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WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA

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Abstract

This study examines how taxpayer egoism affects the relationship between tax evasion intention and its determinants. Tax evasion intentions are assessed both as a composite variable and a latent variable. This study evaluates the direct relationship between attitude, subjective norm, & perceived behavioral control on tax evasion intentions. Furthermore, this study used taxpayer egoism as a mediating variable. All variables used are in accordance with the perspective of the Theory of Planned Behavior. This research uses Ordinary Least Square (OLS) using SPSS and Partial Least Square using smartPLS to examine the mediation between the independent variable and the dependent variable. The results showed that taxpayer egoism has a positive effect on tax evasion intentions. This result is consistent with OLS Results that show the positive effect of taxpayer egoism on tax evasion intention. The direct effect of all seven determinants of tax evasion intention on tax evasion intention is statistically significant. Moreover, all seven factors that determine the intention to engage in tax evasion have a statistically significant effect on tax evasion intention through the phenomenon of taxpayer egoism.

Keywords : *Attitude; Egoism; Perceived Behavioural Control; Subjective Norm; Tax Evasion Intention.*

Abstrak

Penelitian ini menguji pengaruh egoisme Wajib Pajak terhadap hubungan antara intensi penggelapan pajak (tax evasion) dan faktor-faktor yang mempengaruhinya. Intensi penggelapan pajak diukur menggunakan variabel komposit dan variabel laten. Penelitian ini menguji hubungan langsung antara sikap, norma subjektif, dan persepsi kontrol perilaku terhadap intensi penggelapan pajak. Selain itu, penelitian ini menggunakan egoisme Wajib Pajak sebagai variabel mediasi. Penelitian ini menggunakan pendekatan Theory of Planned Behavior. Penelitian ini menggunakan Ordinary Least Square (OLS) dengan SPSS dan Partial Least Square menggunakan smartPLS untuk menguji pengaruh mediasi antara variabel independen dan variabel dependen. Hasil penelitian menunjukkan bahwa egoisme Wajib Pajak memiliki pengaruh positif terhadap intensi

penggelapan pajak. Hasil ini konsisten dengan hasil OLS yang menunjukkan pengaruh positif egoisme Wajib Pajak terhadap intensi penggelapan pajak. Secara statistik terdapat pengaruh langsung dari ketujuh faktor-faktor penentu intensi penggelapan pajak terhadap intensi penggelapan pajak. Selanjutnya, ketujuh faktor yang menentukan intensi penggelapan pajak memiliki pengaruh tidak langsung terhadap intensi penggelapan pajak melalui egoisme Wajib Pajak.

Kata Kunci : Sikap; Egoisme; Kontrol Perilaku yang Dirasakan; Norma Subjektif; Intensitas Penggelapan Pajak.

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INTRODUCTION

Taxation is the compulsory financial payment that governments often impose in order to generate income for their activities, according to Law No. 7 of 2021 on the Harmonization of Tax Regulations. It involves the compulsory and non-reciprocal movement of money from the private sector to the public sector. Taxation is essential for implementing monetary and fiscal policy and serves as a powerful tool for promoting social fairness. It promotes the fair distribution of wealth and resources in society. However, there are those who do not willingly adhere to their tax responsibilities. Throughout history, there have been many cases where both corporations and people, regardless of their position or influence, have participated in fraudulent acts to avoid paying taxes. Tax evasion has become a major problem, leading some taxpayers to use complex international networks to engage in these illegal activities (Evertsson, 2016). In order to tackle this issue, governments utilize Double Tax Avoidance Agreements (DTAAs) and Tax Information Exchange Agreements (TIEAs) to differing levels of effectiveness (Kemme et al., 2017).

Tax evasion refers to the act of violating tax laws with the intention of evading the payment of the rightful amount of tax. It is important to differentiate tax evasion from tax avoidance, where taxpayers exploit tax laws and incentives to minimize their tax obligations. Tax evasion is considered illegal, while tax avoidance is within the boundaries of the law. Nevertheless, the distinction between tax evasion and tax avoidance has become increasingly ambiguous in recent years. People now view tax avoidance with diminishing acceptance, often considering it morally questionable and contradicting the intended legal framework. While there are ongoing debates surrounding tax avoidance, this study primarily focuses on tax evasion and the specific intention behind evading taxes.

Tax evasion results in significant tax revenues being depleted, often going unnoticed by governments (Gravelle, 2009). Complex tax systems like tax havens and outdated tax laws necessitate revisions, further exacerbating this issue. The impact of tax evasion is a global problem of significant magnitude (Gravelle, 2009). A very good example of that is the Panama Papers: a leak in 2015 published over 11 million files and 2.6 terabytes of data from several companies and wealthy people around the world. Yet this is one out of many leaks: Paradise Papers in 2017, Offshore Leaks in 2013,

Luxembourg Leaks in 2014, Swiss Leaks in 2015, and Wikileaks in 2010, among others, all equally show these practices of tax evasion to be indeed global in extent.

Further, a self-benefit ideology instills in the taxpayers no moral incapability for such acts related to evasion of tax because of the negative implications and consequences that are faced by society. In this connection, egocentric logics justify the acts of tax evasion for avoiding taxation altogether. A critical example can be seen in the Panama Papers and Pandora scandal. The Panama Papers and the Pandora scandal clearly showed that there was no claim to wrongdoing as well as the negative consequences on society. This event thereby raises concerns about the function of egoism as a lens through which to predict the fundamental motivations associated with tax evasion (Evertsson, 2016).

Normally, developing countries possess some particular characteristics such as large informal economy, many small firms, and low administrative capacity. Tanzi & Zee (2000) argued that the collection of appropriate and complete tax data is a particularly challenging task. Previous studies have shown that tax evasion occurs in these countries because of incomplete mechanisms of tax collection and the feeling in the masses that the government does not provide the services to them duly (McGee, 2006). According to Torgler (2005), the most significant factors that promote tax evasion in Latin America are high tax burden, lack of integrity, and corruption. The existing literature has also indicated that if the taxpayers of developing countries perceive their government's tax authorities as being fair and trust its representatives in public service and get quality service from them, they feel more obliged to pay their taxes out of free will (Tanzi & Zee, 2000; Torgler, 2005). Moreover, previous studies showed that high-income taxpayers are in a better position to evade payment of taxes than those in lower income categories, just because they have more ability to conceal their income (Pirttila, 1999).

In order to guarantee tax compliance, the Indonesian government has recently extended the deadline for tax reporting and implemented a new computerized system. In 2018, the Directorate General of Taxes (DGT) introduced the Core Tax System as a major digitalization effort to simplify and update the tax system. The completion of this project is expected to occur by 2024. As part of the response to the COVID-19 pandemic, the government introduced the single login program, facilitating the provision of services such as Click-Call-Counter (3C) and enabling taxpayers to file their annual tax returns remotely. Additionally, to accommodate the challenges posed by the crisis, the government granted an extra month for filing tax returns and extended the deadline for submitting the necessary documents by two months. Despite these measures, overall compliance with tax regulations has decreased due to the economic hardships caused by the pandemic.

The International Monetary Fund (IMF) argues that a tax ratio of 10% is insufficient to ensure the availability of funds for sustainable development. The IMF recommends a tax ratio of approximately 15% for countries to effectively pursue sustainable development. With this regard to the average in international perspective, DGT is planning to increase the current tax rate to 15%. In that respect, the current estimated tax-to-GDP ratio by DGT is at 10.4%, while the world average ratio stands at 13.5%. Compared with the neighbor countries in ASEAN, Indonesia lags behind: Thailand has 14.5%, the Philippines 14%, and Singapore 12.9%.

Previous studies indicate that Indonesians evade tax payments or transfer their income to tax havens as a result of the country's intricate tax system and ineffective tax administration (Alm, 2012; OECD, 2012; Safuan et al., 2022). Indonesia's significant

reliance on agriculture, little engagement in international trade, substantial presence of an informal economy, tax avoidance, and limited sources of tax income have all contributed to the country's low tax revenue or tax ratio (OECD, 2012).

The presence of a thriving shadow economy, also known as the underground economy, in Indonesia is identified as a prominent factor contributing to the failure in achieving the desired tax revenue targets and low tax ratio. According to Medina & Schneider (2018), the shadow economy encompasses all economic activities that remain hidden from official authorities due to monetary, regulatory, and institutional reasons. Medina & Schneider (2018) further explain that the monetary and regulatory reasons involve tax avoidance, evasion, and the non-payment of social security contributions. In a study by Samuda (2016) that examined the period of 2001–2013, the potential loss of tax revenue due to underground economy activities in Indonesia reached IDR 11,172.86 billion.

In terms of corruption, Indonesia currently has a Corruption Perception Index (CPI) score of 34/100, placing it in the 110th position out of 180 countries. The CPI score indicates the level of corruption, with higher scores implying greater corruption. In comparison, Indonesia's position in the CPI for 2022 has dropped to one-third of the most corrupt countries worldwide, which is significantly lower than the average CPI score of 45 for Asia-Pacific nations. With a score of 34, Indonesia finds itself on par with countries like Bosnia and Herzegovina, Gambia, Malawi, Nepal, and Sierra Leone. Within the Southeast Asia Region, Indonesia ranks seventh out of eleven countries, lagging behind neighboring nations such as Singapore, Malaysia, Timor Leste, Vietnam, and Thailand. Therefore, the objective of this research is to assess the tax evasion intentions of Indonesian taxpayers.

Egoism, characterized by an excessive focus on personal gain or satisfaction without considering the welfare of the community (Weigel et al., 1999), has the ability to influence one's inclination towards tax evasion (Kamleitner et al., 2012). Chan et al. (2000) suggest that individuals may engage in tax evasion in order to achieve personal benefits, regardless of the impact on society itself. To such a degree that they attribute an excessive value to money, egoistic individuals place their own well-being over the welfare of society (Korndörfer et al., 2014).

Prior research indicates that individuals with egoistic personalities play a significant role in the occurrence of tax evasion (Korndörfer et al., 2014). However, the existing literature fails to sufficiently address the potential mediating effect of egoism on the association between the intention to evade taxes and its determinants. Egoism, in and of itself, is a trait that is socially undesirable (Paulhus & Jones, 2015). It can lead to criminal behaviour when it becomes a catalyst for tax evasion. Although often disregarded, it is crucial to understand this connection, as legislators, academics, and tax experts need this information to improve tax operations. By gaining a more profound comprehension of this correlation, governments can improve tax administration and optimize tax income to facilitate development.

As highlighted in prior studies, the issue of tax evasion has been researched widely and yet, few attempts have been made in revealing the mediating role of egoism on the relationship between the decision to avoid taxes and its antecedents. Though it may be rather challenging to manage egoism, recognizing its impact, coupled with other components that form it, will go a long way in shaping tax policy from an educational, social, and political perspective. This is all the more important in developing countries where highly speculative modes of regulatory legislation may be fundamentally

susceptible to inefficiencies (Farazmand, 2023). Thus, little is known regarding the effectiveness of egoism as a mediator of the relationship between tax evasion intentions and its antecedents in developing nations. It is necessary to meet this research gap in knowledge by analyzing the role of egoism in a systematic manner in the relationship between intentions to participate in tax evasion and factors that determine it.

The main research question of this particular work will be; what factors may lead to a person engaging in tax evasion? The study focuses on exploring the variables like attitude, subjective norms, and perceived behavioral control as to whether they impact an individual's intentions to engage in tax evasion. Furthermore, the study also Has a mediating factor which is the taxpayer egoism. It is relevant to state that all the variables applied in the present investigation are in accordance with the Theory of Planned Behaviour.

LITERATURE REVIEW AND HYPOTHESIS

Theory of Planned Behavior

Numerous investigations utilize various hypotheses to clarify the motivations behind tax compliance and evasion. Several theories that have been proposed include the Prospect Theory (Kahneman & Tversky, 2012) and the Deterrence Theory (Traxler, 2014). Their main objective is to elucidate tax evasion in circumstances characterized by risk and ambiguity. In contrast, the Theory of Planned Behavior (Ajzen, 1985) provides broader predictions regarding intentions. This hypothesis focuses on the intentions of individuals to participate in particular activities rather than exclusively on risk and uncertainty. Previous research considers the theory of planned behavior to be the most effective in explaining the motivation behind tax compliance and, consequently, the intention to commit tax evasion (Taing & Chang, 2021).

The primary framework utilized in this study is the Theory of Planned Behaviour (Ajzen, 1985). According to this theory, an individual's behavior is a function of his intention, which in turn is susceptible to three important determinants, viz, attitude, subjective norm, and perceived behavioral control. Ajzen defines intention as the level of effort an individual intends to put forth or the extent to which they are motivated to engage in a specific behaviour.

Researchers widely utilize the Theory of Planned Behavior to examine tax avoidance, tax evasion, and tax compliance intentions. The implementation of this approach is based on current tax research by Bobek et al. (2007), Owusu et al. (2020) and Taing & Chang (2021). The significance of this theory lies in its proposition that the intention to participate in a given activity enhances the probability of its actual occurrence (Ajzen, 1985; Owusu et al., 2020). Therefore, the Theory of Planned Behavior provides useful insights for comprehending the intents to engage in tax evasion and illuminates the possible incidence of tax evasion or vice versa.

The Concept of Tax Evasion

Tax evasion and tax avoidance are frequently used interchangeably, but they have distinct meanings. Tax avoidance involves exploiting gaps in tax laws or using lawful methods to lower an individual's tax liabilities. While tax avoidance itself is not necessarily against the law, certain practices may be viewed as unethical or contradicting legal principles. It is important to note that not all forms of tax avoidance are practical or

advantageous in real-world scenarios. Nevertheless, there are legitimate strategies employed by both individuals and businesses to effectively minimize their tax burdens.

Tax evasion has consistently been unlawful and pertains to individuals or enterprises intentionally neglecting to disclose or record their tax obligations. This encompasses the existence of a “hidden economy” where individuals conceal their taxable revenue sources. Allingham & Sandmo (1972) were the first to investigate tax evasion behaviour. Allingham & Sandmo (1972) were the pioneers in studying tax evasion behavior. This study proposed that taxpayers would opt to engage in tax evasion if the benefits outweighed the expenses associated with evading taxes. According to Allingham and Sandmo's tax evasion model, a taxpayer can choose between two options: engaging in tax evasion or not avoiding taxes. If the tax authorities catch him evading taxes, the severity of the penalty they impose will determine his judgment. If he undergoes an audit or investigation by the tax authorities, he will be subject to a fine or penalty. If the tax rate exceeds the penalty rate, a rational economic agent aiming to maximize their predicted value will engage in tax evasion. Consequently, when the probability of detection is high and the penalties for non-compliance are significant, a small number of individuals will be able to evade taxes, leading to a rise in tax compliance. The concept suggests that either intensifying associated penalties or increasing administrative enforcement expenditure can reduce tax evasion and increase the likelihood of apprehending tax evaders. The tax rate's influence on tax evasion is ambiguous due to the conflicting impacts of income and substitution effects.

Several studies have identified numerous factors that explain why individuals engage in tax evasion. Torgler (2005) has mentioned reasons for tax evasion, including a substantial tax burden, dishonesty, and corruption. Furthermore, McGee (2006) identifies insufficient tax collection procedures and individuals' perception of no tax payment obligation due to the government's lack of reciprocity as factors contributing to tax evasion.

Richardson (2006) found that a variety of characteristics, including age, education, employment in the services sector, perceptions of fairness, and tax morale, influence tax evasion in 45 nations. Kafkalas et al. (2014) conducted a study which revealed that several factors, including income, tax rate, government efficacy (quality of government), and tax monitoring expenses, influence tax evasion in OECD countries. Enhancing tax morale, trust, and attitude towards tax compliance among the general populace will fundamentally reduce the prevalence of the informal economy and instances of tax evasion (Safuan et al., 2022). Furthermore, research has established a correlation between social practices and people's moral tendencies toward tax evasion (Bazart & Bonein, 2014; Pickhardt & Prinz, 2014). Therefore, several variables could impact individuals' behavior, leading to either adherence or non-adherence to tax payments.

Taxpayer Egoism

Egoism, as discussed in the study by Weigel et al. (1999), refers to an individual's excessive focus on their own advantage or pleasure, often disregarding the well-being of the community. According to Korndörfer et al. (2014), egoism can affect behavior related to tax evasion, including both the act of evading taxes and concealing such evasion. This aligns with the findings of Murphy (2004), who argues that taxpayers involved in tax avoidance cases make decisions based on the potential financial loss they may incur,

applying a rational choice model. Consequently, egoism plays a crucial role in shaping intentions to participate in tax evasion.

The theory of psychological egoism asserts that personal interests drive individuals' behavior and decision-making. This theory suggests that all motivations ultimately lead to selfish behavior. Psychological egoism posits that individuals who prioritize their own interests disregard potential societal or economic benefits. According to this theory, individuals inherently prioritize themselves and their own interests, resulting in egoistic behaviors (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion. McConnell (1978) described psychological egoism as a theory that asserts that individuals are inherently inclined to prioritize their own self-interests and concerns. This concept posits that individuals are psychologically predisposed to prioritize their own well-being and personal desires.

Hypothesis Development

The ethical frameworks of consequentialism and deontology firmly ground the contribution of egoism in reconciling the disparity between tax ethics and the motives behind tax evasion. Deontologists rigorously follow moral principles, such as "Thou shall not perpetrate murder," but consequentialists adopt a more permissive stance, driven by the conviction that the desired outcome justifies the methods used (Frecknall-Hughes et al., 2017). In essence, consequentialists consider killing justifiable if it benefits a bigger number of individuals (altruism) rather than a single individual (egoism). Multiple studies have demonstrated that moral principles have influence on the criminal act of tax evasion. Nevertheless, there has been limited consideration of whether a taxpayer's consequentialist or deontological worldview, embodied by egoism, acts as a mediator in this connection.

Several previous studies have indicated that an individual's moral beliefs have an impact on their intentions to evade taxes (Owusu et al., 2020; Richardson, 2006; Taing & Chang, 2021). Taxpayers with a stronger sense of morale are more likely to engage in behaviors that comply with tax regulations. Undoubtedly, taxpayers are willing to fulfill their tax obligations even when tax enforcement is weak, driven by their inherent motivation and belief that paying taxes is a duty (Cummings et al., 2009)

Additionally, research conducted by Majstorović and Petrović (2022) suggests that an individual's adherence to the ethic of egoism can affect their propensity for rationalizing corrupt actions. However, there has been limited investigation into whether taxpayers' consequentialist or deontological attitudes, represented by egoism, can act as mediators in this relationship (Kaulu, 2022). As a result, the following hypothesis is proposed:

H₁: Tax Morals Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

The willingness of taxpayer is dependent on taxpayers' attitude towards fair treatment by the tax office. As has been demonstrated above, prior works provide a number of ways to define tax fairness (Taing & Chang, 2021). As explained by Goetz (1978), horizontal equity is the concept of sharing a given tax burden in households within a specific group. According to Taing & Chang (2021), fairness can be classified

into three distinct categories: Distributive fairness is the fairness on the procedures of distribution of resources in an organization, procedural fairness involves fairness in the manner in which organizational resources are allocated and retributive fairness refers to fairness concerning punishments in organizations. The concept of 'distributive justice' holds to do with the fair distribution of costs and utilities at the time of tax payout. In tax administration, effective access to justice for procedural fairness means fairness in taking and recovering taxes from different categories of taxpayers. The aspect of retributive fairness deals with fairness of taxpayers when punitive force is used in activities like penalties and audits. In general, the taxpayers will be more willing to obey the tax laws if they comprehend that every individual in their circle of acquaintances should contribute taxes.

Tax fairness plays a crucial role in tax compliance behaviour (Sinnasamy et al., 2015; Slemrod, 2007). Additionally, Lin et al. (2017) highlight the potential impact of tax fairness on the intention to engage in tax evasion, specifically through egoism. Their findings suggest that organizations may exploit the concept of corporate social responsibility (CSR) as a means of masking their economic self-interest, potentially for the purpose of evading taxes. To delve deeper into this phenomenon, the following hypothesis is proposed:

H₂: Tax Fairness Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

In addition to considering the taxing authority's enforcement role, taxpayers must anticipate a fair fiscal exchange between the taxes they pay and the products and services provided by the government in order to willingly comply with tax obligations (Feld & Frey, 2007). This refers to the extent to which taxpayers' confidence in the government influences their tax compliance judgments. For instance, when taxpayers perceive efficient use of tax funds and transparent and accessible tax administration, their confidence in their government increases, leading to compliant behavior. Scholz & Lubell (1998) investigated the impact of trust in government in Australia, discovering a direct relationship between tax compliance and trust in government.

A significant determinant of individuals' compliance with tax rules is the level of trust in the government (Murphy, 2004). Alon & Hageman (2013) conducted a study that revealed a negative correlation between levels of corruption and tax compliance. In order to delve deeper into this connection, Abdulsalam et al. (2015) performed a cross-country study to examine the potential interaction between trust and power in affecting tax compliance. The study quantified trust using Transparency International's Corruption Perception Index (CPI), and assessed tax compliance by calculating the proportion of a nation's tax income on its Gross Domestic Product (GDP).

The results revealed that the combination of faith in authorities and the authority's power together contributed to the improvement of tax compliance. However, it is still the question open what role egoism can play in this relationship between trust in government and tax evasion intention. The following hypothesis is proposed:

H₃: Trust in Government Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

The power of authority refers to the government's capacity to ensure tax compliance, which is influenced by the manner in which the taxing authority employs coercive and lawful power in its interactions with citizens (Hartl et al., 2015; Kastlunger

et al., 2013). Becker (1968) defines the power of authority as the ability to use coercion, punishment, and prosecution to enforce tax compliance. Kastlunger et al. (2013) discovered that power has a favorable impact on the level of enforced compliance.

Taxpayers often aim to maximize their expected benefits by weighing the potential gains of avoiding taxes against the risks of getting caught (Chan et al., 2000). As a result, there can be variations in investment preferences between individuals who engage in tax evasion and those who do not (Kemme et al., 2021). Taxpayers who aim to avoid paying taxes will seek out authoritarian countries that have limited financial transparency, while these countries are willing to invest in democratic and financially transparent countries. The tax compliance model, developed by Song and Yarbrough in 1978, acknowledges that the enforcement of tax laws plays a crucial role in determining tax compliance (Kaulu, 2022) and the possibility of evasion (Kaulu, 2022). The following hypothesis is proposed:

H4: Power of Authority Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

According to Hessing et al. (1988) and Saad (2014) the level of complexity in a tax system plays a significant role in tax compliance. Alm (2012) also acknowledges that complex tax systems often lead taxpayers to seek the assistance of tax practitioners, which increases compliance costs and creates an incentive for tax evasion when the risk of detection is low and there are opportunities for rationalization. In their analysis of the Fischer tax compliance model, Chau & Leung (2009) argue that the tax system should be characterized by simplicity, with tax rules and procedures being straightforward and unambiguous. A streamlined tax system and clear legal procedure facilitate compliance by enabling taxpayers to comprehensively grasp their tax responsibilities and accurately determine the tax amount they are required to remit. In some cases, the complexity of tax systems has been identified as a reason for non-registration in tax payment making it even more challenging for tax authorities to track compliance (Akinboade, 2015). However, these discussions overlook the potential mediating effect of egoism on the relationship between tax complexity and tax evasion intentions. Therefore, it is important to examine the mediating role of egoism in individuals' intentions to comply with tax regulations. The following hypothesis is proposed:

H5: Tax Complexity Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

Taxpayers' fundamental convictions about a tax are contingent upon their level of knowledge about it. The tax information must be precise, enlightening, and comprehensive (Chen, 2010). Taxpayers who are unintentionally non-compliant may struggle to find comprehensive and precise information about their tax situation. According to Kornhauser (2005), increasing the visibility of tax information may improve taxpayer awareness. Lefebvre et al. (2015) conducted an experiment investigating the impact of information on tax evasion and tax compliance across multiple countries. The study showed that participants' behavior remained unaffected when they received positive information about tax compliance. Conversely, exposure to negative information, such as claims about a high percentage of tax evasion, significantly increases their level of non-compliance. Previous research regarding tax compliance intentions found that no significant correlation between this factor and tax information was discovered (Taing & Chang, 2021). The study, which took place in Cambodia, did

not take into account the potential influence of taxpayer egoism. To examine the potential mediation effect of egoism, H_6 is proposed:

H_6 : Tax Information Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

Tax awareness refers to taxpayers' understanding of tax rules and regulations in relation to specific tax matters that are relevant to them (Taing & Chang, 2021). A taxpayer's understanding of taxes is crucial in determining the accurate tax payment amount (Saad, 2014). Nevertheless, there is conflicting empirical evidence regarding the connection between tax knowledge and compliance with tax laws and evasion (Taing & Chang, 2021). Additionally, the potential influence of selfishness in the relationship between tax awareness and intention to evade taxes is not well understood. Therefore, the following hypothesis is proposed:

H_7 : Tax Awareness Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

Egoism is a significant factor that impacts not only the act of avoiding taxes, but also the act of hiding tax evasion. In the corporate world, egoism drives tax evasion through practices like manipulating financial records, utilizing tax havens, and implementing other tax planning strategies. Similarly, individuals with substantial wealth may engage in similar actions solely for their own self-interest, as exemplified by the revelations from the Panama Papers (Evertsson, 2016).

Webley et al. (2001) conducted research on the factors that influence tax evasion in the United Kingdom, Norway, and France. Webley et al. (2001) categorized the variables into two types: self-reported evasion and hypothetical tax evasion. Hypothetical tax evaders are individuals who claim to evade taxes but do not actually engage in such behavior. Self-reported tax evaders, on the other hand, are individuals who admit to illegally avoiding taxes on their income or withholdings. The following hypothesis is proposed:

H_8 : Taxpayer Egoism Have Significant Effect on Tax Evasion Intention

RESEARCH METHODS

A quantitative approach was employed in this research. A self-administered online survey was randomly distributed to those who are entitled to file tax returns and/or are responsible for paying taxes in Indonesia. The current Corruption Perception Index (CPI) score for Indonesia is 34 out of 100, placing it 110th out of 180 nations in terms of corruption levels. A higher rating signifies a larger level of corruption within a country, making it a potential predictor of egoism (Kaulu, 2022).

To ensure validity and reliability of the findings of this study the usage of a questionnaire developed from previous studies is used in this research. Self-administered questionnaire measures tax moral and the option on attitude towards tax evasion is assigned to a series of items that defines the tax moral. The subject norm is quantified by assessing two factors: tax fairness and trust in government. Perceived behavioural control is assessed by taking into account four factors: power authority, tax complexity, Tax information and tax awareness. All of these variables are measured on a five-point Likert scale. The measures used in this study were specified as follows, attitudes, subjective norm, and perceived behavioral control were derived from the study conducted by Taing

& Chang (2021). The construct of taxpayer egoism was derived from the work of Weigel et al. (1999), while tax evasion intention was studied by Owusu et al. (2020)

Out of the total number of participants, 245 persons completed and submitted the survey. Prior research has shown that this sample size is deemed enough, as long as the variables in the model exhibit high dependability and the parameter estimates are robust (Kyriazos, 2018). The assessment of tax evasion intentions is conducted using both a composite variable in the PROCESS macro for mediation analysis and a latent variable in the Partial Least Square formula for mediation analysis.

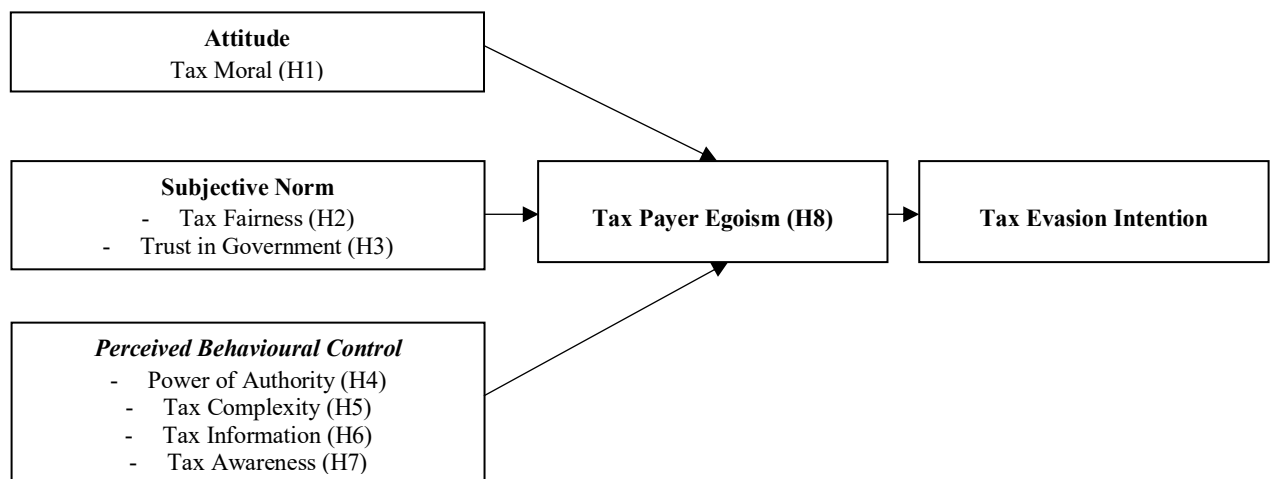


Figure 1. Conceptual Framework

RESULT AND DISCUSSION

Sample Profile

Table 1.
Sample Profile

Sample Characteristics	Description	Total	Percentage
Age	18 to 20	12	4.90
	21 to 30	118	48.16
	31 to 40	65	26.53
	41 to 50	36	14.69
	51 to 60	14	5.71
Gender	Female	137	55.92
	Male	108	44.08
Employment Status	Student	24	9.80
	Employed	136	55.51
	Business Owner	43	17.55
	Employed & Business Owner	42	17.14

The sample profile is shown in Table 1. Most respondents, comprising 48.16% of the total, fell within the 21 to 30 age range. Following this, individuals between the ages of 31 and 40 accounted for 26.58%. The gender distribution portrayed in Table 1 shows that 137 (55.92%) of the respondents are female, while 108 (44.08%) are male. When it comes to employment status, 55.51% of the respondents were employed in full-time jobs.

Moreover, 17.55% of the individuals were sole proprietors of businesses, while 17.14% were involved in both employment and business management.

Linear Regression Assumptions Tests

In order to guarantee the validity of the data, periodic inspections were carried out to detect any instances of missing information. One possible explanation for this phenomenon might be ascribed to one of the advantages of online questionnaires, which encourage respondents to answer any items they may have overlooked. Furthermore, the normality of the data was assessed and verified by the Kolmogorov-Smirnov Test. Table 2 presents descriptive statistics for the independent variables (determinant factors on tax evasion intention), dependent variable (tax evasion intention), and mediating variable (taxpayer egoism).

All Person's correlations were found to be less than 0.8. As a result, even though some of the correlations had statistical significance, there should not be a concern about multicollinearity (Mwiya et al., 2018). Furthermore, the variance inflation factor (VIF) values, all of which were below the suggested threshold of 10, provide additional evidence that multicollinearity is not a concern.

Regression Analysis using Ordinary Least Square (OLS)

Table 3 presents the Ordinary Least Squares (OLS) regression analysis of the determinants of tax evasion intention, taxpayer egoism, and tax evasion intention. Model 1 investigates the seven parameters that determine the intention to engage in tax evasion. This model's overall statistical significance is $F = 20.917$; $p < 0.001$. This model has an effect size of at least at 36.6%. Separately, tax moral, power tax authority, and tax complexity statistically significant predictors of tax evasion intention. When taxpayer egoism introduces in Model 2, a slightly higher statistically significant combined effect occurs ($R^2 = 42.1\%$). Individually, only tax moral, tax complexity, and taxpayer egoism were statistically significant predictors of tax evasion intention.

