
<td>Tax Evasion</td>
<td>0.818</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

A variable is said to be reliable if the value of Cronbach Alpha > 0.70. If the value of Cronbach Alpha ≤ 0.70, so the variable is said to be not reliable (Ghozali, 2013). Based on the table 2., it can be seen that the consistency in the variable tax system (TS) is 0.710, tax rate (TR) is 0.843, tax audit (TA) is 0.712 and tax discrimination (TD) is 0.707. All the variables are reliable because all variables have Cronbach alpha value > 0.70.

4.2. Classical Assumption

4.2.1. Normality Test

If the value of Z count > Z table, then the distribution is not normal. Meanwhile, if the Z count < Z table, then the distribution is normal (Ghozali, 2013). Based on the result, it can be seen that all the value of Z count < Z table. Therefore, it can be concluded that the distribution of data is normal.

Table 3.
Normality Test Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Kurtosis</th>
<th>Z kurtosis</th>
<th>Z table</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax System</td>
<td>.479</td>
<td>0.63</td>
<td>1.96</td>
<td>Normal</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>.819</td>
<td>1.08</td>
<td>1.96</td>
<td>Normal</td>
</tr>
<tr>
<td>Tax Audit</td>
<td>-.007</td>
<td>-0.01</td>
<td>1.96</td>
<td>Normal</td>
</tr>
<tr>
<td>Tax Discrimination</td>
<td>-.785</td>
<td>-1.04</td>
<td>1.96</td>
<td>Normal</td>
</tr>
<tr>
<td>Tax Evasion</td>
<td>.061</td>
<td>0.08</td>
<td>1.96</td>
<td>Normal</td>
</tr>
</tbody>
</table>
4.2.2. **Multi-collinearity Test**

Table 4.

Multicollinearity Test Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax System</td>
<td>0.534</td>
<td>1.872</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>0.536</td>
<td>1.867</td>
</tr>
<tr>
<td>Tax Audit</td>
<td>0.550</td>
<td>1.817</td>
</tr>
<tr>
<td>Tax Discrimination</td>
<td>0.515</td>
<td>1.941</td>
</tr>
</tbody>
</table>

Based on table 4., it shows that there is no multi-collinearity in all of the independent variables that are used in the regression model. It can be seen from the tolerance value > 0.1 for the variable of the tax system, tax rate, tax audit and tax discrimination. While the value of VIF in all of the independent variable of the tax system, tax rate, tax audit and tax discrimination, is < 10.

4.2.3. **Heteroscedasticity Test**

Table 5.

Heteroscedasticity Test Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax System</td>
<td>0.385</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>0.576</td>
</tr>
<tr>
<td>Tax Audit</td>
<td>0.074</td>
</tr>
<tr>
<td>Tax Discrimination</td>
<td>0.487</td>
</tr>
</tbody>
</table>
Based on table 5, it can be seen that all the variables have P-value > 5%. So, it can be concluded that there are no symptoms of heteroscedasticity in regression models.

4.3. *Hypothesis Test*

4.3.1. *Multiple Regression Analysis*

Table 6.

Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-2.524</td>
<td>.763</td>
<td></td>
<td>-3.307</td>
</tr>
<tr>
<td>TS</td>
<td>.695</td>
<td>.085</td>
<td>.738</td>
<td>8.180</td>
</tr>
<tr>
<td>TR</td>
<td>-.050</td>
<td>.061</td>
<td>-.075</td>
<td>-.832</td>
</tr>
<tr>
<td>TA</td>
<td>-.051</td>
<td>.086</td>
<td>-.052</td>
<td>-.586</td>
</tr>
<tr>
<td>TD</td>
<td>.328</td>
<td>.078</td>
<td>.388</td>
<td>4.228</td>
</tr>
</tbody>
</table>

a. Dependent Variable: TE

Based on table 6, the equation of multiple regression can be written as follow:

\[
TE = -2.524 + 0.695 (TS) - 0.50 (TR) - 0.051 (TA) + 0.328 (TD) + \varepsilon
\]