Concerning the impact of tax morals on the dependent variable, it is evident that it has a negative correlation towards tax evasion intention ($B = -0.650$; $p < 0.001$). This means that a one level increment in tax morals in the Likert scale will lead to a 0.650 drops in tax evasion intention. Tax complexity has a positive effect on tax evasion intention ($B = 0.212$; $p < 0.05$). On the same scale, a one-level increase in tax complexity results in a 0.212 increase in tax evasion intentions. Furthermore, taxpayer egoism has a positive effect on tax evasion intention ($B = 0.372$; $p < 0.001$). This result concludes that a one-level rise in taxpayer egoism would result in 0.372 on tax evasion intention.

Table 2.
Correlation Analysis

	Variable	Mean	SD	N	1	2	3	4	5	6	7	8	9
1	Tax Evasion Intention	2.249	1.132	245	1								
2	Egoism	2.963	0.959	245	0.493**	1							
3	Tax Moral	4.116	0.799	245	-0.490**	-0.205**	1						
4	Tax Fairness	3.547	1.037	245	-0.243**	-0.322**	0.295**	1					
5	Trust in Government	3.366	1.011	245	-0.116	-0.161*	0.274**	0.484**	1				
6	Power Tax Authority	3.212	1.112	245	0.047	0.260**	0.265**	0.131*	0.256**	1			
7	Tax Complexity	2.821	1.076	245	0.448**	0.465**	-0.246**	-0.248**	0.078	0.044	1		
8	Tax Information	3.657	0.890	245	-0.182**	0.052	0.441**	0.305**	0.454**	0.383**	-0.269**	1	
9	Tax Awareness	3.937	0.872	245	-0.215**	-0.261**	0.372**	0.340**	0.285**	0.071	-0.146*	0.193**	1

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

Sumber: Data Diolah

Table 3.
OLS Regression Result

	Model 1			Model 2		
	B	t-Statistic	p	B	t-Statistic	p
Independent Variable						
Tax Moral	-0.650	-7.458	0.000***	-0.580	-6.877	0.000***
Tax Fairness	-0.072	-1.072	0.285	-0.011	-0.175	0.861
Trust in Government	-0.005	-0.063	0.950	0.053	0.763	0.446
Power Tax Authority	0.135	2.326	0.021**	0.056	0.973	0.331
Tax Complexity	0.352	6.008	0.000***	0.212	3.389	0.001**
Tax Information	0.103	1.230	0.220	-0.013	-0.160	0.873
Tax Awareness	0.005	0.064	0.949	0.049	0.688	0.492
Mediating Variable						
Taxpayer Egoism				0.373	4.953	0.000***
Adjusted R2		0.364			0.421	
F Statistic		20.916			23.186	
P Statistic		0.000			0.000	

Sumber: Data Diolah

This mediation analysis is still feasible, even though only two variables are statistically significant in measuring tax evasion intention (Preacher & Hayes, 2004). However, according to Baron & Kenny (1986), only those with condition one could be considered for potential mediation if the coefficients are statistically significant. This research employs the Preacher & Hayes (2004) approach and goes on to perform mediation tests.

Mediation Analysis in the Process Macro Using Composite Variables

Table 4 displays the mediation analysis conducted using the Process Macro. The findings in Table 4 indicate that several factors, including tax morality, tax justice, power authority, tax complexity, and tax awareness, significantly influenced taxpayer egoism's intention to engage in tax evasion. Therefore, hypotheses H₁, H₂, H₄, H₅, and H₇ are supported. However, the influence of tax information and trust in government on tax evasion intention through taxpayer egoism (H₃ and H₆) was found to be statistically insignificant. As a result, there is not enough statistical data to make a definitive claim that tax information has a direct impact on taxpayer egoism's intention to commit tax evasion. Furthermore, there is insufficient statistical data to assert that trust in government has an indirect impact on the intention to engage in tax evasion through egoism.

Mediation Analysis in the SmartPLS Using Latent Variables

The purpose of this research examines the indirect effect of predictor variables on tax evasion intention through taxpayer egoism. Table 5 and Table 6 show the result of direct and indirect effect of predictor variables on tax evasion intention

Table 4.
Mediation Analysis Result using PROCESS Macro

	Direct Effect of X on Y	Effect of X on M (a)	Effect of M on Y (b)	Indirect Effect of X on Y via M (a x b)	95% CI for bootstrap	
					LB	UB
Tax Moral -> Egoism -> Tax Evasion	-0.575 0.000	-0.246 0.000	0.484 0.000	-0.119	-0.203	-0.048
Tax Fairness -> Egoism -> Tax Evasion	-0.103 0.110	-0.298 0.000	0.547 0.000	-0.163	-0.240	-0.096
Trust Government -> Egoism -> Tax Evasion	-0.043 0.501	-0.152 0.119	0.575 0.000	-0.088	-0.155	-0.020
Power Authority -> Egoism -> Tax Evasion	-0.088 0.133	0.224 0.000	0.609 0.000	0.137	0.065	0.221
Tax Complexity -> Egoism -> Tax Evasion	0.293 0.000	0.414 0.000	0.430 0.000	0.178	0.103	0.268
Tax Information -> Egoism -> Tax Evasion	-0.265 0.000	0.056 0.419	0.595 0.000	0.033	-0.046	0.122
Tax Awareness -> Egoism -> Tax Evasion	-0.119 0.112	-0.287 0.000	0.554 0.000	-0.159	-0.235	-0.091

Table 5.
Direct Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Egoism -> Tax Evasion	0.503	0.507	0.051	9.776	0.000
Tax Moral -> Egoism	-0.146	-0.142	0.068	2.133	0.033
Tax Fairness -> Egoism	-0.172	-0.163	0.060	2.843	0.005
Trust Government -> Egoism	-0.165	-0.155	0.067	2.466	0.014
Power Authority -> Egoism	0.270	0.283	0.051	5.338	0.000
Tax Complexity -> Egoism	0.419	0.407	0.059	7.125	0.000
Tax Information -> Egoism	0.296	0.258	0.129	2.282	0.023
Tax Awareness -> Egoism	-0.135	-0.144	0.057	2.359	0.019

Sumber: Data Diolah

Taxpayer egoism has positive effect on tax evasion intention (0.503; $p < 0.001$). This result is consistent with OLS result that show positive effect of taxpayer egoism on tax evasion intention (H_8 supported). All the seven determinants of tax evasion intention have a statistically significant direct effect on tax evasion intention.

Table 6.
Indirect Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Tax Moral -> Egoism -> Tax Evasion	-0.073	-0.073	0.036	2.021	0.044
Tax Fairness -> Egoism -> Tax Evasion	-0.086	-0.083	0.031	2.782	0.006
Trust Government -> Egoism -> Tax Evasion	-0.083	-0.078	0.034	2.452	0.015
Power Authority -> Egoism -> Tax Evasion	0.136	0.144	0.030	4.496	0.000
Tax Complexity -> Egoism -> Tax Evasion	0.211	0.207	0.041	5.083	0.000
Tax Information -> Egoism -> Tax Evasion	0.149	0.130	0.066	2.241	0.025
Tax Awareness -> Egoism -> Tax Evasion	-0.068	-0.073	0.028	2.392	0.017

Sumber: Data Diolah

Table 6 presents the mediation analysis conducted with SmartPLS. This study provides statistical evidence that all seven factors influencing tax evasion intention have a significant indirect impact on tax evasion intention through taxpayer egoism ($H_1 - H_7$ supported).

Discussion

The present study aimed to explore the mediating role that taxpayer egoism played in the relationship between tax evasion intention and its determinants. The present study used the Theory of Planned Behavior. This research uses Ordinary Least Square (OLS) using SPSS and Partial Least Square using smartPLS to examine the mediation between the independent variable and the dependent variable.

This study use Preacher & Hayes (2004) approach and proceed to conduct mediation analyses. Then, the result showed that tax moral, tax fairness, power authority, tax complexity, and tax awareness all had a significant effect on the intention to engage in tax evasion through taxpayer egoism. This validates previous claim that many of the

strict prerequisites for mediation are not applicable to contemporary mediation analysis or methods (Hayes, 2018).

A significant difference is observed when mediation analysis using latent variables in the SmartPLS is conducted. The analysis has shown all seven determinants of tax evasion intention to have a statistically significant indirect effect on tax evasion intention through the taxpayer egoism variable.

In general, the empirical findings indicate all seven determinant factors had a statistically significant effect on the intention to engage in tax evasion through taxpayer egoism. This offers additional understanding and reinforcement for the conclusions made in Saad (2014) and Alm (2012) studies.

Our research indicates that there is a negative relationship between levels of tax awareness, tax fairness, tax morals, on trust on government and the propensity to engage in tax evasion. This relationship is influenced by egoism. By considering egoism as a mediator, these findings further enhance our understanding of Taing & Chang (2021) and (Kaulu, 2022).

This result is in inline with the theory of psychological egoism. This theory asserts that personal interests drive individuals' behavior and decision-making. According to this theory, individuals inherently prioritize themselves and their own interests, resulting in egoistic behaviors (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion.

CONCLUSION, LIMITATIONS AND SUGGESTION

Conclusion

Numerous studies have been conducted to examine the determinant factors of tax evasion, tax compliance, and individuals' intentions in relation to these activities. However, this study takes a unique approach by combining latent variables and composite variables within a single study to analyze tax evasion intentions. Additionally, the study incorporates the theory of planned behaviour, which is widely discussed in existing literature.

The data collected in this study provides statistical evidence supporting the role of egoism as a mediator in the relationship between all of determinants of tax evasion intentions and the actual intention to engage in tax evasion using smartPLS. Furthermore, these results show that five out of seven determinants of tax evasion intentions and the actual intention to engage in tax evasion using PROCESS Macro.

Limitation

The results of this study indicate that egoism plays a vital role on the intention to evade taxes. To mitigate tax evasion, policymakers should simplify the tax system, enhance moral values, provide accessible tax information, and foster tax awareness, all while considering the egoistic tendencies of taxpayers. Generally, it appears that educating individuals about taxation and promoting selflessness can help reduce the intention to evade taxes. Therefore, it is crucial for educational institutions, tax policymakers, and practitioners to incorporate moral education into the curriculum from an early age, instilling a sense of patriotism and altruism (in contrast to egoism). It is also

important that lawmakers enact supportive regulations to facilitate the implementation of these measures.

Suggestions for Further Research

Future research could include other variables such as income and education background to control the effect on tax evasion intention. Furthermore, future research could use another method to examine the effect of independent variable on dependent variable through taxpayer egoism using experimental method to enhance internal validity.

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WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA

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Abstract

This study examines how taxpayer egoism affects the relationship between tax evasion intention and its determinants. Tax evasion intentions are assessed both as a composite variable and a latent variable. This study evaluates the direct relationship between attitude, subjective norm, & perceived behavioral control on tax evasion intentions. Furthermore, this study used taxpayer egoism as a mediating variable. All variables used are in accordance with the perspective of the Theory of Planned Behavior. This research uses Ordinary Least Square (OLS) using SPSS and Partial Least Square using smartPLS to examine the mediation between the independent variable and the dependent variable. The results showed that taxpayer egoism has a positive effect on tax evasion intentions. This result is consistent with OLS Results that show the positive effect of taxpayer egoism on tax evasion intention. The direct effect of all seven determinants of tax evasion intention on tax evasion intention is statistically significant. Moreover, all seven factors that determine the intention to engage in tax evasion have a statistically significant effect on tax evasion intention through the phenomenon of taxpayer egoism.

Keywords : Attitude; Egoism; Perceived Behavioural Control; Subjective Norm; Tax Evasion Intention.

Abstrak

Penelitian ini menguji pengaruh egoisme Wajib Pajak terhadap hubungan antara intensi penggelapan pajak (tax evasion) dan faktor-faktor yang mempengaruhinya. Intensi penggelapan pajak diukur menggunakan variabel komposit dan variabel laten. Penelitian ini menguji hubungan langsung antara sikap, norma subjektif, dan persepsi kontrol perilaku terhadap intensi penggelapan pajak. Selain itu, penelitian ini menggunakan egoisme Wajib Pajak sebagai variabel mediasi. Penelitian ini menggunakan pendekatan Theory of Planned Behavior. Penelitian ini menggunakan Ordinary Least Square (OLS) dengan SPSS dan Partial Least Square menggunakan smartPLS untuk menguji pengaruh mediasi antara variabel independen dan variabel dependen. Hasil penelitian menunjukkan bahwa egoisme Wajib Pajak memiliki pengaruh positif terhadap intensi

penggelapan pajak. Hasil ini konsisten dengan hasil OLS yang menunjukkan pengaruh positif egoisme Wajib Pajak terhadap intensi penggelapan pajak. Secara statistik terdapat pengaruh langsung dari ketujuh faktor-faktor penentu intensi penggelapan pajak terhadap intensi penggelapan pajak. Selanjutnya, ketujuh faktor yang menentukan intensi penggelapan pajak memiliki pengaruh tidak langsung terhadap intensi penggelapan pajak melalui egoisme Wajib Pajak.

Kata Kunci : Sikap; Egoisme; Kontrol Perilaku yang Dirasakan; Norma Subjektif; Intensitas Penggelapan Pajak.

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INTRODUCTION

Taxation is the compulsory financial payment that governments often impose in order to generate income for their activities, according to Law No. 7 of 2021 on the Harmonization of Tax Regulations. It involves the compulsory and non-reciprocal movement of money from the private sector to the public sector. Taxation is essential for implementing monetary and fiscal policy and serves as a powerful tool for promoting social fairness. It promotes the fair distribution of wealth and resources in society. However, there are those who do not willingly adhere to their tax responsibilities. Throughout history, there have been many cases where both corporations and people, regardless of their position or influence, have participated in fraudulent acts to avoid paying taxes. Tax evasion has become a major problem, leading some taxpayers to use complex international networks to engage in these illegal activities (Evertsson, 2016). In order to tackle this issue, governments utilize Double Tax Avoidance Agreements (DTAAs) and Tax Information Exchange Agreements (TIEAs) to differing levels of effectiveness (Kemme et al., 2017).

Tax evasion refers to the act of violating tax laws with the intention of evading the payment of the rightful amount of tax. It is important to differentiate tax evasion from tax avoidance, where taxpayers exploit tax laws and incentives to minimize their tax obligations. Tax evasion is considered illegal, while tax avoidance is within the boundaries of the law. Nevertheless, the distinction between tax evasion and tax avoidance has become increasingly ambiguous in recent years. People now view tax avoidance with diminishing acceptance, often considering it morally questionable and contradicting the intended legal framework. While there are ongoing debates surrounding tax avoidance, this study primarily focuses on tax evasion and the specific intention behind evading taxes.

Tax evasion results in significant tax revenues being depleted, often going unnoticed by governments (Gravelle, 2009). Complex tax systems like tax havens and outdated tax laws necessitate revisions, further exacerbating this issue. The impact of tax evasion is a global problem of significant magnitude (Gravelle, 2009). A very good example of that is the Panama Papers: a leak in 2015 published over 11 million files and 2.6 terabytes of data from several companies and wealthy people around the world. Yet this is one out of many leaks: Paradise Papers in 2017, Offshore Leaks in 2013,

Luxembourg Leaks in 2014, Swiss Leaks in 2015, and Wikileaks in 2010, among others, all equally show these practices of tax evasion to be indeed global in extent.

Further, a self-benefit ideology instills in the taxpayers no moral incapability for such acts related to evasion of tax because of the negative implications and consequences that are faced by society. In this connection, egocentric logics justify the acts of tax evasion for avoiding taxation altogether. A critical example can be seen in the Panama Papers and Pandora scandal. The Panama Papers and the Pandora scandal clearly showed that there was no claim to wrongdoing as well as the negative consequences on society. This event thereby raises concerns about the function of egoism as a lens through which to predict the fundamental motivations associated with tax evasion (Evertsson, 2016).

Normally, developing countries possess some particular characteristics such as large informal economy, many small firms, and low administrative capacity. Tanzi & Zee (2000) argued that the collection of appropriate and complete tax data is a particularly challenging task. Previous studies have shown that tax evasion occurs in these countries because of incomplete mechanisms of tax collection and the feeling in the masses that the government does not provide the services to them duly (McGee, 2006). According to Torgler (2005), the most significant factors that promote tax evasion in Latin America are high tax burden, lack of integrity, and corruption. The existing literature has also indicated that if the taxpayers of developing countries perceive their government's tax authorities as being fair and trust its representatives in public service and get quality service from them, they feel more obliged to pay their taxes out of free will (Tanzi & Zee, 2000; Torgler, 2005). Moreover, previous studies showed that high-income taxpayers are in a better position to evade payment of taxes than those in lower income categories, just because they have more ability to conceal their income (Pirttila, 1999).

In order to guarantee tax compliance, the Indonesian government has recently extended the deadline for tax reporting and implemented a new computerized system. In 2018, the Directorate General of Taxes (DGT) introduced the Core Tax System as a major digitalization effort to simplify and update the tax system. The completion of this project is expected to occur by 2024. As part of the response to the COVID-19 pandemic, the government introduced the single login program, facilitating the provision of services such as Click-Call-Counter (3C) and enabling taxpayers to file their annual tax returns remotely. Additionally, to accommodate the challenges posed by the crisis, the government granted an extra month for filing tax returns and extended the deadline for submitting the necessary documents by two months. Despite these measures, overall compliance with tax regulations has decreased due to the economic hardships caused by the pandemic.

The International Monetary Fund (IMF) argues that a tax ratio of 10% is insufficient to ensure the availability of funds for sustainable development. The IMF recommends a tax ratio of approximately 15% for countries to effectively pursue sustainable development. With this regard to the average in international perspective, DGT is planning to increase the current tax rate to 15%. In that respect, the current estimated tax-to-GDP ratio by DGT is at 10.4%, while the world average ratio stands at 13.5%. Compared with the neighbor countries in ASEAN, Indonesia lags behind: Thailand has 14.5%, the Philippines 14%, and Singapore 12.9%.

Previous studies indicate that Indonesians evade tax payments or transfer their income to tax havens as a result of the country's intricate tax system and ineffective tax administration (Alm, 2012; OECD, 2012; Safuan et al., 2022). Indonesia's significant

reliance on agriculture, little engagement in international trade, substantial presence of an informal economy, tax avoidance, and limited sources of tax income have all contributed to the country's low tax revenue or tax ratio (OECD, 2012).

The presence of a thriving shadow economy, also known as the underground economy, in Indonesia is identified as a prominent factor contributing to the failure in achieving the desired tax revenue targets and low tax ratio. According to Medina & Schneider (2018), the shadow economy encompasses all economic activities that remain hidden from official authorities due to monetary, regulatory, and institutional reasons. Medina & Schneider (2018) further explain that the monetary and regulatory reasons involve tax avoidance, evasion, and the non-payment of social security contributions. In a study by Samuda (2016) that examined the period of 2001–2013, the potential loss of tax revenue due to underground economy activities in Indonesia reached IDR 11,172.86 billion.

In terms of corruption, Indonesia currently has a Corruption Perception Index (CPI) score of 34/100, placing it in the 110th position out of 180 countries. The CPI score indicates the level of corruption, with higher scores implying greater corruption. In comparison, Indonesia's position in the CPI for 2022 has dropped to one-third of the most corrupt countries worldwide, which is significantly lower than the average CPI score of 45 for Asia-Pacific nations. With a score of 34, Indonesia finds itself on par with countries like Bosnia and Herzegovina, Gambia, Malawi, Nepal, and Sierra Leone. Within the Southeast Asia Region, Indonesia ranks seventh out of eleven countries, lagging behind neighboring nations such as Singapore, Malaysia, Timor Leste, Vietnam, and Thailand. Therefore, the objective of this research is to assess the tax evasion intentions of Indonesian taxpayers.

Egoism, characterized by an excessive focus on personal gain or satisfaction without considering the welfare of the community (Weigel et al., 1999), has the ability to influence one's inclination towards tax evasion (Kamleitner et al., 2012). Chan et al. (2000) suggest that individuals may engage in tax evasion in order to achieve personal benefits, regardless of the impact on society itself. To such a degree that they attribute an excessive value to money, egoistic individuals place their own well-being over the welfare of society (Korndörfer et al., 2014).

Prior research indicates that individuals with egoistic personalities play a significant role in the occurrence of tax evasion (Korndörfer et al., 2014). However, the existing literature fails to sufficiently address the potential mediating effect of egoism on the association between the intention to evade taxes and its determinants. Egoism, in and of itself, is a trait that is socially undesirable (Paulhus & Jones, 2015). It can lead to criminal behaviour when it becomes a catalyst for tax evasion. Although often disregarded, it is crucial to understand this connection, as legislators, academics, and tax experts need this information to improve tax operations. By gaining a more profound comprehension of this correlation, governments can improve tax administration and optimize tax income to facilitate development.

As highlighted in prior studies, the issue of tax evasion has been researched widely and yet, few attempts have been made in revealing the mediating role of egoism on the relationship between the decision to avoid taxes and its antecedents. Though it may be rather challenging to manage egoism, recognizing its impact, coupled with other components that form it, will go a long way in shaping tax policy from an educational, social, and political perspective. This is all the more important in developing countries where highly speculative modes of regulatory legislation may be fundamentally

susceptible to inefficiencies (Farazmand, 2023). Thus, little is known regarding the effectiveness of egoism as a mediator of the relationship between tax evasion intentions and its antecedents in developing nations. It is necessary to meet this research gap in knowledge by analyzing the role of egoism in a systematic manner in the relationship between intentions to participate in tax evasion and factors that determine it.

The main research question of this particular work will be: what factors may lead to a person engaging in tax evasion? The study focuses on exploring the variables like attitude, subjective norms, and perceived behavioral control as to whether they impact an individual's intentions to engage in tax evasion. Furthermore, the study also has a mediating factor which is the taxpayer egoism. It is relevant to state that all the variables applied in the present investigation are in accordance with the Theory of Planned Behaviour.

LITERATURE REVIEW AND HYPOTHESIS

Theory of Planned Behavior

Numerous investigations utilize various hypotheses to clarify the motivations behind tax compliance and evasion. Several theories that have been proposed include the Prospect Theory (Kahneman & Tversky, 2012) and the Deterrence Theory (Traxler, 2014). Their main objective is to elucidate tax evasion in circumstances characterized by risk and ambiguity. In contrast, the Theory of Planned Behavior (Ajzen, 1985) provides broader predictions regarding intentions. This hypothesis focuses on the intentions of individuals to participate in particular activities rather than exclusively on risk and uncertainty. Previous research considers the theory of planned behavior to be the most effective in explaining the motivation behind tax compliance and, consequently, the intention to commit tax evasion (Taing & Chang, 2021).

The primary framework utilized in this study is the Theory of Planned Behaviour (Ajzen, 1985). According to this theory, an individual's behavior is a function of his intention, which in turn is susceptible to three important determinants, viz, attitude, subjective norm, and perceived behavioral control. Ajzen defines intention as the level of effort an individual intends to put forth or the extent to which they are motivated to engage in a specific behaviour.

Researchers widely utilize the Theory of Planned Behavior to examine tax avoidance, tax evasion, and tax compliance intentions. The implementation of this approach is based on current tax research by Bobek et al. (2007), Owusu et al. (2020) and Taing & Chang (2021). The significance of this theory lies in its proposition that the intention to participate in a given activity enhances the probability of its actual occurrence (Ajzen, 1985; Owusu et al., 2020). Therefore, the Theory of Planned Behavior provides useful insights for comprehending the intents to engage in tax evasion and illuminates the possible incidence of tax evasion or vice versa.

The Concept of Tax Evasion

Tax evasion and tax avoidance are frequently used interchangeably, but they have distinct meanings. Tax avoidance involves exploiting gaps in tax laws or using lawful methods to lower an individual's tax liabilities. While tax avoidance itself is not necessarily against the law, certain practices may be viewed as unethical or contradicting legal principles. It is important to note that not all forms of tax avoidance are practical or

advantageous in real-world scenarios. Nevertheless, there are legitimate strategies employed by both individuals and businesses to effectively minimize their tax burdens.

Tax evasion has consistently been unlawful and pertains to individuals or enterprises intentionally neglecting to disclose or record their tax obligations. This encompasses the existence of a "hidden economy" where individuals conceal their taxable revenue sources. Allingham & Sandmo (1972) were the first to investigate tax evasion behaviour. Allingham & Sandmo (1972) were the pioneers in studying tax evasion behavior. This study proposed that taxpayers would opt to engage in tax evasion if the benefits outweighed the expenses associated with evading taxes. According to Allingham and Sandmo's tax evasion model, a taxpayer can choose between two options: engaging in tax evasion or not avoiding taxes. If the tax authorities catch him evading taxes, the severity of the penalty they impose will determine his judgment. If he undergoes an audit or investigation by the tax authorities, he will be subject to a fine or penalty. If the tax rate exceeds the penalty rate, a rational economic agent aiming to maximize their predicted value will engage in tax evasion. Consequently, when the probability of detection is high and the penalties for non-compliance are significant, a small number of individuals will be able to evade taxes, leading to a rise in tax compliance. The concept suggests that either intensifying associated penalties or increasing administrative enforcement expenditure can reduce tax evasion and increase the likelihood of apprehending tax evaders. The tax rate's influence on tax evasion is ambiguous due to the conflicting impacts of income and substitution effects.

Several studies have identified numerous factors that explain why individuals engage in tax evasion. Torgler (2005) has mentioned reasons for tax evasion, including a substantial tax burden, dishonesty, and corruption. Furthermore, McGee (2006) identifies insufficient tax collection procedures and individuals' perception of no tax payment obligation due to the government's lack of reciprocity as factors contributing to tax evasion.

Richardson (2006) found that a variety of characteristics, including age, education, employment in the services sector, perceptions of fairness, and tax morale, influence tax evasion in 45 nations. Kafkas et al. (2014) conducted a study which revealed that several factors, including income, tax rate, government efficacy (quality of government), and tax monitoring expenses, influence tax evasion in OECD countries. Enhancing tax morale, trust, and attitude towards tax compliance among the general populace will fundamentally reduce the prevalence of the informal economy and instances of tax evasion (Safuan et al., 2022). Furthermore, research has established a correlation between social practices and people's moral tendencies toward tax evasion (Bazart & Bonein, 2014; Pickhardt & Prinz, 2014). Therefore, several variables could impact individuals' behavior, leading to either adherence or non-adherence to tax payments.

Taxpayer Egoism

Egoism, as discussed in the study by Weigel et al. (1999), refers to an individual's excessive focus on their own advantage or pleasure, often disregarding the well-being of the community. According to Korndörfer et al. (2014), egoism can affect behavior related to tax evasion, including both the act of evading taxes and concealing such evasion. This aligns with the findings of Murphy (2004), who argues that taxpayers involved in tax avoidance cases make decisions based on the potential financial loss they may incur,

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applying a rational choice model. Consequently, egoism plays a crucial role in shaping intentions to participate in tax evasion.

The theory of psychological egoism asserts that personal interests drive individuals' behavior and decision-making. This theory suggests that all motivations ultimately lead to selfish behavior. Psychological egoism posits that individuals who prioritize their own interests disregard potential societal or economic benefits. According to this theory, individuals inherently prioritize themselves and their own interests, resulting in egoistic behaviors (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion. McConnell (1978) described psychological egoism as a theory that asserts that individuals are inherently inclined to prioritize their own self-interests and concerns. This concept posits that individuals are psychologically predisposed to prioritize their own well-being and personal desires.

Hypothesis Development

The ethical frameworks of consequentialism and deontology firmly ground the contribution of egoism in reconciling the disparity between tax ethics and the motives behind tax evasion. Deontologists rigorously follow moral principles, such as "Thou shall not perpetrate murder," but consequentialists adopt a more permissive stance, driven by the conviction that the desired outcome justifies the methods used (Frecknall-Hughes et al., 2017). In essence, consequentialists consider killing justifiable if it benefits a bigger number of individuals (altruism) rather than a single individual (egoism). Multiple studies have demonstrated that moral principles have influence on the criminal act of tax evasion. Nevertheless, there has been limited consideration of whether a taxpayer's consequentialist or deontological worldview, embodied by egoism, acts as a mediator in this connection.

Several previous studies have indicated that an individual's moral beliefs have an impact on their intentions to evade taxes (Owusu et al., 2020; Richardson, 2006; Taing & Chang, 2021). Taxpayers with a stronger sense of morale are more likely to engage in behaviors that comply with tax regulations. Undoubtedly, taxpayers are willing to fulfill their tax obligations even when tax enforcement is weak, driven by their inherent motivation and belief that paying taxes is a duty (Cummings et al., 2009).

Additionally, research conducted by Majstorović and Petrović (2022) suggests that an individual's adherence to the ethic of egoism can affect their propensity for rationalizing corrupt actions. However, there has been limited investigation into whether taxpayers' consequentialist or deontological attitudes, represented by egoism, can act as mediators in this relationship (Kaulu, 2022). As a result, the following hypothesis is proposed:

H₁: Tax Morals Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

The willingness of taxpayer is dependent on taxpayers' attitude towards fair treatment by the tax office. As has been demonstrated above, prior works provide a number of ways to define tax fairness (Taing & Chang, 2021). As explained by Goetz (1978), horizontal equity is the concept of sharing a given tax burden in households within a specific group. According to Taing & Chang (2021), fairness can be classified

into three distinct categories: Distributive fairness is the fairness on the procedures of distribution of resources in an organization, procedural fairness involves fairness in the manner in which organizational resources are allocated and retributive fairness refers to fairness concerning punishments in organizations. The concept of 'distributive justice' holds to do with the fair distribution of costs and utilities at the time of tax payout. In tax administration, effective access to justice for procedural fairness means fairness in taking and recovering taxes from different categories of taxpayers. The aspect of retributive fairness deals with fairness of taxpayers when punitive force is used in activities like penalties and audits. In general, the taxpayers will be more willing to obey the tax laws if they comprehend that every individual in their circle of acquaintances should contribute taxes.

Tax fairness plays a crucial role in tax compliance behaviour (Sinnasamy et al., 2015; Slemrod, 2007). Additionally, Lin et al. (2017) highlight the potential impact of tax fairness on the intention to engage in tax evasion, specifically through egoism. Their findings suggest that organizations may exploit the concept of corporate social responsibility (CSR) as a means of masking their economic self-interest, potentially for the purpose of evading taxes. To delve deeper into this phenomenon, the following hypothesis is proposed:

H2: Tax Fairness Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

In addition to considering the taxing authority's enforcement role, taxpayers must anticipate a fair fiscal exchange between the taxes they pay and the products and services provided by the government in order to willingly comply with tax obligations (Feld & Frey, 2007). This refers to the extent to which taxpayers' confidence in the government influences their tax compliance judgments. For instance, when taxpayers perceive efficient use of tax funds and transparent and accessible tax administration, their confidence in their government increases, leading to compliant behavior. Scholz & Lubell (1998) investigated the impact of trust in government in Australia, discovering a direct relationship between tax compliance and trust in government.

A significant determinant of individuals' compliance with tax rules is the level of trust in the government (Murphy, 2004). Alon & Hageman (2013) conducted a study that revealed a negative correlation between levels of corruption and tax compliance. In order to delve deeper into this connection, Abdulsalam et al. (2015) performed a cross-country study to examine the potential interaction between trust and power in affecting tax compliance. The study quantified trust using Transparency International's Corruption Perception Index (CPI), and assessed tax compliance by calculating the proportion of a nation's tax income on its Gross Domestic Product (GDP).

The results revealed that the combination of faith in authorities and the authority's power together contributed to the improvement of tax compliance. However, it is still the question open what role egoism can play in this relationship between trust in government and tax evasion intention. The following hypothesis is proposed:

H3: Trust in Government Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

The power of authority refers to the government's capacity to ensure tax compliance, which is influenced by the manner in which the taxing authority employs coercive and lawful power in its interactions with citizens (Hartl et al., 2015; Kastlunger

et al., 2013). Becker (1968) defines the power of authority as the ability to use coercion, punishment, and prosecution to enforce tax compliance. Kastlunger et al. (2013) discovered that power has a favorable impact on the level of enforced compliance.

Taxpayers often aim to maximize their expected benefits by weighing the potential gains of avoiding taxes against the risks of getting caught (Chan et al., 2000). As a result, there can be variations in investment preferences between individuals who engage in tax evasion and those who do not (Kemme et al., 2021). Taxpayers who aim to avoid paying taxes will seek out authoritarian countries that have limited financial transparency, while these countries are willing to invest in democratic and financially transparent countries. The tax compliance model, developed by Song and Yarbrough in 1978, acknowledges that the enforcement of tax laws plays a crucial role in determining tax compliance (Kaulu, 2022) and the possibility of evasion (Kaulu, 2022). The following hypothesis is proposed:

H4: Power of Authority Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

According to Helsing et al. (1988) and Saad (2014) the level of complexity in a tax system plays a significant role in tax compliance. Alm (2012) also acknowledges that complex tax systems often lead taxpayers to seek the assistance of tax practitioners, which increases compliance costs and creates an incentive for tax evasion when the risk of detection is low and there are opportunities for rationalization. In their analysis of the Fischer tax compliance model, Chau & Leung (2009) argue that the tax system should be characterized by simplicity, with tax rules and procedures being straightforward and unambiguous. A streamlined tax system and clear legal procedure facilitate compliance by enabling taxpayers to comprehensively grasp their tax responsibilities and accurately determine the tax amount they are required to remit. In some cases, the complexity of tax systems has been identified as a reason for non-registration in tax payment making it even more challenging for tax authorities to track compliance (Akinboade, 2015). However, these discussions overlook the potential mediating effect of egoism on the relationship between tax complexity and tax evasion intentions. Therefore, it is important to examine the mediating role of egoism in individuals' intentions to comply with tax regulations. The following hypothesis is proposed:

H5: Tax Complexity Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

Taxpayers' fundamental convictions about a tax are contingent upon their level of knowledge about it. The tax information must be precise, enlightening, and comprehensive (Chen, 2010). Taxpayers who are unintentionally non-compliant may struggle to find comprehensive and precise information about their tax situation. According to Kornhauser (2005), increasing the visibility of tax information may improve taxpayer awareness. Lefebvre et al. (2015) conducted an experiment investigating the impact of information on tax evasion and tax compliance across multiple countries. The study showed that participants' behavior remained unaffected when they received positive information about tax compliance. Conversely, exposure to negative information, such as claims about a high percentage of tax evasion, significantly increases their level of non-compliance. Previous research regarding tax compliance intentions found that no significant correlation between this factor and tax information was discovered (Taing & Chang, 2021). The study, which took place in Cambodia, did

not take into account the potential influence of taxpayer egoism. To examine the potential mediation effect of egoism, H_6 is proposed:

H_6 : Tax Information Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

Tax awareness refers to taxpayers' understanding of tax rules and regulations in relation to specific tax matters that are relevant to them (Taing & Chang, 2021). A taxpayer's understanding of taxes is crucial in determining the accurate tax payment amount (Saad, 2014). Nevertheless, there is conflicting empirical evidence regarding the connection between tax knowledge and compliance with tax laws and evasion (Taing & Chang, 2021). Additionally, the potential influence of selfishness in the relationship between tax awareness and intention to evade taxes is not well understood. Therefore, the following hypothesis is proposed:

H_7 : Tax Awareness Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

Egoism is a significant factor that impacts not only the act of avoiding taxes, but also the act of hiding tax evasion. In the corporate world, egoism drives tax evasion through practices like manipulating financial records, utilizing tax havens, and implementing other tax planning strategies. Similarly, individuals with substantial wealth may engage in similar actions solely for their own self-interest, as exemplified by the revelations from the Panama Papers (Evertsson, 2016).

Webley et al. (2001) conducted research on the factors that influence tax evasion in the United Kingdom, Norway, and France. Webley et al. (2001) categorized the variables into two types: self-reported evasion and hypothetical tax evasion. Hypothetical tax evaders are individuals who claim to evade taxes but do not actually engage in such behavior. Self-reported tax evaders, on the other hand, are individuals who admit to illegally avoiding taxes on their income or withholdings. The following hypothesis is proposed:

H_8 : Taxpayer Egoism Have Significant Effect on Tax Evasion Intention

RESEARCH METHODS

A quantitative approach was employed in this research. A self-administered online survey was randomly distributed to those who are entitled to file tax returns and/or are responsible for paying taxes in Indonesia. The current Corruption Perception Index (CPI) score for Indonesia is 34 out of 100, placing it 110th out of 180 nations in terms of corruption levels. A higher rating signifies a larger level of corruption within a country, making it a potential predictor of egoism (Kaulu, 2022).

To ensure validity and reliability of the findings of this study the usage of a questionnaire developed from previous studies is used in this research. Self-administered questionnaire measures tax moral and the option on attitude towards tax evasion is assigned to a series of items that defines the tax moral. The subject norm is quantified by assessing two factors: tax fairness and trust in government. Perceived behavioural control is assessed by taking into account four factors: power authority, tax complexity, Tax information and tax awareness. All of these variables are measured on a five-point Likert scale. The measures used in this study were specified as follows, attitudes, subjective norm, and perceived behavioral control were derived from the study conducted by Taing

& Chang (2021). The construct of taxpayer egoism was derived from the work of Weigel et al. (1999), while tax evasion intention was studied by Owusu et al. (2020).

Out of the total number of participants, 245 persons completed and submitted the survey. Prior research has shown that this sample size is deemed enough, as long as the variables in the model exhibit high dependability and the parameter estimates are robust (Kyriazos, 2018). The assessment of tax evasion intentions is conducted using both a composite variable in the PROCESS macro for mediation analysis and a latent variable in the Partial Least Square formula for mediation analysis.

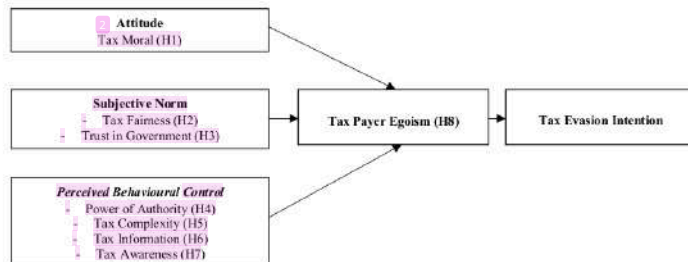


Figure 1. Conceptual Framework

RESULT AND DISCUSSION

Sample Profile

Table 1.
Sample Profile

Sample Characteristics	Description	Total	Percentage
Age	18 to 20	12	4.90
	21 to 30	118	48.16
	31 to 40	65	26.53
	41 to 50	36	14.69
	51 to 60	14	5.71
Gender	Female	137	55.92
	Male	108	44.08
Employment Status	Student	24	9.80
	Employed	136	55.51
	Business Owner	43	17.55
	Employed & Business Owner	42	17.14

The sample profile is shown in Table 1. Most respondents, comprising 48.16% of the total, fell within the 21 to 30 age range. Following this, individuals between the ages of 31 and 40 accounted for 26.58%. The gender distribution portrayed in Table 1 shows that 137 (55.92%) of the respondents are female, while 108 (44.08%) are male. When it comes to employment status, 55.51% of the respondents were employed in full-time jobs.

Moreover, 17.55% of the individuals were sole proprietors of businesses, while 17.14% were involved in both employment and business management.

Linear Regression Assumptions Tests

In order to guarantee the validity of the data, periodic inspections were carried out to detect any instances of missing information. One possible explanation for this phenomenon might be ascribed to one of the advantages of online questionnaires, which encourage respondents to answer any items they may have overlooked. Furthermore, the normality of the data was assessed and verified by the Kolmogorov-Smirnov Test. Table 2 presents descriptive statistics for the independent variables (determinant factors on tax evasion intention), dependent variable (tax evasion intention), and mediating variable (taxpayer egoism).

All Person's correlations were found to be less than 0.8. As a result, even though some of the correlations had statistical significance, there should not be a concern about multicollinearity (Mwiya et al., 2018). Furthermore, the variance inflation factor (VIF) values, all of which were below the suggested threshold of 10, provide additional evidence that multicollinearity is not a concern.

Regression Analysis using Ordinary Least Square (OLS)

Table 3 presents the Ordinary Least Squares (OLS) regression analysis of the determinants of tax evasion intention, taxpayer egoism, and tax evasion intention. Model 1 investigates the seven parameters that determine the intention to engage in tax evasion. This model's overall statistical significance is $F = 20.917$; $p < 0.001$. This model has an effect size of at least 36.6%. Separately, tax moral, power tax authority, and tax complexity statistically significant predictors of tax evasion intention. When taxpayer egoism introduces in Model 2, a slightly higher statistically significant combined effect occurs ($R^2 = 42.1\%$). Individually, only tax moral, tax complexity, and taxpayer egoism were statistically significant predictors of tax evasion intention.

Concerning the impact of tax morals on the dependent variable, it is evident that it has a negative correlation towards tax evasion intention ($B = -0.650$; $p < 0.001$). This means that a one level increment in tax morals in the Likert scale will lead to a 0.650 drops in tax evasion intention. Tax complexity has a positive effect on tax evasion intention ($B = 0.212$; $p < 0.05$). On the same scale, a one-level increase in tax complexity results in a 0.212 increase in tax evasion intentions. Furthermore, taxpayer egoism has a positive effect on tax evasion intention ($B = 0.372$; $p < 0.001$). This result concludes that a one-level rise in taxpayer egoism would result in 0.372 on tax evasion intention.

Table 2.
Correlation Analysis

Variable	Mean	SD	N	1	2	3	4	5	6	7	8	9
1 Tax Evasion Intention	2.249	1.132	245	1								
2 Egoism	2.963	0.959	245	0.493**	1							
3 Tax Moral	4.116	0.799	245	-0.490**	-0.205**	1						
4 Tax Fairness	3.547	1.037	245	-0.243**	-0.322**	0.295**	1					
5 Trust in Government	3.366	1.011	245	-0.116	-0.161*	0.274**	0.484**	1				
6 Power Tax Authority	3.212	1.112	245	0.047	0.260**	0.265**	0.131*	0.256**	1			
7 Tax Complexity	2.821	1.076	245	0.448**	0.465**	-0.246**	-0.248**	0.078	0.044	1		
8 Tax Information	3.657	0.890	245	-0.182**	0.052	0.441**	0.305**	0.454**	0.383**	-0.269**	1	
9 Tax Awareness	3.937	0.872	245	-0.215**	-0.261**	0.372**	0.340**	0.285**	0.071	-0.146*	0.193**	1

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

Sumber: Data Diolah

Table 3.
OLS Regression Result

	Model 1			Model 2		
	B	t-Statistic	p	B	t-Statistic	p
Independent Variable						
Tax Moral	-0.650	-7.458	0.000***	-0.580	-6.877	0.000***
Tax Fairness	-0.072	-1.072	0.285	-0.011	-0.175	0.861
Trust in Government	-0.005	-0.063	0.950	0.053	0.763	0.446
Power Tax Authority	0.135	2.326	0.021**	0.056	0.973	0.331
Tax Complexity	0.352	6.008	0.000***	0.212	3.389	0.001***
Tax Information	0.103	1.230	0.220	-0.013	-0.160	0.873
Tax Awareness	0.005	0.064	0.949	0.049	0.688	0.492
Mediating Variable						
Taxpayer Egoism				0.373	4.953	0.000***
Adjusted R2		0.364			0.421	
F Statistic		20.916			23.186	
P Statistic		0.000			0.000	

Sumber: Data Diolah

This mediation analysis is still feasible, even though only two variables are statistically significant in measuring tax evasion intention (Preacher & Hayes, 2004). However, according to Baron & Kenny (1986), only those with condition one could be considered for potential mediation if the coefficients are statistically significant. This research employs the Preacher & Hayes (2004) approach and goes on to perform mediation tests.

Mediation Analysis in the Process Macro Using Composite Variables

Table 4 displays the mediation analysis conducted using the Process Macro. The findings in Table 4 indicate that several factors, including tax morality, tax justice, power authority, tax complexity, and tax awareness, significantly influenced taxpayer egoism's intention to engage in tax evasion. Therefore, hypotheses H₁, H₂, H₄, H₅, and H₇ are supported. However, the influence of tax information and trust in government on tax evasion intention through taxpayer egoism (H₃ and H₆) was found to be statistically insignificant. As a result, there is not enough statistical data to make a definitive claim that tax information has a direct impact on taxpayer egoism's intention to commit tax evasion. Furthermore, there is insufficient statistical data to assert that trust in government has an indirect impact on the intention to engage in tax evasion through egoism.

Mediation Analysis in the SmartPLS Using Latent Variables

The purpose of this research examines the indirect effect of predictor variables on tax evasion intention through taxpayer egoism. Table 5 and Table 6 show the result of direct and indirect effect of predictor variables on tax evasion intention.

Table 4.
Mediation Analysis Result using PROCESS Macro

	Direct Effect of X on Y	Effect of X on M (a)	Effect of M on Y (b)	Indirect Effect of X on Y via M (a x b)	95% CI for bootstrap	
					LB	UB
Tax Moral → Egoism → Tax Evasion	-0.575 0.000	-0.246 0.000	0.484 0.000	-0.119	-0.203	-0.048
Tax Fairness → Egoism → Tax Evasion	-0.103 0.110	-0.298 0.000	0.547 0.000	-0.163	-0.240	-0.096
Trust Government → Egoism → Tax Evasion	-0.043 0.501	-0.152 0.119	0.575 0.000	-0.088	-0.155	-0.020
Power Authority → Egoism → Tax Evasion	-0.088 0.133	0.224 0.000	0.609 0.000	0.137	0.065	0.221
Tax Complexity → Egoism → Tax Evasion	0.293 0.000	0.414 0.000	0.430 0.000	0.178	0.103	0.268
Tax Information → Egoism → Tax Evasion	-0.265 0.000	0.056 0.419	0.595 0.000	0.033	-0.046	0.122
Tax Awareness → Egoism → Tax Evasion	-0.119 0.112	-0.287 0.000	0.554 0.000	-0.159	-0.235	-0.091

Table 5.
Direct Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Egoism → Tax Evasion	0.503	0.507	0.051	9.776	0.000
Tax Moral → Egoism	-0.146	-0.142	0.068	2.133	0.033
Tax Fairness → Egoism	-0.172	-0.163	0.060	2.843	0.005
Trust Government → Egoism	-0.165	-0.155	0.067	2.466	0.014
Power Authority → Egoism	0.270	0.283	0.051	5.338	0.000
Tax Complexity → Egoism	0.419	0.407	0.059	7.125	0.000
Tax Information → Egoism	0.296	0.258	0.129	2.282	0.023
Tax Awareness → Egoism	-0.135	-0.144	0.057	2.359	0.019

Sumber: Data Diolah

7 Taxpayer egoism has positive effect on tax evasion intention (0.503; $p < 0.001$). This result is consistent with OLS result that show positive effect of taxpayer egoism on tax evasion intention (H_4 supported). All the seven determinants of tax evasion intention have a statistically significant direct effect on tax evasion intention.

Table 6.
Indirect Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Tax Moral → Egoism → Tax Evasion	-0.073	-0.073	0.036	2.021	0.044
Tax Fairness → Egoism → Tax Evasion	-0.086	-0.083	0.031	2.782	0.006
Trust Government → Egoism → Tax Evasion	-0.083	-0.078	0.034	2.452	0.015
Power Authority → Egoism → Tax Evasion	0.136	0.144	0.030	4.496	0.000
Tax Complexity → Egoism → Tax Evasion	0.211	0.207	0.041	5.083	0.000
Tax Information → Egoism → Tax Evasion	0.149	0.130	0.066	2.241	0.025
Tax Awareness → Egoism → Tax Evasion	-0.068	-0.073	0.028	2.392	0.017

Sumber: Data Diolah

Table 6 presents the mediation analysis conducted with SmartPLS. This study provides statistical evidence that all seven factors influencing tax evasion intention have a significant indirect impact on tax evasion intention through taxpayer egoism ($H_1 - H_7$ supported).

Discussion

32 The present study aimed to explore the mediating role that taxpayer egoism played in the relationship between tax evasion intention and its determinants. The present study used the Theory of Planned Behavior. This research uses Ordinary Least Square (OLS) using SPSS and Partial Least Square using smartPLS to examine the mediation between the independent variable and the dependent variable.

This study use Preacher & Hayes (2004) approach and proceed to conduct mediation analyses. Then, the result showed that tax moral, tax fairness, power authority, tax complexity, and tax awareness all had a significant effect on the intention to engage in tax evasion through taxpayer egoism. This validates previous claim that many of the

strict prerequisites for mediation are not applicable to contemporary mediation analysis or methods (Hayes, 2018).

A significant difference is observed when mediation analysis using latent variables in the SmartPLS is conducted. The analysis has shown all seven determinants of tax evasion intention to have a statistically significant indirect effect on tax evasion intention through the taxpayer egoism variable.

In general, the empirical findings indicate all seven determinant factors had a statistically significant effect on the intention to engage in tax evasion through taxpayer egoism. This offers additional understanding and reinforcement for the conclusions made in Saad (2014) and Alm (2012) studies.

Our research indicates that there is a negative relationship between levels of tax awareness, tax fairness, tax morals, on trust on government and the propensity to engage in tax evasion. This relationship is influenced by egoism. By considering egoism as a mediator, these findings further enhance our understanding of Taing & Chang (2021) and (Kaulu, 2022).

This result is in line with the theory of psychological egoism. This theory asserts that personal interests drive individuals' behavior and decision-making. According to this theory, individuals inherently prioritize themselves and their own interests, resulting in egoistic behaviors (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion.

CONCLUSION, LIMITATIONS AND SUGGESTION

Conclusion

Numerous studies have been conducted to examine the determinant factors of tax evasion, tax compliance, and individuals' intentions in relation to these activities. However, this study takes a unique approach by combining latent variables and composite variables within a single study to analyze tax evasion intentions. Additionally, the study incorporates the theory of planned behaviour, which is widely discussed in existing literature.

The data collected in this study provides statistical evidence supporting the role of egoism as a mediator in the relationship between all of determinants of tax evasion intentions and the actual intention to engage in tax evasion using smartPLS. Furthermore, these results show that five out of seven determinants of tax evasion intentions and the actual intention to engage in tax evasion using PROCESS Macro.

Limitation

The results of this study indicate that egoism plays a vital role on the intention to evade taxes. To mitigate tax evasion, policymakers should simplify the tax system, enhance moral values, provide accessible tax information, and foster tax awareness, all while considering the egoistic tendencies of taxpayers. Generally, it appears that educating individuals about taxation and promoting selflessness can help reduce the intention to evade taxes. Therefore, it is crucial for educational institutions, tax policymakers, and practitioners to incorporate moral education into the curriculum from an early age, instilling a sense of patriotism and altruism (in contrast to egoism). It is also

important that lawmakers enact supportive regulations to facilitate the implementation of these measures.

Suggestions for Further Research

Future research could include other variables such as income and education background to control the effect on tax evasion intention. Furthermore, future research could use another method to examine the effect of independent variable on dependent variable through taxpayer egoism using experimental method to enhance internal validity.

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ARTIKEL JURNAL NASIONAL TERAKREDITASI SINTA 2

Judul Artikel : WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA
Jurnal : Media Riset Akuntansi, Auditing & Informasi, 2024, Vol. 24(2), 273-294.
Penulis : Nur Chayati, Hanung Triatmoko, Trisninik Ratih Wulandari, Meka Sabilla Salim, Saktiana Rizki Endiramurti

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BUKTI KONFIRMASI SUBMIT DAN ARTIKEL YANG DISUBMIT

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[MRAAI] Submission Acknowledgement

2 messages

Harti Budi Yanti <jurnal.lemlit@trisakti.ac.id>
To: Nur Chayati <nurchayati@staff.uns.ac.id>


Fri, Nov 10, 2023 at 2:00 PM

Nur Chayati:

Thank you for submitting the manuscript, "**WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA**" to Media Riset Akuntansi, Auditing & Informasi. With the online journal management system that we are using, you will be able to track its progress through the editorial process by logging in to the journal web site:

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Nur Chayati <nurchayati@staff.uns.ac.id>
To: Harti Budi Yanti <jurnal.lemlit@trisakti.ac.id>

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Dear Editorial Team Media Riset Akuntansi, Auditing dan Informasi Fakultas Ekonomi dan Bisnis Universitas Trisakti

I hope this email finds you well. I am writing to inquire about the status of my manuscript titled "WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA" and ID Number 18583 which I submitted on 10th November 2023. I understand that the publishing process requires careful consideration and often takes time. However, the status of my manuscript has remained unchanged on the submission's platform for an extended period.

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Sincerely,

Nur Chayati

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WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA

Abstract

The purpose this research is to examine the direct effect of predictor variables on tax evasion intention. Furthermore, this research examines the indirect effect of predictor variables on tax evasion intention through taxpayer egoism. This study evaluates the direct relationship between attitude, subjective norm, & perceived behavioral control on tax evasion intentions. Furthermore, this study used taxpayer egoism as moderating variable. All variables used are in accordance with perspective of the Theory of Planned Behavior. This research uses correlation analysis, Ordinary Least Square (OLS) using SPSS and smartPLS to examine the mediation between the independent variable and the dependent variable. The results showed that tax payer egoism has positive effect on tax evasion intention. This result is consistent with OLS result that show positive effect of taxpayer egoism on tax evasion intention. All the seven determinants of tax evasion intention have a statistically significant direct effect on tax evasion intention. Furthermore, all the seven determinants of tax evasion intention have a statistically significant indirect effect on tax evasion intention through taxpayer egoism.

Keywords : Egoism; Tax Evasion Intention; *Attitude*; *Subjective norm*; *Perceived Behavioural Control*

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INTRODUCTION

Egoism, characterized by an excessive focus on personal gain or satisfaction without considering the welfare of the community (Weigel et al., 1999), has the ability to influence one's inclination towards tax evasion (Kamleitner et al., 2012). Individuals may engage in tax evasion to secure personal advantages that neglect the benefit of society as a whole (Chan et al., 2000). Egoistic individuals prioritize their own well-being over the welfare of society to such an extent that they assign an excessive value to money (Korndörfer et al. 2014).

Prior research indicates that individuals with egoistic personalities play a significant role in the occurrence of tax evasion (Korndörfer et al., 2014). However, the existing literature fails to sufficiently address the potential mediating effect of egoism on the association between the intention to evade taxes and its determinants. Egoism, in and of itself, is a trait that is socially undesirable (Paulhus & Jones, 2015). It can lead to criminal

behaviour when it becomes a catalyst for tax evasion. Despite this aspect being overlooked, it is essential to comprehend this relationship as policymakers, scholars, and tax professionals require this knowledge to enhance tax operations. A deeper understanding of this association, governments can enhance tax administration and maximize tax revenue for the purpose of development.

Before delving further, one may inquire about the concept of taxation. According to Law No. 7 of 2021 regarding Harmonization of Tax Regulations, taxation refers to the obligatory financial contribution that governments frequently impose to generate revenue for their operations. It entails the compelled and unreciprocated transfer of funds from the private to the public sector. Taxation plays a crucial role in both monetary and fiscal policies, as well as acting as a potent instrument for achieving social justice. It facilitates the equitable redistribution of wealth and resources within society. Nevertheless, not everyone willingly complies with their tax obligations. Throughout history, there have been numerous instances of corporations and individuals, irrespective of their power or influence, engaging in fraudulent activities to evade paying taxes. Tax evasion has become such a significant issue that certain tax payers resort to elaborate global networks to carry out these unlawful practices (Evertsson, 2016). To address this problem, governments employ Double Tax Avoidance agreements (DTAAs) and Tax Information Exchange Agreements (TIEAs) with varying degrees of success (Kemme et al., 2017).

Tax evasion refers to the act of violating tax laws with the intention of evading the payment of the rightful amount of tax. It is important to differentiate tax evasion from tax avoidance, where taxpayers exploit tax laws and incentives to minimize their tax obligations. Tax evasion is considered illegal, while tax avoidance is within the boundaries of the law. However, in recent times, the line between tax avoidance and tax evasion has become increasingly blurred. Tax avoidance is now being viewed with diminishing acceptance, as it is often seen as morally questionable and contradictory to the intended legal framework. While there are ongoing debates surrounding tax avoidance, this study primarily focuses on tax evasion and the specific intention behind evading taxes.

Tax evasion results in the depletion of significant tax revenues, often going unnoticed by governments (Gravelle, 2009). This issue is further exacerbated by complex tax systems, such as tax havens, and outdated tax laws that require revisions. The impact of tax evasion is a global problem of significant magnitude (Gravelle, 2009). A prime example is the Panama Papers, a collection of leaked documents in 2015, containing over 11 million files (2.6 terabyte of data) that implicated numerous companies and wealthy individuals worldwide. However, this leak is not an isolated incident, as similar leaks like the Paradise Papers (2017), Offshore Leaks (2013), Luxembourg Leaks (2014), Swiss Leaks (2015), and Wikileaks (2010) have also shed light on the widespread nature of tax evasion practices.

While tax evasion can have negative consequences for society, certain taxpayers do not see it as wrong due to their self-centred nature. This egoism leads them to rationalize tax evasion as a form of tax avoidance. The Panama Papers scandal serves as a prime example of this phenomenon. Panama Papers and Pandora scandal vehemently denied any criminal involvement or harm inflicted upon society. This raises inquiries into the role of egoism as a mediator in predicting intentions behind tax evasion (Evertsson, 2016).

Developing nations often exhibit certain characteristics, such as a multitude of small organizations, agriculture playing a significant role in overall output and employment, a substantial informal sector, and limited administrative capability (Tanzi & Zee, 2000). Consequently, Tanzi & Zee (2000) argue that it is challenging to obtain accurate and comprehensive tax statistics. Previous studies have found that tax evasion is prevalent in these countries due to inadequate tax collection mechanisms and the perception among

citizens that the government does not fulfill its responsibilities towards them (McGee, 2006). Torgler (2005) identifies the tax burden, lack of integrity, and corruption as the main drivers of tax evasion in Latin America. Furthermore, the literature suggests that if taxpayers in developing nations perceive fair treatment from tax authorities, trust government officials, and receive high-quality services, they are more likely to voluntarily fulfill their tax obligations (Tanzi & Zee, 2000; Torgler, 2005). Additionally, prior research indicates that individuals with higher incomes are more inclined to engage in tax evasion compared to low-income individuals due to having greater resources to conceal their earnings (Pirttila, 1999).

The Indonesian government has recently announced an extension of the tax reporting deadline and the implementation of a new computerized system to ensure tax compliance. To streamline and modernize the tax system, the Directorate General of Taxes (DGT) launched a comprehensive digitalization initiative in 2018, known as the core tax system. This project is expected to be finalized by 2024. In response to the COVID-19 pandemic, the government introduced the single login program as part of this effort, facilitating the provision of services such as Click-Call-Counter (3C) and enabling taxpayers to file their annual tax returns remotely. Additionally, to accommodate the challenges posed by the crisis, the government granted an extra month for filing tax returns and extended the deadline for submitting the necessary documents by two months. Despite these measures, the overall compliance with tax regulations has decreased due to the economic hardships brought about by the pandemic.

According to the Central Bureau of Statistics' report in 2022, the tax ratio in Indonesia is 10.38%. However, the International Monetary Fund (IMF) argues that a tax ratio of 10% is insufficient to ensure the availability of funds for sustainable development. The IMF recommends a tax ratio of approximately 15% for countries to effectively pursue sustainable development. Interestingly, Indonesia's tax ratio over the past five years has fluctuated between 8% and 10%.

The presence of a thriving shadow economy, also known as the underground economy, in Indonesia is identified as a prominent factor contributing to the failure in achieving the desired tax revenue targets and low tax ratio. According to Mediana & Schneider (2018), the shadow economy encompasses all economic activities that remain hidden from official authorities due to monetary, regulatory, and institutional reasons. Mediana & Schneider (2018) further explain that the monetary and regulatory reasons involve tax avoidance, evasion, and the non-payment of social security contributions. In a study by Samuda (2016) that examined the period of 2001-2013, the potential loss of tax revenue due to underground economy activities in Indonesia reached IDR 11,172.86 billion.

In terms of corruption, Indonesia currently has a Corruption Perception Index (CPI) score of 34/100, placing it at the 110th position out of 180 countries. The CPI score indicates the level of corruption, with higher scores implying greater corruption. In comparison, Indonesia's position in the CPI for 2022 has dropped to one-third of the most corrupt countries worldwide and is significantly lower than the average CPI score of 45 for Asia-Pacific nations. With a score of 34, Indonesia finds itself on par with countries like Bosnia and Herzegovina, Gambia, Malawi, Nepal, and Sierra Leone. Within the Southeast Asia Region, Indonesia ranks seventh out of eleven countries, lagging behind neighboring nations such as Singapore, Malaysia, Timor Leste, Vietnam, and Thailand. Therefore, the objective of this research is to assess the tax evasion intention among Indonesian taxpayers.

Numerous previous studies have examined the issue of tax evasion, but little attention has been given to the potential influence of egoism in the link between the intention to evade taxes and the factors that determine it. Although managing egoism can be challenging, understanding it, along with other determining factors, can play a significant role in shaping tax policies through various perspectives: educational, social, and political. This is

particularly crucial in developing countries where governmental structures often lack strength (Farazmand, 2023). Limited research has been conducted in developing country contexts regarding the potential mediating effect of egoism in the relationship between tax evasion intentions and its determinants. As a result, this study aims to address this knowledge gap by conducting a systematic investigation of the mediating role of egoism in the relationship between tax evasion intentions and its determinants.

The main objective of this study is to examine the determinant factors that may contribute to individuals engaging in tax evasion. The study specifically analyzes the factors such as attitude, subjective norms, and perceived behavioral control effect an individual's intentions to commit tax evasion. Additionally, the study also considers the role of taxpayer egoism as a mediating factor. It is important to note that all the variables used in this study align with the theoretical framework of the Theory of Planned Behaviour.

LITERATURE REVIEW & HYPHOTESIS DEVELOPMENT

Theory of Planned Behavior

Various theories are employed in numerous studies to elucidate the intentions behind tax compliance and evasion. Some of these theories include Prospect Theory (Kahneman & Tversky, 2012), Expected Utility Theory (Bernoulli 1954), and The Deterrence Theory (Traxler 2014). They primarily focus on explaining tax evasion in situations involving risk and uncertainty. In contrast, Theory of Planned Behavior (Ajzen, 1985) makes more general predictions about intentions. This theory centers on individuals' intentions to engage in specific behaviors rather than solely on risk and uncertainty. The theory incorporates a variable known as behavioral control, which considers an individual's perception of risk and uncertainty in their behavioral intentions. Therefore, the theory of planned behavior is considered the most effective in explaining the intent behind tax compliance and consequently, tax evasion intent (Taing & Chang, 2021).