Regression equation above shows that the tax system (TS) and tax discrimination (TD) have a positive coefficient. Meanwhile, the tax rate (TR) and tax audit (TA) have a negative coefficient. Based on this regression equation, it can be interpreted that the Constant value of -2.524 means that if tax system (TS), tax rate (TR), tax audit (TA) and tax discrimination (TD) are constant so that the value of tax evasion (TE) is -2.524. Tax system (TS) has a positive regression coefficient or slope (B) value of +0.695. It means that if TS increases in one point, the other independent variables are
constant so that TE will be increased by 0.695. Tax rate (TR) has a negative regression coefficient or slope (B) value of -0.050. It means that if TR decreases in one point, the other independent variables are constant so that TE will be increased by 0.050. Tax audit (TA) has a negative regression coefficient or slope (B) value of -0.051. It means that if TA decreases in one point, the other independent variables are constant so that TE will be increased by 0.051. Tax discrimination (TD) has a positive regression coefficient or slope (B) value of +0.328. It means that if TD increases in one point, the other independent variables are constant so that TE will be increased by 0.328.

4.3.2. Coefficient of Determination

Table 7.

Coefficient of Determination Result

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.916</td>
<td>.839</td>
<td>.822</td>
<td>.844</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), TD, TA, TR, TS
b. Dependent Variable: TE

Table 7. Shows the coefficient of determination ($R^2$) by considering the adjusted R square, it has a value of 0.822 or 82.2%. It shows that the independent variables used in the regression models (tax system, tax rate, tax audit, tax discrimination) can explain its influence toward tax evasion by 82.2%, while the influence of 17.8% is explained by other factors that are not used in this regression model research.

4.3.3. Simultaneous Regression Test

Table 8. Presented that the result of F count is 48.230 and p-value is 0.000. It can be seen that p-value is less than 0.05 (0.000 < 0.05). Therefore, it can be concluded that the tax system, tax rate, tax audit and tax discrimination simultaneously have a significant influence on tax evasion.
Table 8.
Simultaneous Regression Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>137.528</td>
<td>4</td>
<td>34.382</td>
<td>48.230</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>26.376</td>
<td>37</td>
<td>.713</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>163.905</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: TE
b. Predictors: (Constant), TD, TA, TR, TS

4.3.4. Partial Regression Test

Table 9.
Partial Regression Test Result

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>-2.524</td>
<td>.763</td>
<td></td>
</tr>
<tr>
<td>TS</td>
<td>.695</td>
<td>.085</td>
<td>.738</td>
</tr>
<tr>
<td>TR</td>
<td>-.050</td>
<td>.061</td>
<td>-.075</td>
</tr>
<tr>
<td>TA</td>
<td>-.051</td>
<td>.086</td>
<td>-.052</td>
</tr>
<tr>
<td>TD</td>
<td>.328</td>
<td>.078</td>
<td>.388</td>
</tr>
</tbody>
</table>

a. Dependent Variable: TE

Tax System

Based on the result of t-test in table 9. , TS variable has a positive effect on tax evasion. The coefficient of TS has value 0.695 with p-value is 0.000. It means hypothesis 1 that stated "Tax system negatively influences tax evasion" is rejected. The hypothesis is rejected not because of the p-value > 0.05, but the coefficient direction is opposite to the hypothesis direction.
**Tax Rate**

Based on the result of t-test in table 9, TR variable has a negative effect on tax evasion. The coefficient of TS has value 0.050 with p-value is 0.411 (0.411 > 0.05). It means hypothesis 2 that stated "Tax rate positively influences tax evasion" is rejected. The hypothesis is rejected because the coefficient direction is opposite to the hypothesis direction and the p-value > 0.05.

**Tax Audit**

Based on the result of t-test in table 9, TA variable has a negative effect on tax evasion. The coefficient of TS has value 0.051 with p-value is 0.562 (0.562 > 0.05). It means hypothesis 3 that stated "Tax audit negatively influences tax evasion" is rejected. Hypothesis is rejected because the p-value > 0.05.