The primary framework utilized in this study is the Theory of Planned Behaviour (Ajzen, 1985). According to this theory, behaviour is influenced by intention, which is, in turn, influenced by three main factors: attitude, subjective norm, and perceived behavioural control. Ajzen defines intention as the level of effort an individual intends to put forth or the extent to which they are motivated to engage in a specific behaviour.

The Theory of Planned Behaviour is widely utilized in the examination of tax avoidance, tax evasion, and tax compliance intentions. Its application in this study draws upon contemporary tax literature (Bobek et al., 2007; Owusu et al., 2020; Taing & Chang, 2021). This theory holds significance as it suggests that the intention to engage in a certain behavior increases the likelihood of it actually occurring (Ajzen, 1985; Owusu et al., 2020). As a result, the Theory of Planned Behavior offers valuable insights into understanding tax evasion intentions and sheds light on the potential occurrence of tax evasion or vice versa.

Tax Evasion vs Tax Avoidance

Tax evasion and tax avoidance are frequently used interchangeably, but they have distinct meanings. Tax evasion has consistently been unlawful and pertains to individuals or enterprises intentionally neglecting to disclose or record their tax obligations. This encompasses the existence of a “hidden economy” where individuals conceal their taxable revenue sources.

Tax avoidance involves exploiting gaps in tax laws or using lawful methods to lower an individual's tax liabilities. While tax avoidance itself is not necessarily against the law, certain practices may be viewed as unethical or contradicting legal principles. It is important to note that not all forms of tax avoidance are practical or advantageous in real-world

scenarios. Nevertheless, there are legitimate strategies employed by both individuals and businesses to effectively minimize their tax burdens.

Taxpayer Egoism

Egoism, as discussed in the study by Weigel et al. (1999), refers to an individual's excessive focus on their own advantage or pleasure, often disregarding the well-being of the community. According to Korndörfer et al. (2014), egoism can affect behaviour related to tax evasion, including both the act of evading taxes and concealing such evasion. This aligns with the findings of Murphy (2004), who argues that taxpayers involved in tax avoidance cases make decisions based on the potential financial loss they may incur, applying a rational choice model. Consequently, egoism plays a crucial role in shaping intentions to participate in tax evasion.

According to the theory of psychological egoism, individuals' behaviour and decision-making are motivated by their own personal interests. This theory suggests that all motivations ultimately lead to selfish behaviour. Psychological egoism argues that individuals who prioritize their own interests are unconcerned about the potential societal or economic benefits that can be derived. This theory posits that individuals are inherently programmed to prioritize themselves and their own interests, leading to egoistic behaviours (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves rather than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion. McConnell (1978) , described psychological egoism as a theory that asserts that individuals are inherently inclined to prioritize their own self-interests and concerns. This concept suggests that every person is psychologically wired to be focused on their own well-being and personal desires.

Hypothesis Development

The role of egoism in bridging the gap between tax morals and intentions of tax evasion is strongly rooted in the ethical perspectives of consequentialism and deontology. Deontologists strictly adhere to laws, such as "Thou shall not kill," while consequentialists have a more liberal approach, guided by the belief that the end justifies the means (Frecknall-Hughes et al., 2017). In other words, if killing serves the greater good for a larger number of people (altruism) compared to one person (egoism), consequentialists deem it justified. Various studies have shown that moral values have an impact on tax evasion. However, little attention has been given to the question of whether a taxpayer's consequentialist or deontological standpoint, represented by egoism, plays a mediating role in this relationship.

Several previous studies have indicated that an individual's moral beliefs have an impact on their intentions to evade taxes (Owusu et al., 2020; Taing & Chang, 2021, 2021). Additionally, research conducted by Majstorović and Petrović (2022) suggests that an individual's adherence to the ethic of egoism can effect their propensity for rationalizing corrupt actions. However, there has been limited investigation into whether taxpayers' consequentialist or deontological attitudes, represented by egoism, can act as mediators in this relationship (Kaulu, 2022). As a result, the following hypothesis is proposed:

- H1 : Tax morals have significant effect on tax evasion intention through taxpayer egoism

Tax fairness plays a crucial role in tax compliance behaviour (Sinnasamy et al., 2015; Slemrod, 2007). Additionally, Lin et al. (2017) highlight the potential impact of tax fairness

on the intention to engage in tax evasion, specifically through egoism. Their findings suggest that organizations may exploit the concept of corporate social responsibility (CSR) as a means of masking their economic self-interest, potentially for the purpose of evading taxes. To delve deeper into this phenomenon, the following hypothesis is proposed:

H2 : Tax fairness have significant effect on tax evasion intention through taxpayer egoism

Trust in the government has been identified as a factor that influences the extent to which individuals comply with tax regulations (Murphy, 2004). Alon & Hageman (2013) discovered that higher levels of corruption result in lower levels of tax compliance. To further explore this relationship, a cross-country study conducted by Mas'ud et al. (2014) investigated whether trust and power interacted with each other in influencing tax compliance. Trust was measured using Transparency International's Corruption Perception Index (CPI), while tax compliance was gauged by the percentage of a country's tax revenue in relation to its GDP. The findings indicated that trust in authorities, as well as the power held by authorities, interacted to enhance tax compliance. However, the potential mediating role of egoism in the connection between trust in government and tax evasion remains unclear. Thus, the following hypothesis is proposed:

H3 : Trust in government have significant effect on tax evasion intention through taxpayer egoism

Taxpayers often aim to maximize their expected benefits by weighing the potential gains of avoiding taxes against the risks of getting caught (Chan et al., 2000). As a result, there can be variations in investment preferences between individuals who engage in tax evasion and those who do not (Kemme et al., 2021). Taxpayers who aim to avoid paying taxes will seek out authoritarian countries that have limited financial transparency, while these countries are willing to invest in democratic and financially transparent countries. The tax compliance model, developed by Song and Yarbrough in 1978, acknowledges that the enforcement of tax laws plays a crucial role in determining tax compliance (Kaulu, 2022) and the possibility of evasion (Kaulu, 2022). The following hypothesis is proposed:

H4 : Power of authority have significant effect on tax evasion intention through taxpayer egoism

According to Hessing et al. (1988) and Saad (2014) the level of complexity in a tax system plays a significant role in tax compliance. Alm (2012) also acknowledges that complex tax systems often lead taxpayers to seek the assistance of tax practitioners, which increases compliance costs and creates an incentive for tax evasion when the risk of detection is low and there are opportunities for rationalization. In some cases, the complexity of tax systems has been identified as a reason for non-registration in tax payment making it even more challenging for tax authorities to track compliance (Akinboade, 2015). However, these discussions overlook the potential mediating effect of egoism on the relationship between tax complexity and tax evasion intentions. Therefore, it is important to examine the mediating role of egoism in individuals' intentions to comply with tax regulations. The following hypothesis is proposed:

H5 : Tax complexity have significant effect on tax evasion intention through taxpayer egoism

Previous research regarding to tax compliance intentions found that no significant correlation between this factor and tax information was discovered (Taing & Chang, 2021). The study, which took place in Cambodia, did not take into account the potential influence of taxpayer egoism. Additionally, logistic regression analysis was utilized due to the binary nature of the dependent variable. To examine the potential mediation effect of egoism, H6 is proposed.

H6 : Tax information have significant effect on tax evasion intention through taxpayer egoism

A taxpayer's understanding of taxes is crucial in determining the accurate tax payment amount (Saad, 2014). Nevertheless, there is conflicting empirical evidence regarding the connection between tax knowledge and compliance with tax laws and evasion (Taing & Chang, 2021). Additionally, the potential influence of selfishness in the relationship between tax awareness and intention to evade taxes is not well understood. Therefore, the following hypothesis is proposed:

H7 : Tax awareness have significant effect on tax evasion intention through taxpayer egoism

Egoism is a significant factor that impacts not only the act of avoiding taxes but also the act of hiding tax evasion. This phenomenon is observed in the corporate world where egoism drives tax evasion through practices such as manipulating financial records, utilizing tax havens, and implementing other tax planning strategies. Similarly, individuals with substantial wealth may engage in similar actions solely for their own self-interest, as exemplified by the revelations from the Panama Papers (Evertsson, 2016).

Webley et al. (2001) conducted research on the factors that influence tax evasion in the United Kingdom, Norway, and France. The variables were categorized into two types: self-reported evasion and hypothetical tax evasion. Hypothetical tax evaders refer to individuals who claim that they will evade taxes but do not actually engage in such behavior. On the other hand, self-reported tax evaders are individuals who admit to illegally avoiding taxes either on their income or withholdings. The following hypothesis is proposed:

H8 : Taxpayer egoism have significant effect on tax evasion intention

RESEARCH METHODS

These studies used a quantitative methodology (Cresswell, 2012). A self-completed online questionnaire was randomly sent to individuals eligible to submit returns and/ or liable to pay taxes in Indonesia. Indonesia's Corruption Perception Index (CPI) is currently 34/100, ranking 110th among 180 countries in terms of corruption levels. A higher ranking indicates greater corruption within a country which can serve as an indicator of egoism (Kaulu, 2022). To ensure the validity and comparability of results, the questionnaire used in this research is based on previous studies. The questionnaire assesses Attitude Towards Tax Evasion, which is measured by a set of items forming the tax morale variable. Subjective Norm is measured through two variables: tax fairness and trust in government. Perceived Behavioural Control is

measured using four variables: power authority, tax complexity, tax information, and tax awareness. All these variables are measured on a five-point Likert scale. The measures for attitudes towards taxes, subjective norms, and perceived behavioural control were adapted from Taing & Chang (2021), while taxpayer egoism was adapted from Weigel et al. (1999), and tax evasion intention from Owusu et al. (2020).

Out of the total number of participants, a total of 245 individuals filled out and submitted the survey. Previous studies have indicated that this sample size is considered satisfactory, provided that the variables in the model demonstrate strong reliability and the parameter estimates are robust (Kyriazos, 2018).

This research uses correlation analysis using SmartPLS to examine the mediating effect between the independent and dependent variables.

RESULT & DISCUSSION

Sample Profile

The sample profile is shown in Table 1. Most respondents, comprising 48.16% of the total, fell within the 21 to 30 age range. Following this, individuals between the ages of 31 and 40 accounted for 26.58%. The gender distribution portrayed in Table 1 shows that 137 (55.92%) of the respondents are female, while 108 (44.08%) are male. When it comes to employment status, 55.51% of the respondents were employed in full-time jobs. Furthermore, 17.55% were pure business owners, and 17.14% were engaged in both employment and running a business.

Table 1. Sample Profile

Sample Characteristics	Description	Total	Percentage
Age	18 to 20	12	4.90
	21 to 30	118	48.16
	31 to 40	65	26.53
	41 to 50	36	14.69
	51 to 60	14	5.71
Gender	Female	137	55.92
	Male	108	44.08
Employment Status	Student	24	9.80
	Employed	136	55.51
	Business Owner	43	17.55
	Employed & Business Owner	42	17.14

Table 2. Correlation Analysis

	Variable	Mean	SD	N	1	2	3	4	5	6	7	8	9
1	Tax Evasion Intention	2.249	1.132	245	1								
2	Egoism	2.963	0.959	245	0.493**	1							
3	Tax Moral	4.116	0.799	245	-0.490**	-0.205**	1						
4	Tax Fairness	3.547	1.037	245	-0.243**	-0.322**	0.295**	1					
5	Trust in Government	3.366	1.011	245	-0.116	-0.161*	0.274**	0.484**	1				
6	Power Tax Authority	3.212	1.112	245	0.047	0.260**	0.265**	0.131*	0.256**	1			
7	Tax Complexity	2.821	1.076	245	0.448**	0.465**	-0.246**	-0.248**	0-.078	0.044	1		
8	Tax Information	3.657	0.890	245	-0.182**	0.052	0.441**	0.305**	0.454**	0.383**	-0.269**	1	
9	Tax Awareness	3.937	0.872	245	-0.215**	-0.261**	0.372**	0.340**	0.285**	0.071	-0.146*	0.193**	1

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

Linear Regression Assumptions Tests

To ensure completeness of data, regular checks were conducted to identify any missing information. This could be attributed to one of the benefits of online questionnaires, as they prompt respondents to address any missed questions. Additionally, a normality test was performed and confirmed using the Kolmogorov-Smirnov Test. Descriptive statistics for the independent variables (factors influencing tax evasion intention), dependent variable (tax evasion intention), and mediating variable (taxpayer egoism) are displayed in Table 2.

All Person's correlations were found to be less than 0.8. As a result, even though some of the correlations had statistical significance, there should not be a concern about multicollinearity (Mwiya et al., 2018). This was further supported by the variance inflation factor (VIF) values, which were all below the recommended threshold of 10, indicating that multicollinearity is not an issue.

Regression Analysis using Ordinary Least Square (OLS)

Ordinary Least Squares (OLS) regression of the determinant's factors of tax evasion intention, taxpayer egoism, and tax evasion intention is shown on Table 3.

Table 3. OLS Regression Result

	Model 1			Model 2		
	B	t-Statistic	p	B	t-Statistic	p
Independent Variable						
Tax Moral	-0.650	-7.458	0.000***	-0.580	-6.877	0.000***
Tax Fairness	-0.072	-1.072	0.285	-0.011	-0.175	0.861
Trust in Government	-0.005	-0.063	0.950	0.053	0.763	0.446
Power Tax Authority	0.135	2.326	0.021**	0.056	0.973	0.331
Tax Complexity	0.352	6.008	0.000***	0.212	3.389	0.001**
Tax Information	0.103	1.230	0.220	-0.013	-0.160	0.873
Tax Awareness	0.005	0.064	0.949	0.049	0.688	0.492
Mediating Variable						
Taxpayer Egoism				0.373	4.953	0.000***
Adjusted R2		0.364			0.421	
F Statistic		20.916			23.186	
P Statistic		0.000			0.000	

Model 1 examine the seven-determinant factor of tax evasion intention. This model is statistically significant overall ($F=20.917$; $p<0,001$). This model has an effect size of at least at 36.6%. Separately, tax moral, power tax authority, and tax complexity statistically significant predictors of tax evasion intention. When taxpayer egoism introduces in Model 2, a slightly higher statistically significant combined effect occurs ($R^2= 42.1\%$). Individually, only tax moral, tax complexity, and taxpayer egoism were statistically significant predictors of tax evasion intention.

Tax moral have negative effect on tax evasion intention ($B=-0.650$; $p<0,001$). This implies that one-level rise in tax morals on the Likert scale would result in a 0.650 drop in tax evasion intention. Tax complexity has positive effect on tax evasion intention ($B=0.212$; $p<0,05$). A one-level rise in tax complexity on the same scale results 0.212 rise on tax evasion intentions. Furthermore, tax payer egoism has positive effect on tax evasion intention ($B=0.372$; $p<0,001$). This result concludes that one-level rise in tax payer egoism would result 0.372 on tax evasion intention.

Despite only two variable that have statistically significant on tax evasion intention (Model 3), the mediation analysis is still possible Preacher & Hayes (2004). Nevertheless, Baron & Kenny (1986) argue that only that have statistically significant would have met condition one for potential mediation. This research use Preacher & Hayes (2004) approach and proceed to conduct mediation analyses.

Mediation Analysis using Composite Variable in the PROCESS Macro

Table 4 shows the analysis of mediation utilizing the Process Macro. According to the results presented in Table 4, factors such as tax moral, tax fairness, power authority, tax complexity, and tax awareness all had a significant impact on the intention to engage in tax evasion through taxpayer egoism. Therefore, hypotheses H1, H2, H4, H5, and H7 are supported. However, the influence of tax information and trust in government on tax evasion intention through taxpayer egoism (H3 and H6) was found to be statistically insignificant. This implies that there is insufficient statistical evidence to assert that tax information directly affects the intention to engage in tax evasion through taxpayer egoism. Likewise, there is also inadequate statistical evidence to claim that trust in government indirectly influences tax evasion intention through egoism.

Mediation Analysis using Latent Variable in the SmartPLS

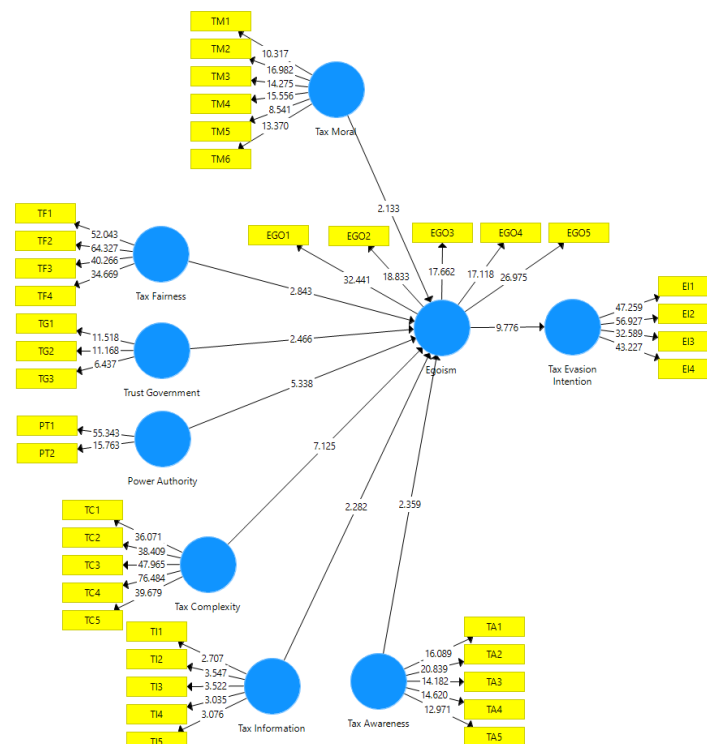


Figure 2. Path Analysis Model

The purpose this research is to examine the direct effect of predictor variables on tax evasion intention. Furthermore, this research examines the indirect effect of predictor variables on tax evasion intention through taxpayer egoism. Table 5 and Table 6 show the result of direct and indirect effect of predictor variables on tax evasion intention

Table 4. Mediation Analysis Result using PROCESS Macro

	Direct Effect of X on Y	Effect of X on M (a)	Effect of M on Y (b)	Indirect Effect of X on Y via M (a x b)	95% CI for bootstrap	
					LB	UB
Power Authority -> Egoism -> Tax Evasion	-0.088 0.133	0.224 0.000	0.609 0.000	0.137	0.065	0.221
Tax Awareness -> Egoism -> Tax Evasion	-0.119 0.112	-0.287 0.000	0.554 0.000	-0.159	-0.235	-0.091
Tax Complexity -> Egoism -> Tax Evasion	0.293 0.000	0.414 0.000	0.430 0.000	0.178	0.103	0.268
Tax Fairness -> Egoism -> Tax Evasion	-0.103 0.110	-0.298 0.000	0.547 0.000	-0.163	-0.240	-0.096
Tax Information -> Egoism -> Tax Evasion	-0.265 0.000	0.056 0.419	0.595 0.000	0.033	-0.046	0.122
Tax Moral -> Egoism -> Tax Evasion	-0.575 0.000	-0.246 0.000	0.484 0.000	-0.119	-0.203	-0.048
Trust Government -> Egoism -> Tax Evasion	-0.043 0.501	-0.152 0.119	0.575 0.000	-0.088	-0.155	-0.020

Table 5. Direct Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Egoism -> Tax Evasion	0.503	0.507	0.051	9.776	0.000
Power Authority -> Egoism	0.270	0.283	0.051	5.338	0.000
Tax Awareness -> Egoism	-0.135	-0.144	0.057	2.359	0.019
Tax Complexity -> Egoism	0.419	0.407	0.059	7.125	0.000
Tax Fairness -> Egoism	-0.172	-0.163	0.060	2.843	0.005
Tax Information -> Egoism	0.296	0.258	0.129	2.282	0.023
Tax Moral -> Egoism	-0.146	-0.142	0.068	2.133	0.033
Trust Government -> Egoism	-0.165	-0.155	0.067	2.466	0.014

Tax payer egoism has positive effect on tax evasion intention (0.503; $p < 0.001$). This result is consistent with OLS result that show positive effect of taxpayer egoism on tax evasion intention (H8 supported). All the seven determinants of tax evasion intention have a statistically significant direct effect on tax evasion intention.

Table 6. Indirect Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Power Authority -> Egoism -> Tax Evasion	0.136	0.144	0.030	4.496	0.000
Tax Awareness -> Egoism -> Tax Evasion	-0.068	-0.073	0.028	2.392	0.017
Tax Complexity -> Egoism -> Tax Evasion	0.211	0.207	0.041	5.083	0.000
Tax Fairness -> Egoism -> Tax Evasion	-0.086	-0.083	0.031	2.782	0.006
Tax Information -> Egoism -> Tax Evasion	0.149	0.130	0.066	2.241	0.025
Tax Moral -> Egoism -> Tax Evasion	-0.073	-0.073	0.036	2.021	0.044
Trust Government -> Egoism -> Tax Evasion	-0.083	-0.078	0.034	2.452	0.015

Tabel 6 shows the mediation analysis using SmartPLS. All the seven determinants of tax evasion intention have a statistically significant indirect effect on tax evasion intention through taxpayer egoism (H1 – H7 supported).

Conclusion & Limitation

Numerous studies have been conducted to examine the determinant factors of tax evasion, tax compliance, and individuals' intentions in relation to these activities. However, this study takes a unique approach by combining latent variables and composite variables within a single study to analyze tax evasion intentions. Additionally, the study incorporates the theory of planned behaviour, which is widely discussed in existing literature.

The data collected in this study provides statistical evidence supporting the role of egoism as a mediator in the relationship between all of determinants of tax evasion intentions and the actual intention to engage in tax evasion using smartPLS. Furthermore, these results show that five out of seven determinants of tax evasion intentions and the actual intention to engage in tax evasion using PROCESS Macro.

The results of this study indicate that egoism plays a vital role on the intention to evade taxes. To mitigate tax evasion, policymakers should simplify the tax system, enhance moral values, provide accessible tax information, and foster tax awareness, all while considering the egoistic tendencies of taxpayers. Generally, it appears that educating individuals about taxation and promoting selflessness can help reduce the intention to evade taxes. Therefore, it is crucial for educational institutions, tax policymakers, and practitioners to incorporate moral education into the curriculum from an early age, instilling a sense of patriotism and altruism (in contrast to egoism). It is also important that lawmakers enact supportive regulations to facilitate the implementation of these measures.

Future research could include other variables such as income and education background to control the effect on tax evasion intention. Furthermore, future research could use another method to examine the effect of independent variable on dependent variable through tax payer egoism using experimental method to enhance internal validity.

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23 AGUSTUS 2024

Editor Decision

2 messages

Yuana Jatu <jurnal.lemlit@trisakti.ac.id>
To: Nur Chayati <nurchayati@staff.uns.ac.id>

Fri, Aug 23, 2024 at 10:22 AM

Nur Chayati, Hanung Triatmoko, Trisninik Ratih Wulandari, Meka Sabilla Salim, Saktiana RiZki Endiramurti:

We have reached a decision regarding your submission to {\$contextName}, "WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA".

Our decision is: **Revisions Required**



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To: Nur Chayati <nurchayati@staff.uns.ac.id>

Fri, Aug 23, 2024 at 10:34 AM

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WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA

Abstract

The purpose this research is to examine the direct effect of predictor variables on tax evasion intention. Furthermore, this research examines the indirect effect of predictor variables on tax evasion intention through taxpayer egoism. This study evaluates the direct relationship between attitude, subjective norm, & perceived behavioral control on tax evasion intentions. Furthermore, this study used taxpayer egoism as moderating variable. All variables used are in accordance with perspective of the Theory of Planned Behavior. This research uses correlation analysis, Ordinary Least Square (OLS) using SPSS and smartPLS to examine the mediation between the independent variable and the dependent variable. The results showed that tax payer egoism has positive effect on tax evasion intention. This result is consistent with OLS result that show positive effect of taxpayer egoism on tax evasion intention. All the seven determinants of tax evasion intention have a statistically significant direct effect on tax evasion intention. Furthermore, all the seven determinants of tax evasion intention have a statistically significant indirect effect on tax evasion intention through taxpayer egoism.

Keywords : Egoism; Tax Evasion Intention; Attitude; Subjective norm; Perceived Behavioural Control

JEL Classification : H20, H26

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INTRODUCTION

Egoism, characterized by an excessive focus on personal gain or satisfaction without considering the welfare of the community (Weigel et al., 1999), has the ability to influence one's inclination towards tax evasion (Kamleitner et al., 2012). Individuals may engage in tax evasion to secure personal advantages that neglect the benefit of society as a whole (Chan et al., 2000). Egoistic individuals prioritize their own well-being over the welfare of society to such an extent that they assign an excessive value to money (Korndörfer et al. 2014).

Prior research indicates that individuals with egoistic personalities play a significant role in the occurrence of tax evasion (Korndörfer et al., 2014). However, the existing literature fails to sufficiently address the potential mediating effect of egoism on the association between the intention to evade taxes and its determinants. Egoism, in and of itself, is a trait that is socially undesirable (Paulhus & Jones, 2015). It can lead to criminal

Commented [Z1]: This study examine the moderating or intervening variable?

Commented [Z2]: Why doing research on tax evasion, explore tax evasion first as the main variable in this study. After that explore why this study extend by exmaning egoism as intervening variable. What is the purpose of this study.

behaviour when it becomes a catalyst for tax evasion. Despite this aspect being overlooked, it is essential to comprehend this relationship as policymakers, scholars, and tax professionals require this knowledge to enhance tax operations. A deeper understanding of this association, governments can enhance tax administration and maximize tax revenue for the purpose of development.

Before delving further, one may inquire about the concept of taxation. According to Law No. 7 of 2021 regarding Harmonization of Tax Regulations, taxation refers to the obligatory financial contribution that governments frequently impose to generate revenue for their operations. It entails the compelled and unreciprocated transfer of funds from the private to the public sector. Taxation plays a crucial role in both monetary and fiscal policies, as well as acting as a potent instrument for achieving social justice. It facilitates the equitable redistribution of wealth and resources within society. Nevertheless, not everyone willingly complies with their tax obligations. Throughout history, there have been numerous instances of corporations and individuals, irrespective of their power or influence, engaging in fraudulent activities to evade paying taxes. Tax evasion has become such a significant issue that certain tax payers resort to elaborate global networks to carry out these unlawful practices (Evertsson, 2016). To address this problem, governments employ Double Tax Avoidance agreements (DTAAs) and Tax Information Exchange Agreements (TIEAs) with varying degrees of success (Kemme et al., 2017).

Tax evasion refers to the act of violating tax laws with the intention of evading the payment of the rightful amount of tax. It is important to differentiate tax evasion from tax avoidance, where taxpayers exploit tax laws and incentives to minimize their tax obligations. Tax evasion is considered illegal, while tax avoidance is within the boundaries of the law. However, in recent times, the line between tax avoidance and tax evasion has become increasingly blurred. Tax avoidance is now being viewed with diminishing acceptance, as it is often seen as morally questionable and contradictory to the intended legal framework. While there are ongoing debates surrounding tax avoidance, this study primarily focuses on tax evasion and the specific intention behind evading taxes.

Tax evasion results in the depletion of significant tax revenues, often going unnoticed by governments (Gravelle, 2009). This issue is further exacerbated by complex tax systems, such as tax havens, and outdated tax laws that require revisions. The impact of tax evasion is a global problem of significant magnitude (Gravelle, 2009). A prime example is the Panama Papers, a collection of leaked documents in 2015, containing over 11 million files (2.6 terabyte of data) that implicated numerous companies and wealthy individuals worldwide. However, this leak is not an isolated incident, as similar leaks like the Paradise Papers (2017), Offshore Leaks (2013), Luxembourg Leaks (2014), Swiss Leaks (2015), and Wikileaks (2010) have also shed light on the widespread nature of tax evasion practices.

While tax evasion can have negative consequences for society, certain taxpayers do not see it as wrong due to their self-centred nature. This egoism leads them to rationalize tax evasion as a form of tax avoidance. The Panama Papers scandal serves as a prime example of this phenomenon. Panama Papers and Pandora scandal vehemently denied any criminal involvement or harm inflicted upon society. This raises inquiries into the role of egoism as a mediator in predicting intentions behind tax evasion (Evertsson, 2016).

Developing nations often exhibit certain characteristics, such as a multitude of small organizations, agriculture playing a significant role in overall output and employment, a substantial informal sector, and limited administrative capability (Tanzi & Zee, 2000). Consequently, Tanzi & Zee (2000) argue that it is challenging to obtain accurate and comprehensive tax statistics. Previous studies have found that tax evasion is prevalent in these countries due to inadequate tax collection mechanisms and the perception among

citizens that the government does not fulfill its responsibilities towards them (McGee, 2006). Torgler (2005) identifies the tax burden, lack of integrity, and corruption as the main drivers of tax evasion in Latin America. Furthermore, the literature suggests that if taxpayers in developing nations perceive fair treatment from tax authorities, trust government officials, and receive high-quality services, they are more likely to voluntarily fulfill their tax obligations (Tanzi & Zee, 2000; Torgler, 2005). Additionally, prior research indicates that individuals with higher incomes are more inclined to engage in tax evasion compared to low-income individuals due to having greater resources to conceal their earnings (Pirttila, 1999).

The Indonesian government has recently announced an extension of the tax reporting deadline and the implementation of a new computerized system to ensure tax compliance. To streamline and modernize the tax system, the Directorate General of Taxes (DGT) launched a comprehensive digitalization initiative in 2018, known as the core tax system. This project is expected to be finalized by 2024. In response to the COVID-19 pandemic, the government introduced the single login program as part of this effort, facilitating the provision of services such as Click-Call-Counter (3C) and enabling taxpayers to file their annual tax returns remotely. Additionally, to accommodate the challenges posed by the crisis, the government granted an extra month for filing tax returns and extended the deadline for submitting the necessary documents by two months. Despite these measures, the overall compliance with tax regulations has decreased due to the economic hardships brought about by the pandemic.

According to the Central Bureau of Statistics' report in 2022, the tax ratio in Indonesia is 10.38%. However, the International Monetary Fund (IMF) argues that a tax ratio of 10% is insufficient to ensure the availability of funds for sustainable development. The IMF recommends a tax ratio of approximately 15% for countries to effectively pursue sustainable development. Interestingly, Indonesia's tax ratio over the past five years has fluctuated between 8% and 10%.

The presence of a thriving shadow economy, also known as the underground economy, in Indonesia is identified as a prominent factor contributing to the failure in achieving the desired tax revenue targets and low tax ratio. According to Mediana & Schneider (2018), the shadow economy encompasses all economic activities that remain hidden from official authorities due to monetary, regulatory, and institutional reasons. Mediana & Schneider (2018) further explain that the monetary and regulatory reasons involve tax avoidance, evasion, and the non-payment of social security contributions. In a study by Samuda (2016) that examined the period of 2001-2013, the potential loss of tax revenue due to underground economy activities in Indonesia reached IDR 11,172.86 billion.

In terms of corruption, Indonesia currently has a Corruption Perception Index (CPI) score of 34/100, placing it at the 110th position out of 180 countries. The CPI score indicates the level of corruption, with higher scores implying greater corruption. In comparison, Indonesia's position in the CPI for 2022 has dropped to one-third of the most corrupt countries worldwide and is significantly lower than the average CPI score of 45 for Asia-Pacific nations. With a score of 34, Indonesia finds itself on par with countries like Bosnia and Herzegovina, Gambia, Malawi, Nepal, and Sierra Leone. Within the Southeast Asia Region, Indonesia ranks seventh out of eleven countries, lagging behind neighboring nations such as Singapore, Malaysia, Timor Leste, Vietnam, and Thailand. Therefore, the objective of this research is to assess the tax evasion intention among Indonesian taxpayers.

Numerous previous studies have examined the issue of tax evasion, but little attention has been given to the potential influence of egoism in the link between the intention to evade taxes and the factors that determine it. Although managing egoism can be challenging, understanding it, along with other determining factors, can play a significant role in shaping tax policies through various perspectives: educational, social, and political. This is

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particularly crucial in developing countries where governmental structures often lack strength (Farazmand, 2023). Limited research has been conducted in developing country contexts regarding the potential mediating effect of egoism in the relationship between tax evasion intentions and its determinants. As a result, this study aims to address this knowledge gap by conducting a systematic investigation of the mediating role of egoism in the relationship between tax evasion intentions and its determinants.

The main objective of this study is to examine the determinant factors that may contribute to individuals engaging in tax evasion. The study specifically analyzes the factors such as attitude, subjective norms, and perceived behavioral control effect an individual's intentions to commit tax evasion. Additionally, the study also considers the role of taxpayer egoism as a mediating factor. It is important to note that all the variables used in this study align with the theoretical framework of the Theory of Planned Behaviour.

LITERATURE REVIEW & HYPHOTESIS DEVELOPMENT

Theory of Planned Behavior

Various theories are employed in numerous studies to elucidate the intentions behind tax compliance and evasion. Some of these theories include Prospect Theory (Kahneman & Tversky, 2012), Expected Utility Theory (Bernoulli 1954), and The Deterrence Theory (Traxler 2014). They primarily focus on explaining tax evasion in situations involving risk and uncertainty. In contrast, Theory of Planned Behavior (Ajzen, 1985) makes more general predictions about intentions. This theory centers on individuals' intentions to engage in specific behaviors rather than solely on risk and uncertainty. The theory incorporates a variable known as behavioral control, which considers an individual's perception of risk and uncertainty in their behavioral intentions. Therefore, the theory of planned behavior is considered the most effective in explaining the intent behind tax compliance and consequently, tax evasion intent (Taing & Chang, 2021).

The primary framework utilized in this study is the Theory of Planned Behaviour (Ajzen, 1985). According to this theory, behaviour is influenced by intention, which is, in turn, influenced by three main factors: attitude, subjective norm, and perceived behavioural control. Ajzen defines intention as the level of effort an individual intends to put forth or the extent to which they are motivated to engage in a specific behaviour.

The Theory of Planned Behaviour is widely utilized in the examination of tax avoidance, tax evasion, and tax compliance intentions. Its application in this study draws upon contemporary tax literature (Bobek et al., 2007; Owusu et al., 2020; Taing & Chang, 2021). This theory holds significance as it suggests that the intention to engage in a certain behavior increases the likelihood of it actually occurring (Ajzen, 1985; Owusu et al., 2020). As a result, the Theory of Planned Behavior offers valuable insights into understanding tax evasion intentions and sheds light on the potential occurrence of tax evasion or vice versa.

Tax Evasion vs Tax Avoidance

Tax evasion and tax avoidance are frequently used interchangeably, but they have distinct meanings. Tax evasion has consistently been unlawful and pertains to individuals or enterprises intentionally neglecting to disclose or record their tax obligations. This encompasses the existence of a "hidden economy" where individuals conceal their taxable revenue sources.

Tax avoidance involves exploiting gaps in tax laws or using lawful methods to lower an individual's tax liabilities. While tax avoidance itself is not necessarily against the law, certain practices may be viewed as unethical or contradicting legal principles. It is important to note that not all forms of tax avoidance are practical or advantageous in real-world

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scenarios. Nevertheless, there are legitimate strategies employed by both individuals and businesses to effectively minimize their tax burdens.

Taxpayer Egoism

Egoism, as discussed in the study by Weigel et al. (1999), refers to an individual's excessive focus on their own advantage or pleasure, often disregarding the well-being of the community. According to Korndörfer et al. (2014), egoism can affect behaviour related to tax evasion, including both the act of evading taxes and concealing such evasion. This aligns with the findings of Murphy (2004), who argues that taxpayers involved in tax avoidance cases make decisions based on the potential financial loss they may incur, applying a rational choice model. Consequently, egoism plays a crucial role in shaping intentions to participate in tax evasion.

According to the theory of psychological egoism, individuals' behaviour and decision-making are motivated by their own personal interests. This theory suggests that all motivations ultimately lead to selfish behaviour. Psychological egoism argues that individuals who prioritize their own interests are unconcerned about the potential societal or economic benefits that can be derived. This theory posits that individuals are inherently programmed to prioritize themselves and their own interests, leading to egoistic behaviours (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves rather than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion. McConnell (1978), described psychological egoism as a theory that asserts that individuals are inherently inclined to prioritize their own self-interests and concerns. This concept suggests that every person is psychologically wired to be focused on their own well-being and personal desires.

Hypothesis Development

The role of egoism in bridging the gap between tax morals and intentions of tax evasion is strongly rooted in the ethical perspectives of consequentialism and deontology. Deontologists strictly adhere to laws, such as "Thou shall not kill," while consequentialists have a more liberal approach, guided by the belief that the end justifies the means (Frecknall-Hughes et al., 2017). In other words, if killing serves the greater good for a larger number of people (altruism) compared to one person (egoism), consequentialists deem it justified. Various studies have shown that moral values have an impact on tax evasion. However, little attention has been given to the question of whether a taxpayer's consequentialist or deontological standpoint, represented by egoism, plays a mediating role in this relationship.

Several previous studies have indicated that an individual's moral beliefs have an impact on their intentions to evade taxes (Owusu et al., 2020; Taing & Chang, 2021, 2021). Additionally, research conducted by Majstorović and Petrović (2022) suggests that an individual's adherence to the ethic of egoism can effect their propensity for rationalizing corrupt actions. However, there has been limited investigation into whether taxpayers' consequentialist or deontological attitudes, represented by egoism, can act as mediators in this relationship (Kaulu, 2022). As a result, the following hypothesis is proposed:

H1 : Tax morals have significant effect on tax evasion intention through taxpayer egoism

Tax fairness plays a crucial role in tax compliance behaviour (Sinnasamy et al., 2015; Slemrod, 2007). Additionally, Lin et al. (2017) highlight the potential impact of tax fairness

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on the intention to engage in tax evasion, specifically through egoism. Their findings suggest that organizations may exploit the concept of corporate social responsibility (CSR) as a means of masking their economic self-interest, potentially for the purpose of evading taxes. To delve deeper into this phenomenon, the following hypothesis is proposed:

H2 : Tax fairness have significant effect on tax evasion intention through taxpayer egoism

Trust in the government has been identified as a factor that influences the extent to which individuals comply with tax regulations (Murphy, 2004). Alon & Hageman (2013) discovered that higher levels of corruption result in lower levels of tax compliance. To further explore this relationship, a cross-country study conducted by Mas'ud et al. (2014) investigated whether trust and power interacted with each other in influencing tax compliance. Trust was measured using Transparency International's Corruption Perception Index (CPI), while tax compliance was gauged by the percentage of a country's tax revenue in relation to its GDP. The findings indicated that trust in authorities, as well as the power held by authorities, interacted to enhance tax compliance. However, the potential mediating role of egoism in the connection between trust in government and tax evasion remains unclear. Thus, the following hypothesis is proposed:

H3 : Trust in government have significant effect on tax evasion intention through taxpayer egoism

Taxpayers often aim to maximize their expected benefits by weighing the potential gains of avoiding taxes against the risks of getting caught (Chan et al., 2000). As a result, there can be variations in investment preferences between individuals who engage in tax evasion and those who do not (Kemme et al., 2021). Taxpayers who aim to avoid paying taxes will seek out authoritarian countries that have limited financial transparency, while these countries are willing to invest in democratic and financially transparent countries. The tax compliance model, developed by Song and Yarbrough in 1978, acknowledges that the enforcement of tax laws plays a crucial role in determining tax compliance (Kaulu, 2022) and the possibility of evasion (Kaulu, 2022). The following hypothesis is proposed:

H4 : Power of authority have significant effect on tax evasion intention through taxpayer egoism

According to Hessing et al. (1988) and Saad (2014) the level of complexity in a tax system plays a significant role in tax compliance. Alm (2012) also acknowledges that complex tax systems often lead taxpayers to seek the assistance of tax practitioners, which increases compliance costs and creates an incentive for tax evasion when the risk of detection is low and there are opportunities for rationalization. In some cases, the complexity of tax systems has been identified as a reason for non-registration in tax payment making it even more challenging for tax authorities to track compliance (Akinboade, 2015). However, these discussions overlook the potential mediating effect of egoism on the relationship between tax complexity and tax evasion intentions. Therefore, it is important to examine the mediating role of egoism in individuals' intentions to comply with tax regulations. The following hypothesis is proposed:

H5 : Tax complexity have significant effect on tax evasion intention through taxpayer egoism

Previous research regarding to tax compliance intentions found that no significant correlation between this factor and tax information was discovered (Taing & Chang, 2021). The study, which took place in Cambodia, did not take into account the potential influence of taxpayer egoism. Additionally, logistic regression analysis was utilized due to the binary nature of the dependent variable. To examine the potential mediation effect of egoism, H6 is proposed.

H6 : Tax information have significant effect on tax evasion intention through taxpayer egoism

A taxpayer's understanding of taxes is crucial in determining the accurate tax payment amount (Saad, 2014). Nevertheless, there is conflicting empirical evidence regarding the connection between tax knowledge and compliance with tax laws and evasion (Taing & Chang, 2021). Additionally, the potential influence of selfishness in the relationship between tax awareness and intention to evade taxes is not well understood. Therefore, the following hypothesis is proposed:

H7 : Tax awareness have significant effect on tax evasion intention through taxpayer egoism

Egoism is a significant factor that impacts not only the act of avoiding taxes but also the act of hiding tax evasion. This phenomenon is observed in the corporate world where egoism drives tax evasion through practices such as manipulating financial records, utilizing tax havens, and implementing other tax planning strategies. Similarly, individuals with substantial wealth may engage in similar actions solely for their own self-interest, as exemplified by the revelations from the Panama Papers (Evertsson, 2016).

Wesley et al. (2001) conducted research on the factors that influence tax evasion in the United Kingdom, Norway, and France. The variables were categorized into two types: self-reported evasion and hypothetical tax evasion. Hypothetical tax evaders refer to individuals who claim that they will evade taxes but do not actually engage in such behavior. On the other hand, self-reported tax evaders are individuals who admit to illegally avoiding taxes either on their income or withholdings. The following hypothesis is proposed:

H8 : Taxpayer egoism have significant effect on tax evasion intention

RESEARCH METHODS

These studies used a quantitative methodology (Cresswell, 2012). A self-completed online questionnaire was randomly sent to individuals eligible to submit returns and/ or liable to pay taxes in Indonesia. Indonesia's Corruption Perception Index (CPI) is currently 34/100, ranking 110th among 180 countries in terms of corruption levels. A higher ranking indicates greater corruption within a country which can serve as an indicator of egoism (Kaulu, 2022). To ensure the validity and comparability of results, the questionnaire used in this research is based on previous studies. The questionnaire assesses Attitude Towards Tax Evasion, which is measured by a set of items forming the tax morale variable. Subjective Norm is measured through two variables: tax fairness and trust in government. Perceived Behavioural Control is

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measured using four variables: power authority, tax complexity, tax information, and tax awareness. All these variables are measured on a five-point Likert scale. The measures for attitudes towards taxes, subjective norms, and perceived behavioural control were adapted from Taing & Chang (2021), while taxpayer egoism was adapted from Weigel et al. (1999), and tax evasion intention from Owusu et al. (2020).

Out of the total number of participants, a total of 245 individuals filled out and submitted the survey. Previous studies have indicated that this sample size is considered satisfactory, provided that the variables in the model demonstrate strong reliability and the parameter estimates are robust (Kyriazos, 2018).

This research uses correlation analysis using SmartPLS to examine the mediating effect between the independent and dependent variables.

RESULT & DISCUSSION

Sample Profile

The sample profile is shown in Table 1. Most respondents, comprising 48.16% of the total, fell within the 21 to 30 age range. Following this, individuals between the ages of 31 and 40 accounted for 26.58%. The gender distribution portrayed in Table 1 shows that 137 (55.92%) of the respondents are female, while 108 (44.08%) are male. When it comes to employment status, 55.51% of the respondents were employed in full-time jobs. Furthermore, 17.55% were pure business owners, and 17.14% were engaged in both employment and running a business.

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Table 1. Sample Profile

Sample Characteristics	Description	Total	Percentage
Age	18 to 20	12	4.90
	21 to 30	118	48.16
	31 to 40	65	26.53
	41 to 50	36	14.69
	51 to 60	14	5.71
Gender	Female	137	55.92
	Male	108	44.08
Employment Status	Student	24	9.80
	Employed	136	55.51
	Business Owner	43	17.55
	Employed & Business Owner	42	17.14

Table 2. Correlation Analysis

	Variable	Mean	SD	N	1	2	3	4	5	6	7	8	9
1	Tax Evasion Intention	2.249	1.132	245	1								
2	Egoism	2.963	0.959	245	0.493**	1							
3	Tax Moral	4.116	0.799	245	-0.490**	-0.205**	1						
4	Tax Fairness	3.547	1.037	245	-0.243**	-0.322**	0.295**	1					
5	Trust in Government	3.366	1.011	245	-0.116	-0.161*	0.274**	0.484**	1				
6	Power Tax Authority	3.212	1.112	245	0.047	0.260**	0.265**	0.131*	0.256**	1			
7	Tax Complexity	2.821	1.076	245	0.448**	0.465**	-0.246**	-0.248**	0-.078	0.044	1		
8	Tax Information	3.657	0.890	245	-0.182**	0.052	0.441**	0.305**	0.454**	0.383**	-0.269**	1	
9	Tax Awareness	3.937	0.872	245	-0.215**	-0.261**	0.372**	0.340**	0.285**	0.071	-0.146*	0.193**	1

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

Linear Regression Assumptions Tests

To ensure completeness of data, regular checks were conducted to identify any missing information. This could be attributed to one of the benefits of online questionnaires, as they prompt respondents to address any missed questions. Additionally, a normality test was performed and confirmed using the Kolmogorov-Smirnov Test. Descriptive statistics for the independent variables (factors influencing tax evasion intention), dependent variable (tax evasion intention), and mediating variable (taxpayer egoism) are displayed in Table 2.

All Person's correlations were found to be less than 0.8. As a result, even though some of the correlations had statistical significance, there should not be a concern about multicollinearity (Mwiya et al., 2018). This was further supported by the variance inflation factor (VIF) values, which were all below the recommended threshold of 10, indicating that multicollinearity is not an issue.

Regression Analysis using Ordinary Least Square (OLS)

Ordinary Least Squares (OLS) regression of the determinant's factors of tax evasion intention, taxpayer egoism, and tax evasion intention is shown on Table 3.

Table 3. OLS Regression Result

	Model 1			Model 2		
	B	t-Statistic	p	B	t-Statistic	p
Independent Variable						
Tax Moral	-0.650	-7.458	0.000***	-0.580	-6.877	0.000***
Tax Fairness	-0.072	-1.072	0.285	-0.011	-0.175	0.861
Trust in Government	-0.005	-0.063	0.950	0.053	0.763	0.446
Power Tax Authority	0.135	2.326	0.021**	0.056	0.973	0.331
Tax Complexity	0.352	6.008	0.000***	0.212	3.389	0.001**
Tax Information	0.103	1.230	0.220	-0.013	-0.160	0.873
Tax Awareness	0.005	0.064	0.949	0.049	0.688	0.492
Mediating Variable						
Taxpayer Egoism				0.373	4.953	0.000***
Adjusted R2		0.364			0.421	
F Statistic		20.916			23.186	
P Statistic		0.000			0.000	

Model 1 examine the seven-determinant factor of tax evasion intention. This model is statistically significant overall ($F=20.917$; $p<0,001$). This model has an effect size of at least at 36.6%. Separately, tax moral, power tax authority, and tax complexity statistically significant predictors of tax evasion intention. When taxpayer egoism introduces in Model 2, a slightly higher statistically significant combined effect occurs ($R^2= 42.1\%$). Individually, only tax moral, tax complexity, and taxpayer egoism were statistically significant predictors of tax evasion intention.

Tax moral have negative effect on tax evasion intention ($B=-0.650$; $p<0,001$). This implies that one-level rise in tax morals on the Likert scale would result in a 0.650 drop in tax evasion intention. Tax complexity has positive effect on tax evasion intention ($B=0.212$; $p<0,05$). A one-level rise in tax complexity on the same scale results 0.212 rise on tax evasion intentions. Furthermore, tax payer egoism has positive effect on tax evasion intention ($B=0.372$; $p<0,001$). This result concludes that one-level rise in tax payer egoism would result 0.372 on tax evasion intention.

Despite only two variable that have statistically significant on tax evasion intention (Model 3), the mediation analysis is still possible Preacher & Hayes (2004). Nevertheless, Baron & Kenny (1986) argue that only that have statistically significant would have met condition one for potential mediation. This research use Preacher & Hayes (2004) approach and proceed to conduct mediation analyses.

Mediation Analysis using Composite Variable in the PROCESS Macro

Table 4 shows the analysis of mediation utilizing the Process Macro. According to the results presented in Table 4, factors such as tax moral, tax fairness, power authority, tax complexity, and tax awareness all had a significant impact on the intention to engage in tax evasion through taxpayer egoism. Therefore, hypotheses H1, H2, H4, H5, and H7 are supported. However, the influence of tax information and trust in government on tax evasion intention through taxpayer egoism (H3 and H6) was found to be statistically insignificant. This implies that there is insufficient statistical evidence to assert that tax information directly affects the intention to engage in tax evasion through taxpayer egoism. Likewise, there is also inadequate statistical evidence to claim that trust in government indirectly influences tax evasion intention through egoism.

Mediation Analysis using Latent Variable in the SmartPLS

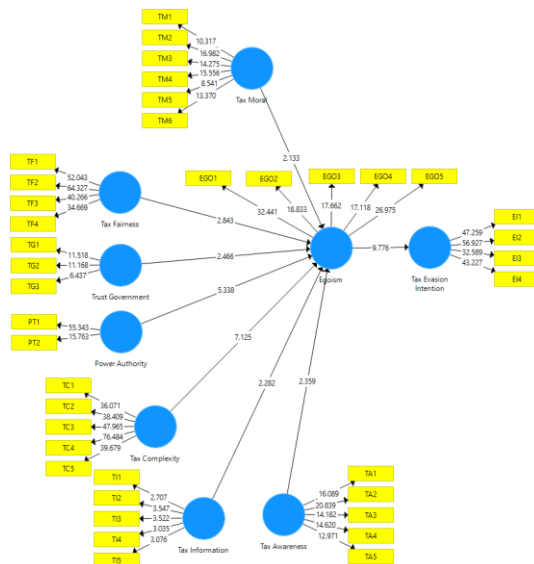


Figure 2. Path Analysis Model

The purpose this research is to examine the direct effect of predictor variables on tax evasion intention. Furthermore, this research examines the indirect effect of predictor variables on tax evasion intention through taxpayer egoism. Table 5 and Table 6 show the result of direct and indirect effect of predictor variables on tax evasion intention

Table 4. Mediation Analysis Result using PROCESS Macro

	Direct Effect of X on Y	Effect of X on M (a)	Effect of M on Y (b)	Indirect Effect of X on Y via M (a x b)	95% CI for bootstrap	
					LB	UB
Power Authority -> Egoism -> Tax Evasion	-0.088 0.133	0.224 0.000	0.609 0.000	0.137	0.065	0.221
Tax Awareness -> Egoism -> Tax Evasion	-0.119 0.112	-0.287 0.000	0.554 0.000	-0.159	-0.235	-0.091
Tax Complexity -> Egoism -> Tax Evasion	0.293 0.000	0.414 0.000	0.430 0.000	0.178	0.103	0.268
Tax Fairness -> Egoism -> Tax Evasion	-0.103 0.110	-0.298 0.000	0.547 0.000	-0.163	-0.240	-0.096
Tax Information -> Egoism -> Tax Evasion	-0.265 0.000	0.056 0.419	0.595 0.000	0.033	-0.046	0.122
Tax Moral -> Egoism -> Tax Evasion	-0.575 0.000	-0.246 0.000	0.484 0.000	-0.119	-0.203	-0.048
Trust Government -> Egoism -> Tax Evasion	-0.043 0.501	-0.152 0.119	0.575 0.000	-0.088	-0.155	-0.020

Table 5. Direct Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Egoism -> Tax Evasion	0.503	0.507	0.051	9.776	0.000
Power Authority -> Egoism	0.270	0.283	0.051	5.338	0.000
Tax Awareness -> Egoism	-0.135	-0.144	0.057	2.359	0.019
Tax Complexity -> Egoism	0.419	0.407	0.059	7.125	0.000
Tax Fairness -> Egoism	-0.172	-0.163	0.060	2.843	0.005
Tax Information -> Egoism	0.296	0.258	0.129	2.282	0.023
Tax Moral -> Egoism	-0.146	-0.142	0.068	2.133	0.033
Trust Government -> Egoism	-0.165	-0.155	0.067	2.466	0.014

Tax payer egoism has positive effect on tax evasion intention (0.503; $p < 0.001$). This result is consistent with OLS result that show positive effect of taxpayer egoism on tax evasion intention (H8 supported). All the seven determinants of tax evasion intention have a statistically significant direct effect on tax evasion intention.

Table 6. Indirect Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Power Authority -> Egoism -> Tax Evasion	0.136	0.144	0.030	4.496	0.000
Tax Awareness -> Egoism -> Tax Evasion	-0.068	-0.073	0.028	2.392	0.017
Tax Complexity -> Egoism -> Tax Evasion	0.211	0.207	0.041	5.083	0.000
Tax Fairness -> Egoism -> Tax Evasion	-0.086	-0.083	0.031	2.782	0.006
Tax Information -> Egoism -> Tax Evasion	0.149	0.130	0.066	2.241	0.025
Tax Moral -> Egoism -> Tax Evasion	-0.073	-0.073	0.036	2.021	0.044
Trust Government -> Egoism -> Tax Evasion	-0.083	-0.078	0.034	2.452	0.015

Tabel 6 shows the mediation analysis using SmartPLS. All the seven determinants of tax evasion intention have a statistically significant indirect effect on tax evasion intention through taxpayer egoism (H1 – H7 supported).

Conclusion & Limitation

Numerous studies have been conducted to examine the determinant factors of tax evasion, tax compliance, and individuals' intentions in relation to these activities. However, this study takes a unique approach by combining latent variables and composite variables within a single study to analyze tax evasion intentions. Additionally, the study incorporates the theory of planned behaviour, which is widely discussed in existing literature.

The data collected in this study provides statistical evidence supporting the role of egoism as a mediator in the relationship between all of determinants of tax evasion intentions and the actual intention to engage in tax evasion using smartPLS. Furthermore, these results show that five out of seven determinants of tax evasion intentions and the actual intention to engage in tax evasion using PROCESS Macro.

The results of this study indicate that egoism plays a vital role on the intention to evade taxes. To mitigate tax evasion, policymakers should simplify the tax system, enhance moral values, provide accessible tax information, and foster tax awareness, all while considering the egoistic tendencies of taxpayers. Generally, it appears that educating individuals about taxation and promoting selflessness can help reduce the intention to evade taxes. Therefore, it is crucial for educational institutions, tax policymakers, and practitioners to incorporate moral education into the curriculum from an early age, instilling a sense of patriotism and altruism (in contrast to egoism). It is also important that lawmakers enact supportive regulations to facilitate the implementation of these measures.

Future research could include other variables such as income and education background to control the effect on tax evasion intention. Furthermore, future research could use another method to examine the effect of independent variable on dependent variable through tax payer egoism using experimental method to enhance internal validity.

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WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA

Abstract

This study examines how taxpayer egoism affects the relationship between tax evasion intention and its determinants. Tax evasion intentions is assessed both as a composite variable and latent variable. All variables used are in accordance with perspective of the Theory of Planned Behavior. This research uses correlation analysis, Ordinary Least Square (OLS) using SPSS and smartPLS to examine the mediation between the independent variable and the dependent variable. The results showed that tax payer egoism has positive effect on tax evasion intention. This result is consistent with OLS result that show positive effect of taxpayer egoism on tax evasion intention. All the seven determinants of tax evasion intention have a statistically significant direct effect on tax evasion intention. Furthermore, all the seven determinants of tax evasion intention have a statistically significant indirect effect on tax evasion intention through taxpayer egoism.

Keywords : Egoism; Tax Evasion Intention; *Attitude*; *Subjective norm*; *Perceived Behavioural Control*

JEL Classification : H20, H26

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INTRODUCTION

Taxation is the compulsory financial payment that governments often impose in order to generate income for their activities, according to Law No. 7 of 2021 on the Harmonization of Tax Regulations. It involves the compulsory and non-reciprocal movement of money from the private sector to the public sector. Taxation is essential for implementing monetary and fiscal policy and serves as a powerful tool for promoting social fairness. It promotes the fair distribution of wealth and resources in society. However, there are those who do not willingly adhere to their tax responsibilities. Throughout history, there have been many cases where both corporations and people, regardless of their position or influence, have participated in fraudulent acts in order to avoid paying taxes. Tax evasion has become a major problem, leading some taxpayers to use complex international networks to engage in these illegal activities (Evertsson, 2016). In order to tackle this issue, governments utilize Double Tax Avoidance Agreements (DTAAs) and Tax Information Exchange Agreements (TIEAs) to differing levels of effectiveness (Kempe et al., 2017).

Tax evasion refers to the act of violating tax laws with the intention of evading the payment of the rightful amount of tax. It is important to differentiate tax evasion from tax avoidance, where taxpayers exploit tax laws and incentives to minimize their tax obligations. Tax evasion is considered illegal, while tax avoidance is within the boundaries of the law.

Commented [NC1]: Although this research examines both direct and indirect impacts. This research focus on indirect effect (hypothesis)

Commented [Z2]: Why doing research on tax evasion, explore tax evasion first as the main variable in this study. After that explore why this study extend by examining egoism as intervening variable. What is the purpose of this study.

Commented [NC3R2]: Resolved

However, in recent times, the line between tax avoidance and tax evasion has become increasingly blurred. People now view tax avoidance with diminishing acceptance, often considering it morally questionable and contradicting the intended legal framework. While there are ongoing debates surrounding tax avoidance, this study primarily focuses on tax evasion and the specific intention behind evading taxes.

Tax evasion results in significant tax revenues being depleted, often going unnoticed by governments (Gravelle, 2009). Complex tax systems like tax havens and outdated tax laws necessitate revisions, further exacerbating this issue. The impact of tax evasion is a global problem of significant magnitude (Gravelle, 2009). A prime example is the Panama Papers, a collection of leaked documents in 2015 containing over 11 million files (2.6 terabytes of data) that implicated numerous companies and wealthy individuals worldwide. However, this leak is not an isolated incident, as similar leaks like the Paradise Papers (2017), Offshore Leaks (2013), Luxembourg Leaks (2014), Swiss Leaks (2015), and Wikileaks (2010) have also shed light on the widespread nature of tax evasion practices.

While tax evasion can have negative consequences for society, certain taxpayers do not see it as wrong due to their self-centered nature. This egoism leads them to rationalize tax evasion as a form of tax avoidance. The Panama Papers scandal serves as a prime example of this phenomenon. The Panama Papers and Pandora scandal vehemently denied any criminal involvement or harm inflicted upon society. This raises questions about egoism's role as a mediator in predicting the intentions behind tax evasion (Evertsson, 2016).

Developing nations often exhibit certain characteristics, such as a multitude of small organizations, agriculture playing a significant role in overall output and employment, a substantial informal sector, and limited administrative capability (Tanzi & Zee, 2000). Consequently, Tanzi & Zee (2000) argue that it is challenging to obtain accurate and comprehensive tax statistics. Previous studies have found that tax evasion is prevalent in these countries due to inadequate tax collection mechanisms and citizens' perception that the government does not fulfill its responsibilities towards them (McGee, 2006). Torgler (2005) identifies the tax burden, lack of integrity, and corruption as the main drivers of tax evasion in Latin America. Furthermore, the literature suggests that if taxpayers in developing nations perceive fair treatment from tax authorities, trust government officials, and receive high-quality services, they are more likely to voluntarily fulfill their tax obligations (Tanzi & Zee, 2000; Torgler, 2005). Additionally, prior research indicates that individuals with higher incomes are more inclined to engage in tax evasion compared to low-income individuals due to having greater resources to conceal their earnings (Pirttila, 1999).

The Indonesian government has recently extended the tax reporting deadline and implemented a new computerized system to ensure tax compliance. In 2018, the Directorate General of Taxes (DGT) launched a comprehensive digitalization initiative known as the Core Tax System to streamline and modernize the tax system. We anticipate the completion of this project by 2024. As part of the response to the COVID-19 pandemic, the government introduced the single login program, facilitating the provision of services such as Click-Call-Counter (3C) and enabling taxpayers to file their annual tax returns remotely. Additionally, to accommodate the challenges posed by the crisis, the government granted an extra month for filing tax returns and extended the deadline for submitting the necessary documents by two months. Despite these measures, overall compliance with tax regulations has decreased due to the economic hardships caused by the pandemic.

The International Monetary Fund (IMF) argues that a tax ratio of 10% is insufficient to ensure the availability of funds for sustainable development. The IMF recommends a tax ratio of approximately 15% for countries to effectively pursue sustainable development. The DGT plans to increase the current tax rate to 15%, in line with the global average. According to the DGT, Indonesia's current tax ratio of 10.4% is lower than the global average of 13.5%.

Commented [Z4]: Explain the case of tax evasion in Indonesia. How to measure tax evasion. What is the relationship tax evasion with the tax ratio?

Commented [NC5R4]: Resolved

Indonesia is lagging behind other countries in the ASEAN region. For example, Thailand has a tax ratio of 14.5%, the Philippines has 14%, and Singapore has 12.9%.

Previous studies indicate that Indonesians evade tax payments or transfer their income to tax havens as a result of the country's intricate tax system and ineffective tax administration (Alm, 2012; OECD, 2012; Safuan et al., 2022). Indonesia's significant reliance on agriculture, little engagement in international trade, substantial presence of an informal economy, tax avoidance, and limited sources of tax income have all contributed to the country's low tax revenue or tax ratio (OECD, 2012).

The presence of a thriving shadow economy, also known as the underground economy, in Indonesia is identified as a prominent factor contributing to the failure in achieving the desired tax revenue targets and low tax ratio. According to Medina & Schneider (2018), the shadow economy encompasses all economic activities that remain hidden from official authorities due to monetary, regulatory, and institutional reasons. Medina & Schneider (2018) further explain that the monetary and regulatory reasons involve tax avoidance, evasion, and the non-payment of social security contributions. In a study by Samuda (2016) that examined the period of 2001–2013, the potential loss of tax revenue due to underground economy activities in Indonesia reached IDR 11,172.86 billion.