**Tax Discrimination**

Based on the result of t-test in table 9, TD variable has a positive effect on tax evasion. The coefficient of TS has value 0.328 with p-value is 0.000. It means hypothesis 4 that stated "Tax discrimination positively influence on tax evasion" is accepted. So, it can be concluded that there is a positive effect of tax discrimination on tax evasion.

**4 Discussions**

The summary of hypothesis testing can be seen in table 10. As follow:

Table 10.

<table>
<thead>
<tr>
<th>H No</th>
<th>Variable</th>
<th>Hypothesis</th>
<th>Result</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Tax System</td>
<td>Tax system negatively influence on tax evasion</td>
<td>.695</td>
<td>.000</td>
</tr>
<tr>
<td>H2</td>
<td>Tax Rate</td>
<td>Tax rate positively influence on tax evasion</td>
<td>-</td>
<td>.050</td>
</tr>
<tr>
<td>H3</td>
<td>Tax Audit</td>
<td>Tax audit negatively influence on tax evasion</td>
<td>-</td>
<td>.051</td>
</tr>
<tr>
<td>H4</td>
<td>Tax Discrimination</td>
<td>Tax discrimination positively influence tax evasion</td>
<td>.328</td>
<td>.000</td>
</tr>
</tbody>
</table>
a. **Effect of the tax system (TS) to the tax evasion**

Based on the hypothesis testing of H1, it was found that the tax system (TS) has a significant positive influence on tax evasion (TE). It indicated that the taxpayer still does tax evasion even though the tax system is good because a good tax system is not enough to decrease tax evasion. It needs closer scrutiny of both taxpayer and tax collector. This opinion is reinforced by the results of respondents' answers to the statement in which the majority of respondents agreed that currently, the tax system is good, but there must be closer scrutiny of both taxpayer and tax collector. Besides, in the tax system, it also needs justice. Justice in tax system triggers the taxpayer to commit tax evasion. It happens because the taxpayer thinks that the implementation of the tax system in Indonesia is unfair. Justice in the tax system is only fair in the legislation but not in practice. Thus, nowadays, the tax system in Indonesia is still in the transition era to be a better tax system. Actually, Director General of Taxation has tried to improve the tax system in Indonesia by creating a support system that is expected to facilitate taxpayer in paying and reporting their tax obligation. The support system is e-filing, e-SPT, e-NPWP, Dropbox and e-banking. This support system will make taxpayer easier to do all tax process. In fact, there are still many taxpayers who cannot use the system. So, it can cause an error or mistake in the filling of the form. The error or mistake can lead to unintentionally tax evasion. This result is in line with the previous studies conducted by Tanaja (2015) and Ardyaksa & Kiswanto (2014), which showed that the tax system has a positive and significant impact on tax evasion.

b. **Effect of tax rate (TR) to the tax evasion**

Based on the hypothesis testing of H2, it was found that tax rate (TR) has negative insignificance influence to tax evasion (TE). It indicated that the taxpayer still does tax evasion when there is an opportunity, even though the tax rate is low. This opinion is reinforced by the results of respondents' answers to the statement in which the majority of respondents did not agree that the decreasing tax rate influences the increase of ability to pay taxes. This result is in line with the previous study
conducted by Ardyaksa & Kiswanto (2014), which showed that the tax rate has a negative impact on tax evasion.

c. **Effect of tax audit (TA) to the tax evasion**

Based on the hypothesis testing of H3, it was found that tax audit (TA) has negative insignificance influence to tax evasion (TE). In Article 29 paragraph (1) of General Provisions and Procedures of Taxation Law (UU KUP), it is stated that the Director General of Taxation is authorized to conduct an audit to verify compliance fulfillment of tax obligations and for other purposes to implement the provisions of the tax legislation. On the other hand, a tax audit is expected to influence the increase in tax revenue, both derived from the findings of the examination and also improvement of taxpayer compliance in the following years. So, the more stringent tax audit, the less taxpayer who do tax evasion. This result is in line with the previous studies conducted by Yalama & Gumus (2013) and Ardian & Pratomo (2013), which showed that the tax audit has a negative impact on tax evasion.