In terms of corruption, Indonesia currently has a Corruption Perception Index (CPI) score of 34/100, placing it in the 110th position out of 180 countries. The CPI score indicates the level of corruption, with higher scores implying greater corruption. In comparison, Indonesia's position in the CPI for 2022 has dropped to one-third of the most corrupt countries worldwide, which is significantly lower than the average CPI score of 45 for Asia-Pacific nations. With a score of 34, Indonesia finds itself on par with countries like Bosnia and Herzegovina, Gambia, Malawi, Nepal, and Sierra Leone. Within the Southeast Asia Region, Indonesia ranks seventh out of eleven countries, lagging behind neighboring nations such as Singapore, Malaysia, Timor Leste, Vietnam, and Thailand. Therefore, the objective of this research is to assess the tax evasion intentions of Indonesian taxpayers.

Egoism, characterized by an excessive focus on personal gain or satisfaction without considering the welfare of the community (Weigel et al., 1999), has the ability to influence one's inclination towards tax evasion (Kamleitner et al., 2012). Individuals may engage in tax evasion to secure personal advantages that neglect the benefit of society as a whole (Chan et al., 2000). Egoistic individuals prioritize their own well-being over the welfare of society to such an extent that they assign an excessive value to money (Korndörfer et al., 2014).

Prior research indicates that individuals with egoistic personalities play a significant role in the occurrence of tax evasion (Korndörfer et al., 2014). However, the existing literature fails to sufficiently address the potential mediating effect of egoism on the association between the intention to evade taxes and its determinants. Egoism, in and of itself, is a trait that is socially undesirable (Paulhus & Jones, 2015). It can lead to criminal behaviour when it becomes a catalyst for tax evasion. Despite this aspect being overlooked, it is essential to comprehend this relationship as policymakers, scholars, and tax professionals require this knowledge to enhance tax operations. A deeper understanding of this association, governments can enhance tax administration and maximize tax revenue for the purpose of development.

Numerous previous studies have examined the issue of tax evasion, but little attention has been given to the potential influence of egoism in the link between the intention to evade taxes and the factors that determine it. Although managing egoism can be challenging, understanding it, along with other determining factors, can play a significant role in shaping tax policies through various perspectives: educational, social, and political. This is particularly crucial in developing countries where governmental structures often lack strength (Farazmand, 2023). Limited research has been conducted in developing country contexts

regarding the potential mediating effect of egoism in the relationship between tax evasion intentions and its determinants. As a result, this study aims to address this knowledge gap by conducting a systematic investigation of the mediating role of egoism in the relationship between tax evasion intentions and its determinants.

The main objective of this study is to examine the determinant factors that may contribute to individuals engaging in tax evasion. The study specifically analyzes the factors such as attitude, subjective norms, and perceived behavioral control effect an individual's intentions to commit tax evasion. Additionally, the study also considers the role of taxpayer egoism as a mediating factor. It is important to note that all the variables used in this study align with the theoretical framework of the Theory of Planned Behaviour.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Theory of Planned Behavior

Various theories are employed in numerous studies to elucidate the intentions behind tax compliance and evasion. Some of these theories include Prospect Theory (Kahneman & Tversky, 2012), Expected Utility Theory (Bernoulli 1954), and The Deterrence Theory (Traxler 2014). They primarily focus on explaining tax evasion in situations involving risk and uncertainty. In contrast, Theory of Planned Behavior (Ajzen, 1985) makes more general predictions about intentions. This theory centers on individuals' intentions to engage in specific behaviors rather than solely on risk and uncertainty. The theory incorporates a variable known as behavioral control, which considers an individual's perception of risk and uncertainty in their behavioral intentions. Therefore, the theory of planned behavior is considered the most effective in explaining the intent behind tax compliance and consequently, tax evasion intent (Taing & Chang, 2021).

The primary framework utilized in this study is the Theory of Planned Behaviour (Ajzen, 1985). According to this theory, behaviour is influenced by intention, which is, in turn, influenced by three main factors: attitude, subjective norm, and perceived behavioural control. Ajzen defines intention as the level of effort an individual intends to put forth or the extent to which they are motivated to engage in a specific behaviour.

The Theory of Planned Behaviour is widely utilized in the examination of tax avoidance, tax evasion, and tax compliance intentions. Its application in this study draws upon contemporary tax literature (Bobek et al., 2007; Owusu et al., 2020; Taing & Chang, 2021). This theory holds significance as it suggests that the intention to engage in a certain behavior increases the likelihood of it actually occurring (Ajzen, 1985; Owusu et al., 2020). As a result, the Theory of Planned Behavior offers valuable insights into understanding tax evasion intentions and sheds light on the potential occurrence of tax evasion or vice versa.

The Concept of Tax Evasion

Tax evasion and tax avoidance are frequently used interchangeably, but they have distinct meanings. Tax avoidance involves exploiting gaps in tax laws or using lawful methods to lower an individual's tax liabilities. While tax avoidance itself is not necessarily against the law, certain practices may be viewed as unethical or contradicting legal principles. It is important to note that not all forms of tax avoidance are practical or advantageous in real-world scenarios. Nevertheless, there are legitimate strategies employed by both individuals and businesses to effectively minimize their tax burdens.

Tax evasion has consistently been unlawful and pertains to individuals or enterprises intentionally neglecting to disclose or record their tax obligations. This encompasses the existence of a "hidden economy" where individuals conceal their taxable revenue sources. Allingham & Sandmo (1972) were the first to investigate tax evasion behaviour. Allingham

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Commented [NC7R6]: According to this theory, behaviour is influenced by intention, which is, in turn, influenced by three main factors: attitude, subjective norm, and perceived behavioural control. Ajzen defines intention as the level of effort an individual intends to put forth or the extent to which they are motivated to engage in a specific behaviour.

Commented [Z8]: Explain more tax evasion concept.

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& Sandmo (1972) were the pioneers in studying tax evasion behavior. This study proposed that taxpayers would opt to engage in tax evasion if the benefits outweighed the expenses associated with evading taxes. According to Allingham and Sandmo's tax evasion model, a taxpayer can choose between two options: engaging in tax evasion or not avoiding taxes. If the tax authorities catch him evading taxes, the severity of the penalty they impose will determine his judgment. If he undergoes an audit or investigation by the tax authorities, he will be subject to a fine or penalty. If the tax rate exceeds the penalty rate, a rational economic agent aiming to maximize their predicted value will engage in tax evasion. Consequently, when the probability of detection is high and the penalties for non-compliance are significant, a small number of individuals will be able to evade taxes, leading to a rise in tax compliance. The concept suggests that either intensifying associated penalties or increasing administrative enforcement expenditure can reduce tax evasion and increase the likelihood of apprehending tax evaders. The tax rate's influence on tax evasion is ambiguous due to the conflicting impacts of income and substitution effects.

Several studies have indicated that there are numerous factors that can explain why individuals participate in tax evasion. Torgler (2005) has mentioned reasons for tax evasion, including a substantial tax burden, dishonesty, and corruption. Furthermore, McGee (2006) identifies insufficient tax collection procedures and individuals' perception of no tax payment obligation due to the government's lack of reciprocity as factors contributing to tax evasion.

Richardson (2006) discovered that various characteristics, such as age, education, employment in the services sector, perceptions of fairness, and tax morale, influence tax cheating in 45 nations. Kafkalas et al. (2014) discovered that factors like income, tax rate, government efficacy (quality of government), and tax monitoring expenses influence tax evasion in OECD nations. Improving tax morale, trust, and attitude towards tax compliance among the general population will ultimately decrease the extent of the shadow economy and occurrences of tax evasion (Safuan et al., 2022). Furthermore, studies have linked social norms and individuals' ethical inclinations to tax evasion (Bazart & Bonein, 2014; Pickhardt & Prinz, 2014). As a result, numerous factors could influence individuals' behavior, either complying or not complying with tax payments.

Taxpayer Egoism

Egoism, as discussed in the study by Weigel et al. (1999), refers to an individual's excessive focus on their own advantage or pleasure, often disregarding the well-being of the community. According to Korndörfer et al. (2014), egoism can affect behavior related to tax evasion, including both the act of evading taxes and concealing such evasion. This aligns with the findings of Murphy (2004), who argues that taxpayers involved in tax avoidance cases make decisions based on the potential financial loss they may incur, applying a rational choice model. Consequently, egoism plays a crucial role in shaping intentions to participate in tax evasion.

The theory of psychological egoism asserts that personal interests drive individuals' behavior and decision-making. This theory suggests that all motivations ultimately lead to selfish behavior. Psychological egoism posits that individuals who prioritize their own interests disregard potential societal or economic benefits. According to this theory, individuals inherently prioritize themselves and their own interests, resulting in egoistic behaviors (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion. McConnell (1978) described psychological egoism as a theory that asserts that individuals are inherently inclined to prioritize their own self-

interests and concerns. This concept posits that individuals are psychologically predisposed to prioritize their own well-being and personal desires.

Hypothesis Development

The role of egoism in bridging the gap between tax morals and the intentions of tax evasion is strongly rooted in the ethical perspectives of consequentialism and deontology. Deontologists strictly adhere to laws, such as "Thou shall not kill," while consequentialists have a more liberal approach, guided by the belief that the end justifies the means (Frecknall-Hughes et al., 2017). In other words, if killing serves the greater good for a larger number of people (altruism) compared to one person (egoism), consequentialists deem it justified. Various studies have shown that moral values have an impact on tax evasion. However, little attention has been given to the question of whether a taxpayer's consequentialist or deontological standpoint, represented by egoism, plays a mediating role in this relationship.

Several previous studies have indicated that an individual's moral beliefs have an impact on their intentions to evade taxes (Owusu et al., 2020; Richardson, 2006; Taing & Chang, 2021). Taxpayers with a stronger sense of morale are more likely to engage in behaviors that comply with tax regulations. Undoubtedly, taxpayers are willing to fulfill their tax obligations even when tax enforcement is weak, driven by their inherent motivation and belief that paying taxes is a duty (Cummings et al., 2009)

Additionally, research conducted by Majstorović and Petrović (2022) suggests that an individual's adherence to the ethic of egoism can effect their propensity for rationalizing corrupt actions. However, there has been limited investigation into whether taxpayers' consequentialist or deontological attitudes, represented by egoism, can act as mediators in this relationship (Kaulu, 2022). As a result, the following hypothesis is proposed:

H1 : Tax morals have significant effect on tax evasion intention through taxpayer egoism

Taxpayers are willing to pay taxes if they believe that the tax authority treats them fairly. Previous literature presents various interpretations of tax fairness (Taing & Chang, 2021). Goetz (1978) defines horizontal fairness as the principle of evenly allocating the tax burden among individuals within a specific group. According to Taing & Chang (2021) there are three categories of fairness: distributive fairness, procedural fairness, and retributive fairness. Distributive fairness focuses on the equitable allocation of expenses and advantages in the tax payment process. Procedural fairness refers to the equitable collection of taxes among different taxpayer groups. Retributive fairness refers to taxpayers' just treatment when using coercive authority in sanctions and audits. Overall, taxpayers are more likely to comply with tax regulations if they believe that those in their social circle share the responsibility of paying taxes equally.

Tax fairness plays a crucial role in tax compliance behaviour (Sinnasamy et al., 2015; Slemrod, 2007). Additionally, Lin et al. (2017) highlight the potential impact of tax fairness on the intention to engage in tax evasion, specifically through egoism. Their findings suggest that organizations may exploit the concept of corporate social responsibility (CSR) as a means of masking their economic self-interest, potentially for the purpose of evading taxes. To delve deeper into this phenomenon, the following hypothesis is proposed:

H2 : Tax fairness have significant effect on tax evasion intention through taxpayer egoism

Commented [Z10]: Explain first the impact of predictor variable to the tax evasion, after that explain the impact of egoism as intervening in mediating the predictor on tax evasion.

Commented [NC11R10]: This study focus on mediating effect, so the impact of predictor variables on tax evasion (direct effect not provided). The additional explanation the relationship between X and Y has been added.

In addition to considering the taxing authority's enforcement role, taxpayers must anticipate a fair fiscal exchange between the taxes they pay and the products and services provided by the government in order to willingly comply with tax obligations (Feld & Frey, 2007). This refers to the extent to which taxpayers' confidence in the government influences their tax compliance judgments. For instance, when taxpayers perceive efficient use of tax funds and transparent and accessible tax administration, their confidence in their government increases, leading to compliant behavior. Scholz & Lubell (1998) investigate the impact of trust in government in Australia, discovering a direct relationship between tax compliance and trust in government.

Trust in the government has been identified as a factor that influences the extent to which individuals comply with tax regulations (Murphy, 2004). Alon & Hageman (2013) discovered that higher levels of corruption result in lower levels of tax compliance. To further explore this relationship, a cross-country study conducted by Abdulsalam et al. (2015) investigated whether trust and power interacted with each other in influencing tax compliance. Trust was measured using Transparency International's Corruption Perception Index (CPI), while tax compliance was gauged by the percentage of a country's tax revenue in relation to its GDP. The findings indicated that trust in authorities, as well as the power held by authorities, interacted to enhance tax compliance. However, the potential mediating role of egoism in the connection between trust in government and tax evasion remains unclear. Thus, the following hypothesis is proposed:

H3 : Trust in government have significant effect on tax evasion intention through taxpayer egoism

The power of authority refers to the government's capacity to ensure tax compliance, which is influenced by the manner in which the taxing authority employs coercive and lawful power in its interactions with citizens (Hartl et al., 2015; Kastlunger et al., 2013). Becker (1968) defines the power of authority as the ability to use coercion, punishment, and prosecution to enforce tax compliance. Kastlunger et al. (2013) discovered that power has a favorable impact on the level of enforced compliance.

Taxpayers often aim to maximize their expected benefits by weighing the potential gains of avoiding taxes against the risks of getting caught (Chan et al., 2000). As a result, there can be variations in investment preferences between individuals who engage in tax evasion and those who do not (Kemme et al., 2021). Taxpayers who aim to avoid paying taxes will seek out authoritarian countries that have limited financial transparency, while these countries are willing to invest in democratic and financially transparent countries. The tax compliance model, developed by Song and Yarbrough in 1978, acknowledges that the enforcement of tax laws plays a crucial role in determining tax compliance (Kaulu, 2022) and the possibility of evasion (Kaulu, 2022). The following hypothesis is proposed:

H4 : Power of authority have significant effect on tax evasion intention through taxpayer egoism

According to Hessing et al. (1988) and Saad (2014) the level of complexity in a tax system plays a significant role in tax compliance. Alm (2012) also acknowledges that complex tax systems often lead taxpayers to seek the assistance of tax practitioners, which increases compliance costs and creates an incentive for tax evasion when the risk of detection is low and there are opportunities for rationalization. In their analysis of the Fischer tax compliance model, Chau & Leung (2009) argue that the tax system should be characterized

by simplicity, with tax rules and procedures being straightforward and unambiguous. A streamlined tax system and clear legal procedure facilitate compliance by enabling taxpayers to comprehensively grasp their tax responsibilities and accurately determine the tax amount they are required to remit. In some cases, the complexity of tax systems has been identified as a reason for non-registration in tax payment making it even more challenging for tax authorities to track compliance (Akinboade, 2015). However, these discussions overlook the potential mediating effect of egoism on the relationship between tax complexity and tax evasion intentions. Therefore, it is important to examine the mediating role of egoism in individuals' intentions to comply with tax regulations. The following hypothesis is proposed:

H5 : Tax complexity have significant effect on tax evasion intention through taxpayer egoism

Taxpayers' fundamental convictions about a tax are contingent upon their level of knowledge about it. The tax information must be precise, enlightening, and comprehensive (Chen, 2010). Taxpayers who are unintentionally non-compliant may struggle to find comprehensive and precise information about their tax situation. According to Kornhauser (2005), increasing the visibility of tax information may improve taxpayer awareness. Lefebvre et al. (2015) conducted an experiment investigating the impact of information on tax evasion and tax compliance across multiple countries. The study showed that participants' behavior remained unaffected when they received positive information about tax compliance. Conversely, exposure to negative information, such as claims about a high percentage of tax evasion, significantly increases their level of non-compliance. Previous research regarding to tax compliance intentions found that no significant correlation between this factor and tax information was discovered (Taing & Chang, 2021). The study, which took place in Cambodia, did not take into account the potential influence of taxpayer egoism. To examine the potential mediation effect of egoism, H6 is proposed.

H6 : Tax information have significant effect on tax evasion intention through taxpayer egoism

Tax awareness refers to taxpayers' understanding of tax rules and regulations in relation to specific tax matters that are relevant to them (Taing & Chang, 2021). A taxpayer's understanding of taxes is crucial in determining the accurate tax payment amount (Saad, 2014). Nevertheless, there is conflicting empirical evidence regarding the connection between tax knowledge and compliance with tax laws and evasion (Taing & Chang, 2021). Additionally, the potential influence of selfishness in the relationship between tax awareness and intention to evade taxes is not well understood. Therefore, the following hypothesis is proposed:

H7 : Tax awareness have significant effect on tax evasion intention through taxpayer egoism

Egoism is a significant factor that impacts not only the act of avoiding taxes, but also the act of hiding tax evasion. In the corporate world, egoism drives tax evasion through practices like manipulating financial records, utilizing tax havens, and implementing other tax planning strategies. Similarly, individuals with substantial wealth may engage in similar actions solely for their own self-interest, as exemplified by the revelations from the Panama Papers (Evertsson, 2016).

Webley et al. (2001) conducted research on the factors that influence tax evasion in the United Kingdom, Norway, and France. Webley et al. (2001) categorized the variables into two types: self-reported evasion and hypothetical tax evasion. Hypothetical tax evaders are individuals who claim to evade taxes but do not actually engage in such behavior. Self-reported tax evaders, on the other hand, are individuals who admit to illegally avoiding taxes on their income or withholdings. The following hypothesis is proposed:

H8 : Taxpayer egoism have significant effect on tax evasion intention

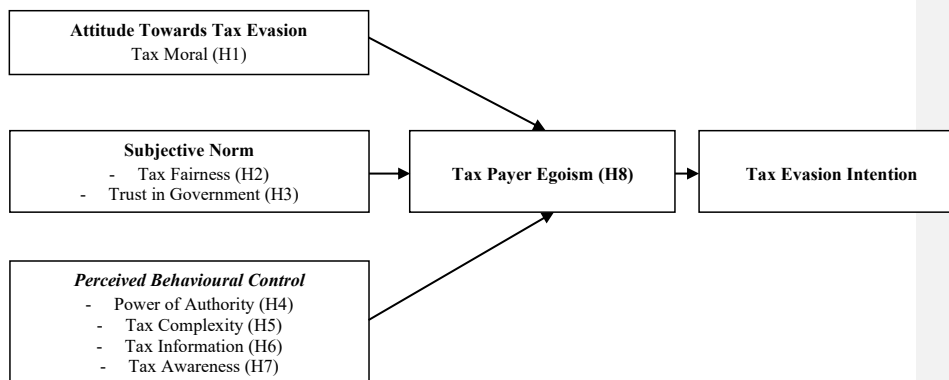


Figure 1. Conceptual Framework

RESEARCH METHODS

These studies used a quantitative methodology (Cresswell, 2012). A self-completed online questionnaire was randomly sent to individuals eligible to submit returns and/ or liable to pay taxes in Indonesia. Indonesia's Corruption Perception Oindex (CPI) is currently 34/100, ranking 110th among 180 countries in terms of corruption levels. A higher ranking indicates greater corruption within a country which can serve as an indicator of egoism (Kaulu, 2022). To ensure the validity and comparability of results, the questionnaire used in this research is based on previous studies. The questionnaire assesses Attitude Towards Tax Evasion, which is measured by a set of items forming the tax morale variable. Subjective Norm is measured through two variables: tax fairness and trust in government. Perceived Behavioural Control is measured using four variables: power authority, tax complexity, tax information, and tax awareness. All these variables are measured on a five-point Likert scale. The measures for attitudes towards taxes, subjective norms, and perceived behavioural control were adapted from Taing & Chang (2021), while taxpayer egoism was adapted from Weigel et al. (1999), and tax evasion intention from Owusu et al. (2020).

Out of the total number of participants, a total of 245 individuals filled out and submitted the survey. Previous studies have indicated that this sample size is considered satisfactory, provided that the variables in the model demonstrate strong reliability and the parameter estimates are robust (Kyriazos, 2018).

Tax evasion intentions is assessed both as a composite variable in the PROCESS macro for mediation analysis and as a latent variable in the Partial Least Square for mediation analysis.

Commented [Z12]: The math equation related to data analysis conveyed in research methods

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This is to avoid confusing the readers, because this research used 2 different statistical approach

Table 1. Correlation Analysis

	Variable	Mean	SD	N	1	2	3	4	5	6	7	8	9
1	Tax Evasion Intention	2.249	1.132	245	1								
2	Egoism	2.963	0.959	245	0.493**	1							
3	Tax Moral	4.116	0.799	245	-0.490**	-0.205**	1						
4	Tax Fairness	3.547	1.037	245	-0.243**	-0.322**	0.295**	1					
5	Trust in Government	3.366	1.011	245	-0.116	-0.161*	0.274**	0.484**	1				
6	Power Tax Authority	3.212	1.112	245	0.047	0.260**	0.265**	0.131*	0.256**	1			
7	Tax Complexity	2.821	1.076	245	0.448**	0.465**	-0.246**	-0.248**	0-.078	0.044	1		
8	Tax Information	3.657	0.890	245	-0.182**	0.052	0.441**	0.305**	0.454**	0.383**	-0.269**	1	
9	Tax Awareness	3.937	0.872	245	-0.215**	-0.261**	0.372**	0.340**	0.285**	0.071	-0.146*	0.193**	1

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

RESULT & DISCUSSION

Sample Profile

The sample profile is shown in Table 1. Most respondents, comprising 48.16% of the total, fell within the 21 to 30 age range. Following this, individuals between the ages of 31 and 40 accounted for 26.58%. The gender distribution portrayed in Table 1 shows that 137 (55.92%) of the respondents are female, while 108 (44.08%) are male. When it comes to employment status, 55.51% of the respondents were employed in full-time jobs. Furthermore, 17.55% were pure business owners, and 17.14% were engaged in both employment and running a business.

Table 2. Sample Profile

Sample Characteristics	Description	Total	Percentage
Age	18 to 20	12	4.90
	21 to 30	118	48.16
	31 to 40	65	26.53
	41 to 50	36	14.69
	51 to 60	14	5.71
Gender	Female	137	55.92
	Male	108	44.08
Employment Status	Student	24	9.80
	Employed	136	55.51
	Business Owner	43	17.55
	Employed & Business Owner	42	17.14

Linear Regression Assumptions Tests

To ensure completeness of data, regular checks were conducted to identify any missing information. This could be attributed to one of the benefits of online questionnaires, as they prompt respondents to address any missed questions. Additionally, a normality test was performed and confirmed using the Kolmogorov-Smirnov Test. Descriptive statistics for the independent variables (factors influencing tax evasion intention), dependent variable (tax evasion intention), and mediating variable (taxpayer egoism) are displayed in Table 2.

All Person's correlations were found to be less than 0.8. As a result, even though some of the correlations had statistical significance, there should not be a concern about multicollinearity (Mwiya et al., 2018). This was further supported by the variance inflation factor (VIF) values, which were all below the recommended threshold of 10, indicating that multicollinearity is not an issue.

Regression Analysis using Ordinary Least Square (OLS)

Ordinary Least Squares (OLS) regression of the determinant's factors of tax evasion intention, taxpayer egoism, and tax evasion intention is shown on Table 3. Model 1 examine the seven-determinant factor of tax evasion intention. This model is statistically significant overall ($F=20.917$; $p<0.001$). This model has an effect size of at least at 36.6%. Separately, tax moral, power tax authority, and tax complexity statistically significant predictors of tax evasion intention. When taxpayer egoism introduces in Model 2, a slightly higher statistically significant combined effect occurs ($R^2= 42.1\%$). Individually, only tax moral, tax complexity, and taxpayer egoism were statistically significant predictors of tax evasion intention.

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Tax moral have negative effect on tax evasion intention ($B=-0.650$; $p<0,001$). This implies that one-level rise in tax morals on the Likert scale would result in a 0.650 drop in tax evasion intention. Tax complexity has positive effect on tax evasion intention ($B=0.212$; $p<0,05$). A one-level rise in tax complexity on the same scale results 0.212 rise on tax evasion intentions. Furthermore, tax payer egoism has positive effect on tax evasion intention ($B=0.372$; $p<0,001$). This result concludes that one-level rise in tax payer egoism would result 0.372 on tax evasion intention.

Despite only two variable that have statistically significant on tax evasion intention (Model 3), the mediation analysis is still possible Preacher & Hayes (2004). Nevertheless, Baron & Kenny (1986) argue that only that have statistically significant would have met condition one for potential mediation. This research use Preacher & Hayes (2004) approach and proceed to conduct mediation analyses.

Table 3. OLS Regression Result

	Model 1			Model 2		
	B	t-Statistic	p	B	t-Statistic	p
Independent Variable						
Tax Moral	-0.650	-7.458	0.000***	-0.580	-6.877	0.000***
Tax Fairness	-0.072	-1.072	0.285	-0.011	-0.175	0.861
Trust in Government	-0.005	-0.063	0.950	0.053	0.763	0.446
Power Tax Authority	0.135	2.326	0.021**	0.056	0.973	0.331
Tax Complexity	0.352	6.008	0.000***	0.212	3.389	0.001**
Tax Information	0.103	1.230	0.220	-0.013	-0.160	0.873
Tax Awareness	0.005	0.064	0.949	0.049	0.688	0.492
Mediating Variable						
Taxpayer Egoism				0.373	4.953	0.000***
Adjusted R2		0.364			0.421	
F Statistic		20.916			23.186	
P Statistic		0.000			0.000	

Mediation Analysis using Composite Variables in the PROCESS Macro

Table 4 shows the analysis of mediation utilizing the Process Macro. According to the results presented in Table 4, factors such as tax moral, tax fairness, power authority, tax complexity, and tax awareness all had a significant impact on the intention to engage in tax evasion through taxpayer egoism. Therefore, hypotheses H1, H2, H4, H5, and H7 are supported. However, the influence of tax information and trust in government on tax evasion intention through taxpayer egoism (H3 and H6) was found to be statistically insignificant. This implies that there is insufficient statistical evidence to assert that tax information directly affects the intention to engage in tax evasion through taxpayer egoism. Likewise, there is also inadequate statistical evidence to claim that trust in government indirectly influences tax evasion intention through egoism.

Table 4. Mediation Analysis Result using PROCESS Macro

	Direct Effect of X on Y	Effect of X on M (a)	Effect of M on Y (b)	Indirect Effect of X on Y via M (a x b)	95% CI for bootstrap	
					LB	UB
Power Authority -> Egoism -> Tax Evasion	-0.088 0.133	0.224 0.000	0.609 0.000	0.137	0.065	0.221
Tax Awareness -> Egoism -> Tax Evasion	-0.119 0.112	-0.287 0.000	0.554 0.000	-0.159	-0.235	-0.091
Tax Complexity -> Egoism -> Tax Evasion	0.293 0.000	0.414 0.000	0.430 0.000	0.178	0.103	0.268
Tax Fairness -> Egoism -> Tax Evasion	-0.103 0.110	-0.298 0.000	0.547 0.000	-0.163	-0.240	-0.096
Tax Information -> Egoism -> Tax Evasion	-0.265 0.000	0.056 0.419	0.595 0.000	0.033	-0.046	0.122
Tax Moral -> Egoism -> Tax Evasion	-0.575 0.000	-0.246 0.000	0.484 0.000	-0.119	-0.203	-0.048
Trust Government -> Egoism -> Tax Evasion	-0.043 0.501	-0.152 0.119	0.575 0.000	-0.088	-0.155	-0.020

Mediation Analysis using Latent Variables in the SmartPLS

The purpose of this research examines the indirect effect of predictor variables on tax evasion intention through taxpayer egoism. Table 5 and Table 6 show the result of direct and indirect effect of predictor variables on tax evasion intention.

Table 5. Direct Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Egoism -> Tax Evasion	0.503	0.507	0.051	9.776	0.000
Power Authority -> Egoism	0.270	0.283	0.051	5.338	0.000
Tax Awareness -> Egoism	-0.135	-0.144	0.057	2.359	0.019
Tax Complexity -> Egoism	0.419	0.407	0.059	7.125	0.000
Tax Fairness -> Egoism	-0.172	-0.163	0.060	2.843	0.005
Tax Information -> Egoism	0.296	0.258	0.129	2.282	0.023
Tax Moral -> Egoism	-0.146	-0.142	0.068	2.133	0.033
Trust Government -> Egoism	-0.165	-0.155	0.067	2.466	0.014

Taxpayer egoism has a positive effect on tax evasion intention (0.503; $p < 0.001$). This result is consistent with OLS results that show a positive effect of taxpayer egoism on tax evasion intention (H8 supported). All the seven determinants of tax evasion intention have a statistically significant direct effect on tax evasion intention.

Table 6. Indirect Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Power Authority -> Egoism -> Tax Evasion	0.136	0.144	0.030	4.496	0.000
Tax Awareness -> Egoism -> Tax Evasion	-0.068	-0.073	0.028	2.392	0.017
Tax Complexity -> Egoism -> Tax Evasion	0.211	0.207	0.041	5.083	0.000
Tax Fairness -> Egoism -> Tax Evasion	-0.086	-0.083	0.031	2.782	0.006
Tax Information -> Egoism -> Tax Evasion	0.149	0.130	0.066	2.241	0.025
Tax Moral -> Egoism -> Tax Evasion	-0.073	-0.073	0.036	2.021	0.044
Trust Government -> Egoism -> Tax Evasion	-0.083	-0.078	0.034	2.452	0.015

Table 6 shows the mediation analysis using SmartPLS. All seven determinants of tax evasion intention have a statistically significant indirect effect on tax evasion intention through taxpayer egoism (H1 – H7 supported).

Discussion

This study examined the role of taxpayer egoism in mediating the relationship between tax evasion intention and its determinant factors. This research used the theory of planned behavior in combination with mediation analysis using the PROCESS macro in SPSS and PLS.

This study discovered statistically significant indirect effects between independent variable and the intention to engage in tax evasion. Previous research argues that the mediation analysis is still possible Preacher & Hayes (2004), although

Baron & Kenny (1986) argue that only that have statistically significant would have met condition one for potential mediation.

This study use Preacher & Hayes (2004) approach and proceed to conduct mediation analyses. Then, the result showed that tax moral, tax fairness, power authority, tax complexity, and tax awareness all had a significant effect on the intention to engage in tax evasion through taxpayer egoism. This validates previous claim that many of the strict prerequisites for mediation are not applicable to contemporary mediation analysis or methods (Hayes, 2018).

Mediation analysis using latent variables in the SmartPLS has different results. All seven determinants of tax evasion intention have a statistically significant indirect effect on tax evasion intention through taxpayer egoism.

In general, the empirical findings indicate all seven determinan factors had statistically significant effect on the intention to engage in tax evasion through taxpayer egoism. This offers additional understanding and reinforcement for the conclusions made in Saad (2014) and Alm (2012) studies.

Our research indicates that there is a negative relationship between levels of tax awareness, tax fairness, tax morals, on trust to government and the propensity to engage in tax evasion. This relationship is influenced by egoism. By considering egoism as a mediator, these findings further enhance our understanding of Taing & Chang (2021) and (Kaulu, 2022).

This result in inline with the theory of psychological egoism. This theoy asserts that personal interests drive individuals' behavior and decision-making. According to this theory, individuals inherently prioritize themselves and their own interests, resulting in egoistic behaviors (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion.

Conclusion & Limitation

Numerous studies have been conducted to examine the determinant factors of tax evasion, tax compliance, and individuals' intentions in relation to these activities. However, this study takes a unique approach by combining latent variables and composite variables within a single study to analyze tax evasion intentions. Additionally, the study incorporates the theory of planned behaviour, which is widely discussed in existing literature.

The data collected in this study provides statistical evidence supporting the role of egoism as a mediator in the relationship between all of determinants of tax evasion intentions and the actual intention to engage in tax evasion using smartPLS. Furthermore, these results show that five out of seven determinants of tax evasion intentions and the actual intention to engage in tax evasion using PROCESS Macro.

The results of this study indicate that egoism plays a vital role on the intention to evade taxes. To mitigate tax evasion, policymakers should simplify the tax system, enhance moral values, provide accessible tax information, and foster tax awareness, all while considering the egoistic tendencies of taxpayers. Generally, it appears that educating individuals about taxation and promoting selflessness can help reduce the intention to evade taxes. Therefore, it is crucial for educational institutions, tax policymakers, and practitioners to incorporate moral education into the curriculum from an early age, instilling a sense of patriotism and altruism (in contrast to egoism). It

is also important that lawmakers enact supportive regulations to facilitate the implementation of these measures.

Future research could include other variables such as income and education background to control the effect on tax evasion intention. Furthermore, future research could use another method to examine the effect of independent variable on dependent variable through tax payer egoism using experimental method to enhance internal validity.

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29 AGUSTUS 2024

Editor Decision

1 message

Yuana Jatu <jurnal.lemlit@trisakti.ac.id>
To: Nur Chayati <nurchayati@staff.uns.ac.id>

Thu, Aug 29, 2024 at 1:00 PM

Nur Chayati, Hanung Triatmoko, Trisninik Ratih Wulandari, Meka Sabilla Salim, Saktiana RiZki Endiramurti:

We have reached a decision regarding your submission to Media Riset Akuntansi, Auditing & Informasi, "**WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA**".

Our decision is to: **Accept Submission**

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Jakarta, August 29th, 2024

Number : 327/LoA/LPFEB-USAKTI/IX/2024
Subject : *Letter of Acceptance*

Dear Authors,

Mrs. Nur Chayati

Mr. Hanung Triatmoko

Mrs. Trisninik Ratih Wulandari

Mrs. Meka Sabilla Salim

Mrs. Saktiana Rizki Endiramurti

I am please to inform you that your manuscript entitle:

**What Determines The Tax Evasion Intention Of Taxpayers? An Empirical Evidence
From Indonesia**

Has been **ACCEPTED** to publish and it will be appear in the coming issues of Media Riset Akuntansi, Auditing & Sistem Informasi Volume 24, No 2 (September) 2024.

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WHAT DETERMINES THE TAX EVASION INTENTION OF TAXPAYERS? AN EMPIRICAL EVIDENCE FROM INDONESIA

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Abstract

This study examines how taxpayer egoism affects the relationship between tax evasion intention and its determinants. Tax evasion intentions are assessed both as a composite variable and a latent variable. This study evaluates the direct relationship between attitude, subjective norm, & perceived behavioral control on tax evasion intentions. Furthermore, this study used taxpayer egoism as a mediating variable. All variables used are in accordance with the perspective of the Theory of Planned Behavior. This research uses Ordinary Least Square (OLS) using SPSS and Partial Least Square using smartPLS to examine the mediation between the independent variable and the dependent variable. The results showed that taxpayer egoism has a positive effect on tax evasion intentions. This result is consistent with OLS Results that show the positive effect of taxpayer egoism on tax evasion intention. The direct effect of all seven determinants of tax evasion intention on tax evasion intention is statistically significant. Moreover, all seven factors that determine the intention to engage in tax evasion have a statistically significant effect on tax evasion intention through the phenomenon of taxpayer egoism.

Keywords : *Attitude; Egoism; Perceived Behavioural Control; Subjective Norm; Tax Evasion Intention.*

Abstrak

Penelitian ini menguji pengaruh egoisme Wajib Pajak terhadap hubungan antara intensi penggelapan pajak (tax evasion) dan faktor-faktor yang mempengaruhinya. Intensi penggelapan pajak diukur menggunakan variabel komposit dan variabel laten. Penelitian ini menguji hubungan langsung antara sikap, norma subjektif, dan persepsi kontrol perilaku terhadap intensi penggelapan pajak. Selain itu, penelitian ini menggunakan egoisme Wajib Pajak sebagai variabel mediasi. Penelitian ini menggunakan pendekatan Theory of Planned Behavior. Penelitian ini menggunakan Ordinary Least Square (OLS) dengan SPSS dan Partial Least Square menggunakan smartPLS untuk menguji pengaruh mediasi antara variabel independen dan variabel dependen. Hasil penelitian menunjukkan bahwa egoisme Wajib Pajak memiliki pengaruh positif terhadap intensi

penggelapan pajak. Hasil ini konsisten dengan hasil OLS yang menunjukkan pengaruh positif egoisme Wajib Pajak terhadap intensi penggelapan pajak. Secara statistik terdapat pengaruh langsung dari ketujuh faktor-faktor penentu intensi penggelapan pajak terhadap intensi penggelapan pajak. Selanjutnya, ketujuh faktor yang menentukan intensi penggelapan pajak memiliki pengaruh tidak langsung terhadap intensi penggelapan pajak melalui egoisme Wajib Pajak.

Kata Kunci : Sikap; Egoisme; Kontrol Perilaku yang Dirasakan; Norma Subjektif; Intensitas Penggelapan Pajak.

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INTRODUCTION

Taxation is the compulsory financial payment that governments often impose in order to generate income for their activities, according to Law No. 7 of 2021 on the Harmonization of Tax Regulations. It involves the compulsory and non-reciprocal movement of money from the private sector to the public sector. Taxation is essential for implementing monetary and fiscal policy and serves as a powerful tool for promoting social fairness. It promotes the fair distribution of wealth and resources in society. However, there are those who do not willingly adhere to their tax responsibilities. Throughout history, there have been many cases where both corporations and people, regardless of their position or influence, have participated in fraudulent acts to avoid paying taxes. Tax evasion has become a major problem, leading some taxpayers to use complex international networks to engage in these illegal activities (Evertsson, 2016). In order to tackle this issue, governments utilize Double Tax Avoidance Agreements (DTAAs) and Tax Information Exchange Agreements (TIEAs) to differing levels of effectiveness (Kemme et al., 2017).

Tax evasion refers to the act of violating tax laws with the intention of evading the payment of the rightful amount of tax. It is important to differentiate tax evasion from tax avoidance, where taxpayers exploit tax laws and incentives to minimize their tax obligations. Tax evasion is considered illegal, while tax avoidance is within the boundaries of the law. Nevertheless, the distinction between tax evasion and tax avoidance has become increasingly ambiguous in recent years. People now view tax avoidance with diminishing acceptance, often considering it morally questionable and contradicting the intended legal framework. While there are ongoing debates surrounding tax avoidance, this study primarily focuses on tax evasion and the specific intention behind evading taxes.

Tax evasion results in significant tax revenues being depleted, often going unnoticed by governments (Gravelle, 2009). Complex tax systems like tax havens and outdated tax laws necessitate revisions, further exacerbating this issue. The impact of tax evasion is a global problem of significant magnitude (Gravelle, 2009). A very good example of that is the Panama Papers: a leak in 2015 published over 11 million files and 2.6 terabytes of data from several companies and wealthy people around the world. Yet this is one out of many leaks: Paradise Papers in 2017, Offshore Leaks in 2013,

Luxembourg Leaks in 2014, Swiss Leaks in 2015, and Wikileaks in 2010, among others, all equally show these practices of tax evasion to be indeed global in extent.

Further, a self-benefit ideology instills in the taxpayers no moral incapability for such acts related to evasion of tax because of the negative implications and consequences that are faced by society. In this connection, egocentric logics justify the acts of tax evasion for avoiding taxation altogether. A critical example can be seen in the Panama Papers and Pandora scandal. The Panama Papers and the Pandora scandal clearly showed that there was no claim to wrongdoing as well as the negative consequences on society. This event thereby raises concerns about the function of egoism as a lens through which to predict the fundamental motivations associated with tax evasion (Evertsson, 2016).

Normally, developing countries possess some particular characteristics such as large informal economy, many small firms, and low administrative capacity. Tanzi & Zee (2000) argued that the collection of appropriate and complete tax data is a particularly challenging task. Previous studies have shown that tax evasion occurs in these countries because of incomplete mechanisms of tax collection and the feeling in the masses that the government does not provide the services to them duly (McGee, 2006). According to Torgler (2005), the most significant factors that promote tax evasion in Latin America are high tax burden, lack of integrity, and corruption. The existing literature has also indicated that if the taxpayers of developing countries perceive their government's tax authorities as being fair and trust its representatives in public service and get quality service from them, they feel more obliged to pay their taxes out of free will (Tanzi & Zee, 2000; Torgler, 2005). Moreover, previous studies showed that high-income taxpayers are in a better position to evade payment of taxes than those in lower income categories, just because they have more ability to conceal their income (Pirttila, 1999).

In order to guarantee tax compliance, the Indonesian government has recently extended the deadline for tax reporting and implemented a new computerized system. In 2018, the Directorate General of Taxes (DGT) introduced the Core Tax System as a major digitalization effort to simplify and update the tax system. The completion of this project is expected to occur by 2024. As part of the response to the COVID-19 pandemic, the government introduced the single login program, facilitating the provision of services such as Click-Call-Counter (3C) and enabling taxpayers to file their annual tax returns remotely. Additionally, to accommodate the challenges posed by the crisis, the government granted an extra month for filing tax returns and extended the deadline for submitting the necessary documents by two months. Despite these measures, overall compliance with tax regulations has decreased due to the economic hardships caused by the pandemic.

The International Monetary Fund (IMF) argues that a tax ratio of 10% is insufficient to ensure the availability of funds for sustainable development. The IMF recommends a tax ratio of approximately 15% for countries to effectively pursue sustainable development. With this regard to the average in international perspective, DGT is planning to increase the current tax rate to 15%. In that respect, the current estimated tax-to-GDP ratio by DGT is at 10.4%, while the world average ratio stands at 13.5%. Compared with the neighbor countries in ASEAN, Indonesia lags behind: Thailand has 14.5%, the Philippines 14%, and Singapore 12.9%.

Previous studies indicate that Indonesians evade tax payments or transfer their income to tax havens as a result of the country's intricate tax system and ineffective tax administration (Alm, 2012; OECD, 2012; Safuan et al., 2022). Indonesia's significant

reliance on agriculture, little engagement in international trade, substantial presence of an informal economy, tax avoidance, and limited sources of tax income have all contributed to the country's low tax revenue or tax ratio (OECD, 2012).

The presence of a thriving shadow economy, also known as the underground economy, in Indonesia is identified as a prominent factor contributing to the failure in achieving the desired tax revenue targets and low tax ratio. According to Medina & Schneider (2018), the shadow economy encompasses all economic activities that remain hidden from official authorities due to monetary, regulatory, and institutional reasons. Medina & Schneider (2018) further explain that the monetary and regulatory reasons involve tax avoidance, evasion, and the non-payment of social security contributions. In a study by Samuda (2016) that examined the period of 2001–2013, the potential loss of tax revenue due to underground economy activities in Indonesia reached IDR 11,172.86 billion.

In terms of corruption, Indonesia currently has a Corruption Perception Index (CPI) score of 34/100, placing it in the 110th position out of 180 countries. The CPI score indicates the level of corruption, with higher scores implying greater corruption. In comparison, Indonesia's position in the CPI for 2022 has dropped to one-third of the most corrupt countries worldwide, which is significantly lower than the average CPI score of 45 for Asia-Pacific nations. With a score of 34, Indonesia finds itself on par with countries like Bosnia and Herzegovina, Gambia, Malawi, Nepal, and Sierra Leone. Within the Southeast Asia Region, Indonesia ranks seventh out of eleven countries, lagging behind neighboring nations such as Singapore, Malaysia, Timor Leste, Vietnam, and Thailand. Therefore, the objective of this research is to assess the tax evasion intentions of Indonesian taxpayers.

Egoism, characterized by an excessive focus on personal gain or satisfaction without considering the welfare of the community (Weigel et al., 1999), has the ability to influence one's inclination towards tax evasion (Kamleitner et al., 2012). Chan et al. (2000) suggest that individuals may engage in tax evasion in order to achieve personal benefits, regardless of the impact on society itself. To such a degree that they attribute an excessive value to money, egoistic individuals place their own well-being over the welfare of society (Korndörfer et al., 2014).

Prior research indicates that individuals with egoistic personalities play a significant role in the occurrence of tax evasion (Korndörfer et al., 2014). However, the existing literature fails to sufficiently address the potential mediating effect of egoism on the association between the intention to evade taxes and its determinants. Egoism, in and of itself, is a trait that is socially undesirable (Paulhus & Jones, 2015). It can lead to criminal behaviour when it becomes a catalyst for tax evasion. Although often disregarded, it is crucial to understand this connection, as legislators, academics, and tax experts need this information to improve tax operations. By gaining a more profound comprehension of this correlation, governments can improve tax administration and optimize tax income to facilitate development.

As highlighted in prior studies, the issue of tax evasion has been researched widely and yet, few attempts have been made in revealing the mediating role of egoism on the relationship between the decision to avoid taxes and its antecedents. Though it may be rather challenging to manage egoism, recognizing its impact, coupled with other components that form it, will go a long way in shaping tax policy from an educational, social, and political perspective. This is all the more important in developing countries where highly speculative modes of regulatory legislation may be fundamentally

susceptible to inefficiencies (Farazmand, 2023). Thus, little is known regarding the effectiveness of egoism as a mediator of the relationship between tax evasion intentions and its antecedents in developing nations. It is necessary to meet this research gap in knowledge by analyzing the role of egoism in a systematic manner in the relationship between intentions to participate in tax evasion and factors that determine it.

The main research question of this particular work will be; what factors may lead to a person engaging in tax evasion? The study focuses on exploring the variables like attitude, subjective norms, and perceived behavioral control as to whether they impact an individual's intentions to engage in tax evasion. Furthermore, the study also Has a mediating factor which is the taxpayer egoism. It is relevant to state that all the variables applied in the present investigation are in accordance with the Theory of Planned Behaviour.

LITERATURE REVIEW AND HYPOTHESIS

Theory of Planned Behavior

Numerous investigations utilize various hypotheses to clarify the motivations behind tax compliance and evasion. Several theories that have been proposed include the Prospect Theory (Kahneman & Tversky, 2012) and the Deterrence Theory (Traxler, 2014). Their main objective is to elucidate tax evasion in circumstances characterized by risk and ambiguity. In contrast, the Theory of Planned Behavior (Ajzen, 1985) provides broader predictions regarding intentions. This hypothesis focuses on the intentions of individuals to participate in particular activities rather than exclusively on risk and uncertainty. Previous research considers the theory of planned behavior to be the most effective in explaining the motivation behind tax compliance and, consequently, the intention to commit tax evasion (Taing & Chang, 2021).

The primary framework utilized in this study is the Theory of Planned Behaviour (Ajzen, 1985). According to this theory, an individual's behavior is a function of his intention, which in turn is susceptible to three important determinants, viz, attitude, subjective norm, and perceived behavioral control. Ajzen defines intention as the level of effort an individual intends to put forth or the extent to which they are motivated to engage in a specific behaviour.

Researchers widely utilize the Theory of Planned Behavior to examine tax avoidance, tax evasion, and tax compliance intentions. The implementation of this approach is based on current tax research by Bobek et al. (2007), Owusu et al. (2020) and Taing & Chang (2021). The significance of this theory lies in its proposition that the intention to participate in a given activity enhances the probability of its actual occurrence (Ajzen, 1985; Owusu et al., 2020). Therefore, the Theory of Planned Behavior provides useful insights for comprehending the intents to engage in tax evasion and illuminates the possible incidence of tax evasion or vice versa.

The Concept of Tax Evasion

Tax evasion and tax avoidance are frequently used interchangeably, but they have distinct meanings. Tax avoidance involves exploiting gaps in tax laws or using lawful methods to lower an individual's tax liabilities. While tax avoidance itself is not necessarily against the law, certain practices may be viewed as unethical or contradicting legal principles. It is important to note that not all forms of tax avoidance are practical or

advantageous in real-world scenarios. Nevertheless, there are legitimate strategies employed by both individuals and businesses to effectively minimize their tax burdens.

Tax evasion has consistently been unlawful and pertains to individuals or enterprises intentionally neglecting to disclose or record their tax obligations. This encompasses the existence of a “hidden economy” where individuals conceal their taxable revenue sources. Allingham & Sandmo (1972) were the first to investigate tax evasion behaviour. Allingham & Sandmo (1972) were the pioneers in studying tax evasion behavior. This study proposed that taxpayers would opt to engage in tax evasion if the benefits outweighed the expenses associated with evading taxes. According to Allingham and Sandmo's tax evasion model, a taxpayer can choose between two options: engaging in tax evasion or not avoiding taxes. If the tax authorities catch him evading taxes, the severity of the penalty they impose will determine his judgment. If he undergoes an audit or investigation by the tax authorities, he will be subject to a fine or penalty. If the tax rate exceeds the penalty rate, a rational economic agent aiming to maximize their predicted value will engage in tax evasion. Consequently, when the probability of detection is high and the penalties for non-compliance are significant, a small number of individuals will be able to evade taxes, leading to a rise in tax compliance. The concept suggests that either intensifying associated penalties or increasing administrative enforcement expenditure can reduce tax evasion and increase the likelihood of apprehending tax evaders. The tax rate's influence on tax evasion is ambiguous due to the conflicting impacts of income and substitution effects.

Several studies have identified numerous factors that explain why individuals engage in tax evasion. Torgler (2005) has mentioned reasons for tax evasion, including a substantial tax burden, dishonesty, and corruption. Furthermore, McGee (2006) identifies insufficient tax collection procedures and individuals' perception of no tax payment obligation due to the government's lack of reciprocity as factors contributing to tax evasion.

Richardson (2006) found that a variety of characteristics, including age, education, employment in the services sector, perceptions of fairness, and tax morale, influence tax evasion in 45 nations. Kafkalas et al. (2014) conducted a study which revealed that several factors, including income, tax rate, government efficacy (quality of government), and tax monitoring expenses, influence tax evasion in OECD countries. Enhancing tax morale, trust, and attitude towards tax compliance among the general populace will fundamentally reduce the prevalence of the informal economy and instances of tax evasion (Safuan et al., 2022). Furthermore, research has established a correlation between social practices and people's moral tendencies toward tax evasion (Bazart & Bonein, 2014; Pickhardt & Prinz, 2014). Therefore, several variables could impact individuals' behavior, leading to either adherence or non-adherence to tax payments.

Taxpayer Egoism

Egoism, as discussed in the study by Weigel et al. (1999), refers to an individual's excessive focus on their own advantage or pleasure, often disregarding the well-being of the community. According to Korndörfer et al. (2014), egoism can affect behavior related to tax evasion, including both the act of evading taxes and concealing such evasion. This aligns with the findings of Murphy (2004), who argues that taxpayers involved in tax avoidance cases make decisions based on the potential financial loss they may incur,

applying a rational choice model. Consequently, egoism plays a crucial role in shaping intentions to participate in tax evasion.

The theory of psychological egoism asserts that personal interests drive individuals' behavior and decision-making. This theory suggests that all motivations ultimately lead to selfish behavior. Psychological egoism posits that individuals who prioritize their own interests disregard potential societal or economic benefits. According to this theory, individuals inherently prioritize themselves and their own interests, resulting in egoistic behaviors (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion. McConnell (1978) described psychological egoism as a theory that asserts that individuals are inherently inclined to prioritize their own self-interests and concerns. This concept posits that individuals are psychologically predisposed to prioritize their own well-being and personal desires.

Hypothesis Development

The ethical frameworks of consequentialism and deontology firmly ground the contribution of egoism in reconciling the disparity between tax ethics and the motives behind tax evasion. Deontologists rigorously follow moral principles, such as "Thou shall not perpetrate murder," but consequentialists adopt a more permissive stance, driven by the conviction that the desired outcome justifies the methods used (Frecknall-Hughes et al., 2017). In essence, consequentialists consider killing justifiable if it benefits a bigger number of individuals (altruism) rather than a single individual (egoism). Multiple studies have demonstrated that moral principles have influence on the criminal act of tax evasion. Nevertheless, there has been limited consideration of whether a taxpayer's consequentialist or deontological worldview, embodied by egoism, acts as a mediator in this connection.

Several previous studies have indicated that an individual's moral beliefs have an impact on their intentions to evade taxes (Owusu et al., 2020; Richardson, 2006; Taing & Chang, 2021). Taxpayers with a stronger sense of morale are more likely to engage in behaviors that comply with tax regulations. Undoubtedly, taxpayers are willing to fulfill their tax obligations even when tax enforcement is weak, driven by their inherent motivation and belief that paying taxes is a duty (Cummings et al., 2009)

Additionally, research conducted by Majstorović and Petrović (2022) suggests that an individual's adherence to the ethic of egoism can affect their propensity for rationalizing corrupt actions. However, there has been limited investigation into whether taxpayers' consequentialist or deontological attitudes, represented by egoism, can act as mediators in this relationship (Kaulu, 2022). As a result, the following hypothesis is proposed:

H₁: Tax Morals Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

The willingness of taxpayer is dependent on taxpayers' attitude towards fair treatment by the tax office. As has been demonstrated above, prior works provide a number of ways to define tax fairness (Taing & Chang, 2021). As explained by Goetz (1978), horizontal equity is the concept of sharing a given tax burden in households within a specific group. According to Taing & Chang (2021), fairness can be classified

into three distinct categories: Distributive fairness is the fairness on the procedures of distribution of resources in an organization, procedural fairness involves fairness in the manner in which organizational resources are allocated and retributive fairness refers to fairness concerning punishments in organizations. The concept of 'distributive justice' holds to do with the fair distribution of costs and utilities at the time of tax payout. In tax administration, effective access to justice for procedural fairness means fairness in taking and recovering taxes from different categories of taxpayers. The aspect of retributive fairness deals with fairness of taxpayers when punitive force is used in activities like penalties and audits. In general, the taxpayers will be more willing to obey the tax laws if they comprehend that every individual in their circle of acquaintances should contribute taxes.

Tax fairness plays a crucial role in tax compliance behaviour (Sinnasamy et al., 2015; Slemrod, 2007). Additionally, Lin et al. (2017) highlight the potential impact of tax fairness on the intention to engage in tax evasion, specifically through egoism. Their findings suggest that organizations may exploit the concept of corporate social responsibility (CSR) as a means of masking their economic self-interest, potentially for the purpose of evading taxes. To delve deeper into this phenomenon, the following hypothesis is proposed:

H₂: Tax Fairness Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

In addition to considering the taxing authority's enforcement role, taxpayers must anticipate a fair fiscal exchange between the taxes they pay and the products and services provided by the government in order to willingly comply with tax obligations (Feld & Frey, 2007). This refers to the extent to which taxpayers' confidence in the government influences their tax compliance judgments. For instance, when taxpayers perceive efficient use of tax funds and transparent and accessible tax administration, their confidence in their government increases, leading to compliant behavior. Scholz & Lubell (1998) investigated the impact of trust in government in Australia, discovering a direct relationship between tax compliance and trust in government.

A significant determinant of individuals' compliance with tax rules is the level of trust in the government (Murphy, 2004). Alon & Hageman (2013) conducted a study that revealed a negative correlation between levels of corruption and tax compliance. In order to delve deeper into this connection, Abdulsalam et al. (2015) performed a cross-country study to examine the potential interaction between trust and power in affecting tax compliance. The study quantified trust using Transparency International's Corruption Perception Index (CPI), and assessed tax compliance by calculating the proportion of a nation's tax income on its Gross Domestic Product (GDP).

The results revealed that the combination of faith in authorities and the authority's power together contributed to the improvement of tax compliance. However, it is still the question open what role egoism can play in this relationship between trust in government and tax evasion intention. The following hypothesis is proposed:

H₃: Trust in Government Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

The power of authority refers to the government's capacity to ensure tax compliance, which is influenced by the manner in which the taxing authority employs coercive and lawful power in its interactions with citizens (Hartl et al., 2015; Kastlunger

et al., 2013). Becker (1968) defines the power of authority as the ability to use coercion, punishment, and prosecution to enforce tax compliance. Kastlunger et al. (2013) discovered that power has a favorable impact on the level of enforced compliance.

Taxpayers often aim to maximize their expected benefits by weighing the potential gains of avoiding taxes against the risks of getting caught (Chan et al., 2000). As a result, there can be variations in investment preferences between individuals who engage in tax evasion and those who do not (Kemme et al., 2021). Taxpayers who aim to avoid paying taxes will seek out authoritarian countries that have limited financial transparency, while these countries are willing to invest in democratic and financially transparent countries. The tax compliance model, developed by Song and Yarbrough in 1978, acknowledges that the enforcement of tax laws plays a crucial role in determining tax compliance (Kaulu, 2022) and the possibility of evasion (Kaulu, 2022). The following hypothesis is proposed:

H4: Power of Authority Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

According to Hessing et al. (1988) and Saad (2014) the level of complexity in a tax system plays a significant role in tax compliance. Alm (2012) also acknowledges that complex tax systems often lead taxpayers to seek the assistance of tax practitioners, which increases compliance costs and creates an incentive for tax evasion when the risk of detection is low and there are opportunities for rationalization. In their analysis of the Fischer tax compliance model, Chau & Leung (2009) argue that the tax system should be characterized by simplicity, with tax rules and procedures being straightforward and unambiguous. A streamlined tax system and clear legal procedure facilitate compliance by enabling taxpayers to comprehensively grasp their tax responsibilities and accurately determine the tax amount they are required to remit. In some cases, the complexity of tax systems has been identified as a reason for non-registration in tax payment making it even more challenging for tax authorities to track compliance (Akinboade, 2015). However, these discussions overlook the potential mediating effect of egoism on the relationship between tax complexity and tax evasion intentions. Therefore, it is important to examine the mediating role of egoism in individuals' intentions to comply with tax regulations. The following hypothesis is proposed:

H5: Tax Complexity Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

Taxpayers' fundamental convictions about a tax are contingent upon their level of knowledge about it. The tax information must be precise, enlightening, and comprehensive (Chen, 2010). Taxpayers who are unintentionally non-compliant may struggle to find comprehensive and precise information about their tax situation. According to Kornhauser (2005), increasing the visibility of tax information may improve taxpayer awareness. Lefebvre et al. (2015) conducted an experiment investigating the impact of information on tax evasion and tax compliance across multiple countries. The study showed that participants' behavior remained unaffected when they received positive information about tax compliance. Conversely, exposure to negative information, such as claims about a high percentage of tax evasion, significantly increases their level of non-compliance. Previous research regarding tax compliance intentions found that no significant correlation between this factor and tax information was discovered (Taing & Chang, 2021). The study, which took place in Cambodia, did

not take into account the potential influence of taxpayer egoism. To examine the potential mediation effect of egoism, H_6 is proposed:

H_6 : Tax Information Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

Tax awareness refers to taxpayers' understanding of tax rules and regulations in relation to specific tax matters that are relevant to them (Taing & Chang, 2021). A taxpayer's understanding of taxes is crucial in determining the accurate tax payment amount (Saad, 2014). Nevertheless, there is conflicting empirical evidence regarding the connection between tax knowledge and compliance with tax laws and evasion (Taing & Chang, 2021). Additionally, the potential influence of selfishness in the relationship between tax awareness and intention to evade taxes is not well understood. Therefore, the following hypothesis is proposed:

H_7 : Tax Awareness Have Significant Effect on Tax Evasion Intention Through Taxpayer Egoism

Egoism is a significant factor that impacts not only the act of avoiding taxes, but also the act of hiding tax evasion. In the corporate world, egoism drives tax evasion through practices like manipulating financial records, utilizing tax havens, and implementing other tax planning strategies. Similarly, individuals with substantial wealth may engage in similar actions solely for their own self-interest, as exemplified by the revelations from the Panama Papers (Evertsson, 2016).

Webley et al. (2001) conducted research on the factors that influence tax evasion in the United Kingdom, Norway, and France. Webley et al. (2001) categorized the variables into two types: self-reported evasion and hypothetical tax evasion. Hypothetical tax evaders are individuals who claim to evade taxes but do not actually engage in such behavior. Self-reported tax evaders, on the other hand, are individuals who admit to illegally avoiding taxes on their income or withholdings. The following hypothesis is proposed:

H_8 : Taxpayer Egoism Have Significant Effect on Tax Evasion Intention

RESEARCH METHODS

A quantitative approach was employed in this research. A self-administered online survey was randomly distributed to those who are entitled to file tax returns and/or are responsible for paying taxes in Indonesia. The current Corruption Perception Index (CPI) score for Indonesia is 34 out of 100, placing it 110th out of 180 nations in terms of corruption levels. A higher rating signifies a larger level of corruption within a country, making it a potential predictor of egoism (Kaulu, 2022).

To ensure validity and reliability of the findings of this study the usage of a questionnaire developed from previous studies is used in this research. Self-administered questionnaire measures tax moral and the option on attitude towards tax evasion is assigned to a series of items that defines the tax moral. The subject norm is quantified by assessing two factors: tax fairness and trust in government. Perceived behavioural control is assessed by taking into account four factors: power authority, tax complexity, Tax information and tax awareness. All of these variables are measured on a five-point Likert scale. The measures used in this study were specified as follows, attitudes, subjective norm, and perceived behavioral control were derived from the study conducted by Taing

& Chang (2021). The construct of taxpayer egoism was derived from the work of Weigel et al. (1999), while tax evasion intention was studied by Owusu et al. (2020)

Out of the total number of participants, 245 persons completed and submitted the survey. Prior research has shown that this sample size is deemed enough, as long as the variables in the model exhibit high dependability and the parameter estimates are robust (Kyriazos, 2018). The assessment of tax evasion intentions is conducted using both a composite variable in the PROCESS macro for mediation analysis and a latent variable in the Partial Least Square formula for mediation analysis.

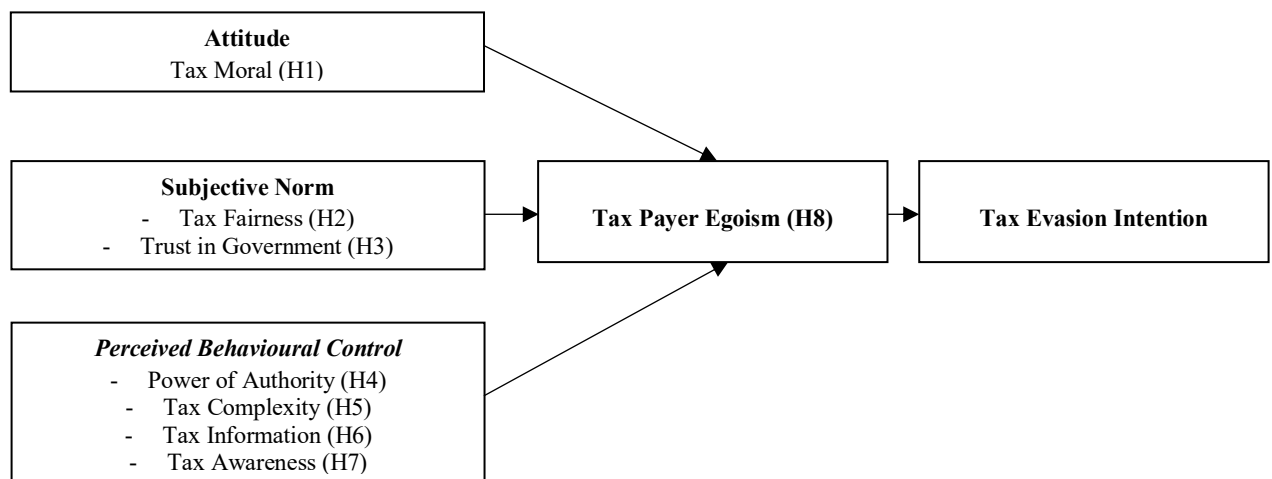


Figure 1. Conceptual Framework

RESULT AND DISCUSSION

Sample Profile

Table 1.
Sample Profile

Sample Characteristics	Description	Total	Percentage
Age	18 to 20	12	4.90
	21 to 30	118	48.16
	31 to 40	65	26.53
	41 to 50	36	14.69
	51 to 60	14	5.71
Gender	Female	137	55.92
	Male	108	44.08
Employment Status	Student	24	9.80
	Employed	136	55.51
	Business Owner	43	17.55
	Employed & Business Owner	42	17.14

The sample profile is shown in Table 1. Most respondents, comprising 48.16% of the total, fell within the 21 to 30 age range. Following this, individuals between the ages of 31 and 40 accounted for 26.58%. The gender distribution portrayed in Table 1 shows that 137 (55.92%) of the respondents are female, while 108 (44.08%) are male. When it comes to employment status, 55.51% of the respondents were employed in full-time jobs.