d. **Effect of tax discrimination (TD) to the tax evasion**

Based on the hypothesis testing of H4, it was found that tax discrimination (TD) has a significant positive influence on tax evasion (TE). Based on Law No. 39 Year 1999 about Concerning Human Rights, Article 1 clause (3), it said that discrimination means all limitations, affronts or ostracism, both direct and indirect, on the grounds of differences in religion, ethnicity, race, group, faction, social status, economic status, sex, language, or political belief, that results in the degradation, aberration, or eradication of recognition, execution, or application of human rights and basic freedoms in political, economic, legal, social, cultural, or any other aspects of life. Discrimination in taxation is an action that causes taxpayers' unwillingness to fulfill their tax obligation. So, the higher rate of tax discrimination, the more taxpayer who do tax evasion. This result is in line with the previous study conducted by Suminarsasi & Supriyadi (2012), which showed that tax discrimination has a positive and significant impact on tax evasion.
5. Conclusion, Implication, and Limitation

5.1. Conclusion

Based on the data analysis, it can be concluded as follows: Hypothesis 1 that stated “Tax system negatively influences tax evasion” is rejected, not because of the p-value > 0.05, but the coefficient direction is opposite to the hypothesis direction. The significance value is 0.00, and the coefficient of TS is +0.695. So, the result shows that a good tax system is not enough to decrease tax evasion. It needs closer scrutiny of both taxpayer and tax collector and also needs justice in the tax system. The tax system in Indonesia causes it is still in the transition period to be a better tax system. Hypothesis 2 that stated "Tax rate positively influences tax evasion" is rejected, because the coefficient direction is opposite to the hypothesis direction and the p-value > 0.05. The significance value is 0.411, and the coefficient of TR is -0.050. It means that the tax rate does not influence tax evasion. The result shows that the higher tax rate, the less taxpayer who do tax evasion. It indicates that the taxpayer is still doing tax evasion when there is an opportunity, even though the tax rate is low.

Hypothesis 3 that stated "Tax audit negatively influences tax evasion" is rejected, because of the p-value > 0.05. The significance value is 0.562, and the coefficient of TA is -0.051. It means that tax audit does not influence tax evasion. The result shows that the more stringent tax audit, the more taxpayer who do tax evasion. Hypothesis 4 that stated "Tax discrimination positively influences tax evasion" is accepted. The significance value is 0.00, and the coefficient of TD is +0.328. It means that tax discrimination influences tax evasion. So, the result shows that the higher unequal treatment and unfair on taxation (tax discrimination), the more taxpayer who do tax evasion.

5.2. Research Implication

Based on the result, this research has various implications as follows: This research informs the factors that influence on tax evasion to academics and
researchers. For the government, this research can be used as one of the inputs to organize honest and fair government and also to make equal treatment on the tax system. Thus, there is no discrimination against taxation. This research also contributes to the tax practitioner, either the taxpayer, the tax authorities and government taxation legislators. This research suggests that matters relating to discrimination may be considered in making policies in taxation. Thus, the government can make the right policies, and the tax authorities can work better and be fairer. So, the taxpayer will not feel the loss in paying tax, the level of awareness to pay tax increases and tax revenue targets can be achieved.

5.3. Research Limitation

This research has some limitations; they are: It is difficult to get the respondents who are willing to fill the questionnaire. It is caused by some of they are busy, and there are only a few people who understand about taxation. Also, they objected to filling the questionnaires which are distributed directly since they feel it is not simple and the questionnaire can be missing. The results in this research show that only tax discrimination that has a significant influence on the tax evasion. It is caused by the tax system in Indonesia is still in the transition period to be a better tax system.

5.4. Recommendation

Based on the conclusions and limitations above, then the recommendations for future research as follows: To get more respondents and better response, the future researcher recommends to distribute the questionnaire directly to companies or respondents and also send it through email or online. If the future researcher wants to research the same topic with this research, it will be better than researching after five years of the implementation of e-filling. The reason is that after five years of implementation of e-filling, hopefully, the tax system in Indonesia will be better than it is now.
References