Moreover, 17.55% of the individuals were sole proprietors of businesses, while 17.14% were involved in both employment and business management.

Linear Regression Assumptions Tests

In order to guarantee the validity of the data, periodic inspections were carried out to detect any instances of missing information. One possible explanation for this phenomenon might be ascribed to one of the advantages of online questionnaires, which encourage respondents to answer any items they may have overlooked. Furthermore, the normality of the data was assessed and verified by the Kolmogorov-Smirnov Test. Table 2 presents descriptive statistics for the independent variables (determinant factors on tax evasion intention), dependent variable (tax evasion intention), and mediating variable (taxpayer egoism).

All Person's correlations were found to be less than 0.8. As a result, even though some of the correlations had statistical significance, there should not be a concern about multicollinearity (Mwiya et al., 2018). Furthermore, the variance inflation factor (VIF) values, all of which were below the suggested threshold of 10, provide additional evidence that multicollinearity is not a concern.

Regression Analysis using Ordinary Least Square (OLS)

Table 3 presents the Ordinary Least Squares (OLS) regression analysis of the determinants of tax evasion intention, taxpayer egoism, and tax evasion intention. Model 1 investigates the seven parameters that determine the intention to engage in tax evasion. This model's overall statistical significance is $F = 20.917$; $p < 0.001$. This model has an effect size of at least at 36.6%. Separately, tax moral, power tax authority, and tax complexity statistically significant predictors of tax evasion intention. When taxpayer egoism introduces in Model 2, a slightly higher statistically significant combined effect occurs ($R^2 = 42.1\%$). Individually, only tax moral, tax complexity, and taxpayer egoism were statistically significant predictors of tax evasion intention.

Concerning the impact of tax morals on the dependent variable, it is evident that it has a negative correlation towards tax evasion intention ($B = -0.650$; $p < 0.001$). This means that a one level increment in tax morals in the Likert scale will lead to a 0.650 drops in tax evasion intention. Tax complexity has a positive effect on tax evasion intention ($B = 0.212$; $p < 0.05$). On the same scale, a one-level increase in tax complexity results in a 0.212 increase in tax evasion intentions. Furthermore, taxpayer egoism has a positive effect on tax evasion intention ($B = 0.372$; $p < 0.001$). This result concludes that a one-level rise in taxpayer egoism would result in 0.372 on tax evasion intention.

Table 2.
Correlation Analysis

	Variable	Mean	SD	N	1	2	3	4	5	6	7	8	9
1	Tax Evasion Intention	2.249	1.132	245	1								
2	Egoism	2.963	0.959	245	0.493**	1							
3	Tax Moral	4.116	0.799	245	-0.490**	-0.205**	1						
4	Tax Fairness	3.547	1.037	245	-0.243**	-0.322**	0.295**	1					
5	Trust in Government	3.366	1.011	245	-0.116	-0.161*	0.274**	0.484**	1				
6	Power Tax Authority	3.212	1.112	245	0.047	0.260**	0.265**	0.131*	0.256**	1			
7	Tax Complexity	2.821	1.076	245	0.448**	0.465**	-0.246**	-0.248**	0.078	0.044	1		
8	Tax Information	3.657	0.890	245	-0.182**	0.052	0.441**	0.305**	0.454**	0.383**	-0.269**	1	
9	Tax Awareness	3.937	0.872	245	-0.215**	-0.261**	0.372**	0.340**	0.285**	0.071	-0.146*	0.193**	1

**Correlation is significant at the 0.01 level (2-tailed).

*Correlation is significant at the 0.05 level (2-tailed).

Sumber: Data Diolah

Table 3.
OLS Regression Result

	Model 1			Model 2		
	B	t-Statistic	p	B	t-Statistic	p
Independent Variable						
Tax Moral	-0.650	-7.458	0.000***	-0.580	-6.877	0.000***
Tax Fairness	-0.072	-1.072	0.285	-0.011	-0.175	0.861
Trust in Government	-0.005	-0.063	0.950	0.053	0.763	0.446
Power Tax Authority	0.135	2.326	0.021**	0.056	0.973	0.331
Tax Complexity	0.352	6.008	0.000***	0.212	3.389	0.001**
Tax Information	0.103	1.230	0.220	-0.013	-0.160	0.873
Tax Awareness	0.005	0.064	0.949	0.049	0.688	0.492
Mediating Variable						
Taxpayer Egoism				0.373	4.953	0.000***
Adjusted R2		0.364			0.421	
F Statistic		20.916			23.186	
P Statistic		0.000			0.000	

Sumber: Data Diolah

This mediation analysis is still feasible, even though only two variables are statistically significant in measuring tax evasion intention (Preacher & Hayes, 2004). However, according to Baron & Kenny (1986), only those with condition one could be considered for potential mediation if the coefficients are statistically significant. This research employs the Preacher & Hayes (2004) approach and goes on to perform mediation tests.

Mediation Analysis in the Process Macro Using Composite Variables

Table 4 displays the mediation analysis conducted using the Process Macro. The findings in Table 4 indicate that several factors, including tax morality, tax justice, power authority, tax complexity, and tax awareness, significantly influenced taxpayer egoism's intention to engage in tax evasion. Therefore, hypotheses H₁, H₂, H₄, H₅, and H₇ are supported. However, the influence of tax information and trust in government on tax evasion intention through taxpayer egoism (H₃ and H₆) was found to be statistically insignificant. As a result, there is not enough statistical data to make a definitive claim that tax information has a direct impact on taxpayer egoism's intention to commit tax evasion. Furthermore, there is insufficient statistical data to assert that trust in government has an indirect impact on the intention to engage in tax evasion through egoism.

Mediation Analysis in the SmartPLS Using Latent Variables

The purpose of this research examines the indirect effect of predictor variables on tax evasion intention through taxpayer egoism. Table 5 and Table 6 show the result of direct and indirect effect of predictor variables on tax evasion intention

Table 4.
Mediation Analysis Result using PROCESS Macro

	Direct Effect of X on Y	Effect of X on M (a)	Effect of M on Y (b)	Indirect Effect of X on Y via M (a x b)	95% CI for bootstrap	
					LB	UB
Tax Moral -> Egoism -> Tax Evasion	-0.575 0.000	-0.246 0.000	0.484 0.000	-0.119	-0.203	-0.048
Tax Fairness -> Egoism -> Tax Evasion	-0.103 0.110	-0.298 0.000	0.547 0.000	-0.163	-0.240	-0.096
Trust Government -> Egoism -> Tax Evasion	-0.043 0.501	-0.152 0.119	0.575 0.000	-0.088	-0.155	-0.020
Power Authority -> Egoism -> Tax Evasion	-0.088 0.133	0.224 0.000	0.609 0.000	0.137	0.065	0.221
Tax Complexity -> Egoism -> Tax Evasion	0.293 0.000	0.414 0.000	0.430 0.000	0.178	0.103	0.268
Tax Information -> Egoism -> Tax Evasion	-0.265 0.000	0.056 0.419	0.595 0.000	0.033	-0.046	0.122
Tax Awareness -> Egoism -> Tax Evasion	-0.119 0.112	-0.287 0.000	0.554 0.000	-0.159	-0.235	-0.091

Table 5.
Direct Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Egoism -> Tax Evasion	0.503	0.507	0.051	9.776	0.000
Tax Moral -> Egoism	-0.146	-0.142	0.068	2.133	0.033
Tax Fairness -> Egoism	-0.172	-0.163	0.060	2.843	0.005
Trust Government -> Egoism	-0.165	-0.155	0.067	2.466	0.014
Power Authority -> Egoism	0.270	0.283	0.051	5.338	0.000
Tax Complexity -> Egoism	0.419	0.407	0.059	7.125	0.000
Tax Information -> Egoism	0.296	0.258	0.129	2.282	0.023
Tax Awareness -> Egoism	-0.135	-0.144	0.057	2.359	0.019

Sumber: Data Diolah

Taxpayer egoism has positive effect on tax evasion intention (0.503; $p < 0.001$). This result is consistent with OLS result that show positive effect of taxpayer egoism on tax evasion intention (H_8 supported). All the seven determinants of tax evasion intention have a statistically significant direct effect on tax evasion intention.

Table 6.
Indirect Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Tax Moral -> Egoism -> Tax Evasion	-0.073	-0.073	0.036	2.021	0.044
Tax Fairness -> Egoism -> Tax Evasion	-0.086	-0.083	0.031	2.782	0.006
Trust Government -> Egoism -> Tax Evasion	-0.083	-0.078	0.034	2.452	0.015
Power Authority -> Egoism -> Tax Evasion	0.136	0.144	0.030	4.496	0.000
Tax Complexity -> Egoism -> Tax Evasion	0.211	0.207	0.041	5.083	0.000
Tax Information -> Egoism -> Tax Evasion	0.149	0.130	0.066	2.241	0.025
Tax Awareness -> Egoism -> Tax Evasion	-0.068	-0.073	0.028	2.392	0.017

Sumber: Data Diolah

Table 6 presents the mediation analysis conducted with SmartPLS. This study provides statistical evidence that all seven factors influencing tax evasion intention have a significant indirect impact on tax evasion intention through taxpayer egoism ($H_1 - H_7$ supported).

Discussion

The present study aimed to explore the mediating role that taxpayer egoism played in the relationship between tax evasion intention and its determinants. The present study used the Theory of Planned Behavior. This research uses Ordinary Least Square (OLS) using SPSS and Partial Least Square using smartPLS to examine the mediation between the independent variable and the dependent variable.

This study use Preacher & Hayes (2004) approach and proceed to conduct mediation analyses. Then, the result showed that tax moral, tax fairness, power authority, tax complexity, and tax awareness all had a significant effect on the intention to engage in tax evasion through taxpayer egoism. This validates previous claim that many of the

strict prerequisites for mediation are not applicable to contemporary mediation analysis or methods (Hayes, 2018).

A significant difference is observed when mediation analysis using latent variables in the SmartPLS is conducted. The analysis has shown all seven determinants of tax evasion intention to have a statistically significant indirect effect on tax evasion intention through the taxpayer egoism variable.

In general, the empirical findings indicate all seven determinant factors had a statistically significant effect on the intention to engage in tax evasion through taxpayer egoism. This offers additional understanding and reinforcement for the conclusions made in Saad (2014) and Alm (2012) studies.

Our research indicates that there is a negative relationship between levels of tax awareness, tax fairness, tax morals, on trust on government and the propensity to engage in tax evasion. This relationship is influenced by egoism. By considering egoism as a mediator, these findings further enhance our understanding of Taing & Chang (2021) and (Kaulu, 2022).

This result is in inline with the theory of psychological egoism. This theory asserts that personal interests drive individuals' behavior and decision-making. According to this theory, individuals inherently prioritize themselves and their own interests, resulting in egoistic behaviors (Mu et al., 2023; Tomaszewski, 2021). As a result, individuals motivated by personal interests are more likely to engage in activities that benefit themselves than the community. For example, taxpayers driven by personal interests may seek to evade their tax obligations and engage in tax evasion.

CONCLUSION, LIMITATIONS AND SUGGESTION

Conclusion

Numerous studies have been conducted to examine the determinant factors of tax evasion, tax compliance, and individuals' intentions in relation to these activities. However, this study takes a unique approach by combining latent variables and composite variables within a single study to analyze tax evasion intentions. Additionally, the study incorporates the theory of planned behaviour, which is widely discussed in existing literature.

The data collected in this study provides statistical evidence supporting the role of egoism as a mediator in the relationship between all of determinants of tax evasion intentions and the actual intention to engage in tax evasion using smartPLS. Furthermore, these results show that five out of seven determinants of tax evasion intentions and the actual intention to engage in tax evasion using PROCESS Macro.

Limitation

The results of this study indicate that egoism plays a vital role on the intention to evade taxes. To mitigate tax evasion, policymakers should simplify the tax system, enhance moral values, provide accessible tax information, and foster tax awareness, all while considering the egoistic tendencies of taxpayers. Generally, it appears that educating individuals about taxation and promoting selflessness can help reduce the intention to evade taxes. Therefore, it is crucial for educational institutions, tax policymakers, and practitioners to incorporate moral education into the curriculum from an early age, instilling a sense of patriotism and altruism (in contrast to egoism). It is also

important that lawmakers enact supportive regulations to facilitate the implementation of these measures.

Suggestions for Further Research

Future research could include other variables such as income and education background to control the effect on tax evasion intention. Furthermore, future research could use another method to examine the effect of independent variable on dependent variable through taxpayer egoism using experimental method to enhance internal validity.

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DOKUMEN EVALUASI KINERJA PEGAWAI

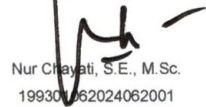
UNIVERSITAS SEBELAS MARET

PERIODE PENILAIAN :
02 Januari 2024 s.d 31 Desember 2024

1	PEGAWAI YANG DINILAI	
	NAMA	: Nur Chayati, S.E., M.Sc.
	NIP	: 199301062024062001
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	JABATAN	: Tenaga Pengajar
	UNIT KERJA	: S-1 Akuntansi - Universitas Sebelas Maret
2	PEJABAT PENILAI KINERJA	
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	UNIT KERJA	: S-1 Akuntansi - Universitas Sebelas Maret
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	JABATAN	: Wakil Dekan Bidang Akademik dan Penelitian Fakultas Ekonomi dan Bisnis (FEB)
	UNIT KERJA	: Fakultas Ekonomi dan Bisnis - Universitas Sebelas Maret
4	EVALUASI KINERJA	
	CAPAIAN KINERJA ORGANISASI	: BAIK
	PREDIKAT KINERJA PEGAWAI	: BAIK
5	CATATAN/REKOMENDASI	

Surakarta, 03 Januari 2025

7. Pegawai Yang Dinilai


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6. Pejabat Penilai Kinerja


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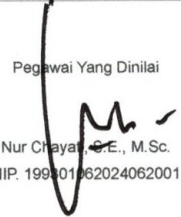

SASARAN KINERJA PEGAWAI
JABATAN PELAKSANA
PENDEKATAN HASIL KERJA KUANTITATIF

UNIVERSITAS SEBELAS MARET

PERIODE PENILAIAN :
02 Januari 2024 s.d 31 Desember 2024

PEGAWAI YANG DINILAI			PEJABAT PENILAI KINERJA		
NAMA	Nur Chayati, S.E., M.Sc.		NAMA	Prof. Doddy Setiawan, S.E., M.Si., Ph.D., Ak.	
NIP	199301062024062001		NIP	197502182000121001	
PANGKAT/GOL RUANG	Penata Muda Tingkat I/ III/b		PANGKAT/GOL RUANG	Pembina Utama/ IV/e	
JABATAN	Tenaga Pengajar		JABATAN	Ketua Program Studi S1 Akuntansi	
INSTANSI	S-1 Akuntansi - Universitas Sebelas Maret		INSTANSI	S-1 Akuntansi - Universitas Sebelas Maret	
NO	RENCANA KERJA ATASAN LANGSUNG	RENCANA KINERJA	ASPEK	INDIKATOR KINERJA INDIVIDU	TARGET
(1)	(2)	(3)	(4)	(5)	(6)
A. KINERJA UTAMA					
1	Terlaksananya Dharma Pendidikan	Terlaksananya Perkuliahan	Kuantitas	Jumlah SKS	18 sks
			Kualitas	Prosentase Kehadiran (>95%)	100 %
			Waktu	Ketepatan waktu pembelajaran	12 Bulan
		Terlaksananya Pelatihan Diklat Prajabatan CPNS	Kuantitas	Jumlah Kegiatan	1 Kegiatan
			Kualitas	Prosentase Kelulusan	100 %
			Waktu	Ketepatan waktu kelulusan	6 Bulan
2	Terlaksananya Dharma Penelitian	Terlaksananya Penelitian	Kuantitas	Jumlah SKS Penelitian	1.2 sks
			Kualitas	Prosentase Keberhasilan Luaran Penelitian (Publikasi/luaran lainnya)	100 %
			Waktu	Ketepatan waktu Penelitian	12 Bulan
3	Terlaksananya Dharma Pengabdian	Terlaksananya Pengabdian	Kuantitas	Jumlah SKS Pengabdian	2 sks
			Kualitas	Prosentase Keberhasilan Luaran Pengabdian (Publikasi/luaran lainnya)	100 %
			Waktu	Ketepatan waktu kegiatan pengabdian	12 Bulan
PERILAKU KERJA					
1. Berorientasi pelayanan					
<ul style="list-style-type: none">Memahami dan memenuhi kebutuhan masyarakatRamah, cekatan, solutif, dan dapat diandalkanMelakukan perbaikan tiada henti			Ekspektasi Pimpinan: <ul style="list-style-type: none">Belajar dari kesalahan untuk perbaikan kinerja selanjutnya		
2. Akuntabel					
<ul style="list-style-type: none">Melaksanakan tugas dengan jujur, bertanggungjawab, cermat, disiplin dan berintegritas tinggiMenggunakan kekayaan dan barang milik negara secara bertanggungjawab, efektif, dan efisienTidak menyalahgunakan kewenangan jabatan			Ekspektasi Pimpinan: <ul style="list-style-type: none">Menyajikan data/dokumen yang valid dan dapat dipertanggungjawabkan		
3. Kompeten					
<ul style="list-style-type: none">Meningkatkan kompetensi diri untuk menjawab tantangan yang selalu berubahMembantu orang lain belajarMelaksanakan tugas dengan kualitas terbaik			Ekspektasi Pimpinan: <ul style="list-style-type: none">Aktif mengikuti kegiatan pengembangan kompetensi		
4. Harmonis					
<ul style="list-style-type: none">Menghargai setiap orang apapun latar belakangnyaSuka menolong orang lainMembangun lingkungan kerja yang kondusif			Ekspektasi Pimpinan: <ul style="list-style-type: none">Membangun komunikasi yang lebih terbuka dan menjaga hubungan baik dengan stakeholder		
5. Loyal					
<ul style="list-style-type: none">Memegang teguh ideologi Pancasila, Undang-Undang Dasar Negara Republik Indonesia Tahun 1945, setia kepada Negara Kesatuan Republik Indonesia serta pemerintahan yang sahMenjaga nama baik sesama ASN, Pimpinan, Instansi, dan NegaraMenjaga rahasia jabatan dan negara			Ekspektasi Pimpinan: <ul style="list-style-type: none">Tidak menyalahgunakan jabatan dan wewenang		
6. Adaptif					
<ul style="list-style-type: none">Cepat menyesuaikan diri menghadapi perubahanTerus berinovasi dan mengembangkan kreativitasBertindak proaktif			Ekspektasi Pimpinan: <ul style="list-style-type: none">Mudah beradaptasi dengan perubahan		
7. Kolaboratif					
<ul style="list-style-type: none">Memberi kesempatan kepada berbagai pihak untuk berkontribusiTerbuka dalam bekerja sama untuk menghasilkan nilai tambahMenggerakkan pemanfaatan berbagai sumberdaya untuk tujuan bersama			Ekspektasi Pimpinan: <ul style="list-style-type: none">Aktif berpartisipasi dan berkontribusi sesuai keahliannya		

Pegawai Yang Dinilai



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Surakarta, 02 Januari 2024

Pejabat Penilai Kinerja



Prof. Doddy Setiawan, S.E., M.Si., Ph.D., Ak.
NIP. 197502182000121001



LAMPIRAN SASARAN KINERJA PEGAWAI

UNIVERSITAS SEBELAS MARET

PERIODE PENILAIAN :
02 Januari 2024 s.d 31 Desember 2024

DUKUNGAN SUMBER DAYA	
1	Dukungan sarana prasarana untuk tercapainya target kinerja
2	Dukungan komitmen pimpinan untuk tercapainya target kinerja
SKEMA PERTANGGUNGJAWABAN	
1	Progres dan evaluasi pengembangan pegawai dilaporkan secara berkala.
KONSEKUENSI	
1	Apabila memenuhi ekspektasi Pimpinan direkomendasikan sebagai role model / pegawai teladan.
2	Apabila tidak memenuhi ekspektasi Pimpinan maka direkomendasikan untuk dilakukan pembinaan demi peningkatan kinerja.

Pegawai Yang Dinilai

Nur Charati, S.E., M.Sc.
NIP. 199501062024062001

Surakarta, 02 Januari 2024
Pejabat Penilai Kinerja

Prof. Doddy Setiawan, S.E., M.Si., Ph.D., Ak.
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EVALUASI KINERJA PEGAWAI
JABATAN PELAKSANA
PENDEKATAN HASIL KERJA KUANTITATIF

UNIVERSITAS SEBELAS MARET

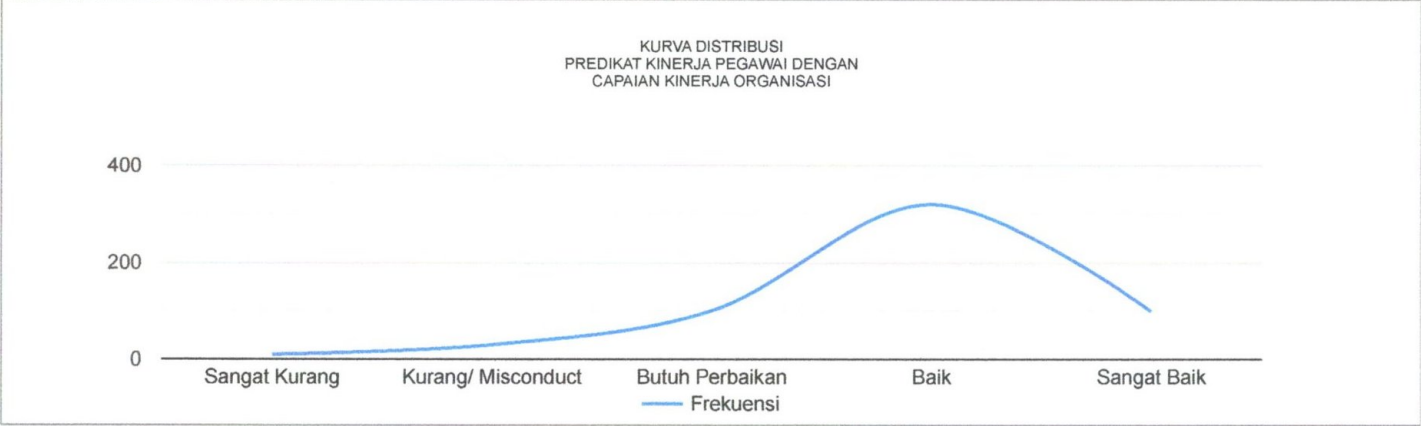
PERIODE PENILAIAN :
02 Januari 2024s.d 31 Desember 2024

PEGAWAI YANG DINILAI		PEJABAT PENILAI KINERJA	
NAMA	Nur Chayati, S.E., M.Sc.	NAMA	Prof. Doddy Setiawan, S.E., M.Si., Ph.D., Ak.
NIP	199301062024062001	NIP	197502182000121001
PANGKAT/GOL RUANG	Penata Muda Tingkat I/III/b	PANGKAT/GOL RUANG	Pembina Utama/IV/e
JABATAN	Tenaga Pengajar	JABATAN	Ketua Program Studi S1 Akuntansi
INSTANSI	S-1 Akuntansi - Universitas Sebelas Maret	INSTANSI	S-1 Akuntansi - Universitas Sebelas Maret

CAPAIAN KINERJA ORGANISASI*

BAIK

POLA DISTRIBUSI:



HASIL KERJA							
NO	RENCANA HASIL KERJA PIMPINAN YANG DIINTERVENSI	RENCANA HASIL KERJA	ASPEK	INDIKATOR KINERJA INDIVIDU	TARGET	REALISASI BERDASARKAN BUKTI DUKUNG	UMPAN BALIK BERKELANJUTAN BERDASARKAN BUKTI DUKUNG
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A. KINERJA UTAMA							
1	Terlaksananya Dharma Pendidikan	Terlaksananya Perkuliahan	Kuantitas	Jumlah SKS	18 sks	18 sks	Hasil kerja sesuai jumlah target SKS yang ditetapkan. Tingkatkan!
			Kualitas	Prosentase Kehadiran (>95%)	100 %	100 %	Hasil kerja sudah sesuai yang diharapkan. Tingkatkan!
			Waktu	Ketepatan waktu pembelajaran	12 Bulan	12 Bulan	Penyelesaian kerja sesuai waktu yang ditetapkan, sesuai ekspektasi. Tingkatkan!
2	Terlaksananya Dharma Pendidikan	Terlaksananya Pelatihan Diklat Prajabatan CPNS	Kuantitas	Jumlah Kegiatan	1 Kegiatan	1 Kegiatan	
			Kualitas	Prosentase Kelulusan	100 %	100 %	
			Waktu	Ketepatan waktu kelulusan	6 Bulan	6 Bulan	
3	Terlaksananya Dharma Penelitian	Terlaksananya Penelitian	Kuantitas	Jumlah SKS Penelitian	1.2 sks	3.31 sks	Hasil kerja melampaui jumlah target SKS yang ditetapkan. Pertahankan!
			Kualitas	Prosentase Keberhasilan Luaran Penelitian (Publikasi/luaran lainnya)	100 %	120 %	Hasil kerja melampaui ekspektasi, Publikasi karya ilmiah berhasil. Pertahankan!
			Waktu	Ketepatan waktu Penelitian	12 Bulan	12 Bulan	Penyelesaian kerja sesuai waktu yang ditetapkan, sesuai ekspektasi. Tingkatkan!
4	Terlaksananya Dharma Pengabdian	Terlaksananya Pengabdian	Kuantitas	Jumlah SKS Pengabdian	2 sks	6 sks	Hasil kerja melampaui jumlah target SKS yang ditetapkan. Pertahankan!
			Kualitas	Prosentase Keberhasilan Luaran Pengabdian (Publikasi/luaran lainnya)	100 %	120 %	Hasil kerja melampaui ekspektasi, Pengabdian berkategori Pendampingan/Pemberdayaan masyarakat. Pertahankan!
			Waktu	Ketepatan waktu kegiatan pengabdian	12 Bulan	12 Bulan	Penyelesaian kerja sesuai waktu yang ditetapkan, sesuai ekspektasi. Tingkatkan!
RATING HASIL KERJA*							
SESUAI EKSPEKTASI							
PERILAKU KERJA					UMPAN BALIK BERKELANJUTAN BERDASARKAN BUKTI DUKUNG		
1. Berorientasi pelayanan							
<ul style="list-style-type: none">Memahami dan memenuhi kebutuhan masyarakatRamah, cekatan, solutif, dan dapat diandalkanMelakukan perbaikan tiada henti			Ekspektasi Khusus Pimpinan: <ul style="list-style-type: none">Belajar dari kesalahan untuk perbaikan kinerja selanjutnya		<ul style="list-style-type: none">Selalu berusaha meningkatkan kinerjanya berdasarkan potensi pengembangan		
2. Akuntabel							
<ul style="list-style-type: none">Melaksanakan tugas dengan jujur, bertanggungjawab, cermat, disiplin dan berintegritas tinggiMenggunakan kekayaan dan barang milik negara secara bertanggungjawab, efektif, dan efisienTidak menyalahgunakan kewenangan jabatan			Ekspektasi Khusus Pimpinan: <ul style="list-style-type: none">Menyajikan data/dokumen yang valid dan dapat dipertanggungjawabkan		<ul style="list-style-type: none">Selalu menyajikan data/dokumen dan dapat dipertanggungjawabkan		
3. Kompeten							
<ul style="list-style-type: none">Meningkatkan kompetensi diri untuk menjawab tantangan yang selalu berubahMembantu orang lain belajarMelaksanakan tugas dengan kualitas terbaik			Ekspektasi Khusus Pimpinan: <ul style="list-style-type: none">Aktif mengikuti kegiatan pengembangan kompetensi		<ul style="list-style-type: none">Berupaya menyelesaikan tugas dengan optimal dan secara aktif mengikuti kegiatan pengembangan kompetensi		
4. Harmonis							
<ul style="list-style-type: none">Menghargai setiap orang apapun latar belakangnyaSuka menolong orang lainMembangun lingkungan kerja yang kondusif			Ekspektasi Khusus Pimpinan: <ul style="list-style-type: none">Membangun komunikasi yang lebih terbuka dan menjaga hubungan baik dengan stakeholder		<ul style="list-style-type: none">Secara aktif membangun komunikasi dengan stake holder		
5. Loyal							
<ul style="list-style-type: none">Memegang teguh ideologi Pancasila, Undang-Undang Dasar Negara Republik Indonesia Tahun 1945, setia kepada Negara Kesatuan Republik Indonesia serta pemerintahan yang sahMenjaga nama baik sesama ASN, Pimpinan, Instansi, dan NegaraMenjaga rahasia jabatan dan negara			Ekspektasi Khusus Pimpinan: <ul style="list-style-type: none">Tidak menyalahgunakan jabatan dan wewenang		<ul style="list-style-type: none">Selalu memegang teguh sumpah jabatan		
6. Adaptif							
<ul style="list-style-type: none">Cepat menyesuaikan diri menghadapi perubahanTerus berinovasi dan mengembangkan kreativitasBertindak proaktif			Ekspektasi Khusus Pimpinan: <ul style="list-style-type: none">Mudah beradaptasi dengan perubahan		<ul style="list-style-type: none">Segera menyesuaikan dengan perubahan yang berkaitan dengan tugasnya		
7. Kolaboratif							
<ul style="list-style-type: none">Memberi kesempatan kepada berbagai pihak untuk berkontribusiTerbuka dalam bekerja sama untuk menghasilkan nilai tambahMenggerakkan pemanfaatan berbagai sumberdaya untuk tujuan bersama			Ekspektasi Khusus Pimpinan: <ul style="list-style-type: none">Aktif berpartisipasi dan berkontribusi sesuai keahliannya		<ul style="list-style-type: none">Memberikan kontribusi secara aktif untuk kinerja unit kerja sesuai dengan keahliannya		
RATING PERILAKU KERJA*							
DI ATAS EKSPEKTASI							
PREDIKAT KINERJA PEGAWAI*							
BAIK							

Pegawai Yang Dinilai

Nur Charati, S.E., M.Sc.
NIP. 199001062024062001

Surabaya, 02 Januari 2025

Petugas Penilai Kinerja

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