Tax Sanctions, Tax Fairness And Love Of Money: Revealing The Perception Of Accounting Students Against Tax Evasion

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ABSTRACT

The purpose of this study is to emphasize the importance of education and policies that enhance tax awareness among students as future taxpayers. This study investigates the influence of tax sanctions, tax fairness, and love of money on accounting students' perceptions of tax evasion. Using a quantitative approach, the study involved 200 accounting students in Solo Raya selected through purposive sampling. Data were collected using a Likert scale questionnaire and analyzed with multiple linear regression. The results indicate that tax sanctions and love of money have a positive and significant effect on perceptions of tax evasion, while tax fairness has no significant effect. These findings confirm that the orientation toward tax sanctions and love of money plays a greater role in shaping perceptions of tax evasion than perceptions of the fairness of the tax system.

Keywords: Tax Sanctions, Tax fairness, Love Of Money, Tax Evasion

ABSTRAK

Tujuan dari penelitian ini adalah untuk menekankan pentingnya pendidikan dan kebijakan yang meningkatkan kesadaran pajak di kalangan mahasiswa sebagai calon wajib pajak. Penelitian ini menyelidiki pengaruh sanksi pajak, keadilan pajak, dan cinta uang terhadap persepsi mahasiswa akuntansi tentang penggelapan pajak. Dengan menggunakan pendekatan kuantitatif, penelitian ini melibatkan 200 mahasiswa akuntansi di Solo Raya yang dipilih secara purposive sampling. Data dikumpulkan dengan menggunakan kuesioner skala likert dan dianalisis dengan regresi linier berganda. Hasil penelitian menunjukkan bahwa sanksi pajak dan cinta uang berpengaruh positif dan signifikan terhadap persepsi penggelapan pajak, sedangkan keadilan pajak tidak berpengaruh signifikan. Temuan ini menegaskan bahwa orientasi terhadap sanksi pajak dan cinta uang memainkan peran yang lebih besar dalam membentuk persepsi penggelapan pajak daripada persepsi keadilan sistem perpajakan.

Kata Kunci: Sanksi Pajak, Keadilan Pajak, Cinta Uang, Penghindaran Pajak

1.   INTRODUCTION

Governments in various countries, including Indonesia, face serious problems related to tax evasion, which is an individual's attempt to avoid tax obligations that should be fulfilled (Purnayasa, 2022). This action violates tax laws and is often done by reporting lower income than it should be or claiming excessive tax deductions (Rismauli et al., 2023). According to Santana et al (2020) In general, tax requirements can lower their income; therefore, they will attempt to pay as little tax as possible or engage in tax evasion to get around their duties. This kind of practice not only harms state revenues, but also creates injustice in the tax system, so it is important for every individual to understand and fulfill their tax obligations for the common welfare (Mukoffi et al., 2022).

Example of where is Boyolali involved Paion, a contractor who created a fictitious tax invoice to avoid paying VAT of IDR 449 million. Paion was sentenced to two years in prison and a fine of Rp899 million in violation in relation to law no. 7 of 2021 on Harmonization of Tax Regulation (Supreme Court of the Republic of Indonesia., 2023).

Tax evasion remains a complex problem influenced by various factors, including tax sanctions. Although services have been improved and law enforcement has become stricter, it still occurs, indicating that the current sanctions are still ineffective. The sanctions given are in the form of administrative sanctions such as fines and criminal sanctions such as imprisonment to provide a deterrent effect (Purnayasa, 2022). However, improper implementation can damage the credibility of law enforcement agencies and reduce public trust. Therefore, strengthening law enforcement with appropriate and stricter sanctions is very important to reduce tax evasion (Rismauli et al., 2023). Tax sanctions, both administrative and criminal, aim to provide a deterrent effect and educate taxpayers to comply with tax regulations (Purnayasa, 2022). Research conducted by Putri & Mahmudah (2020) found that the more severe the sanctions given, the lower the tolerance of students towards tax evasion, while Suwandoko (2023) argued that there are still legal loopholes that allow illegal tax evasion. In addition, Mukoffi et al (2022) revealed that although sanctions are considered strict, not all individuals feel compelled to comply, especially if the chances of being caught are low. Therefore, in addition to tightening sanctions, improvements are needed in the supervision and law enforcement system to increase the legitimacy of regulators and public trust in the tax system (Rismauli et al., 2023).

Moreover, tax fairness is a significant determinant of taxpayers' propensity to engage in tax evasion; taxpayers who perceive unfair treatment during the tax imposition and collection process are more likely to circumvent their tax liabilities (Rismauli et al., 2023). In the analysis of tax fairness, there is a vertical approach that requires high-income individuals to contribute more, as well as a horizontal approach that demands equal treatment for individuals with similar economic capabilities so that there is no discrimination in the tax system (Amelia et al., 2022).

Taxpayers tend to be more compliant if they feel that the taxes paid are commensurate with the benefits received from the government. Conversely, unfairness in tax collection, either due to non-transparent regulations or inconsistent implementation, can cause disappointment and increase the potential for tax evasion. Therefore, fair and consistent law enforcement is essential to build public trust in the tax system, while transparency in the use of tax funds is key to increasing public awareness of the importance of tax contributions to social and economic development (Mukoffi et al., 2022)According to research by Rismauli et al (2023) and Fardhan & Putri (2022), the perception of unfairness in the tax system can increase individuals' urge to avoid taxes, either due to tax rates that are considered unfair, discrimination in the tax system, or imbalances in the distribution of tax benefits.

Love of money is one of the main factors in tax evasion, because individuals often prioritize financial gain over tax obligations. According to Lestari, et.al., (2023) a strong

attachment to money can affect one's morals and ethics in business, making tax evasion seem acceptable. This mindset leads to rule-breaking to protect wealth, with money viewed as a source of happiness and power. A high level of love of money in society increases the intention to evade taxes, posing serious threats to tax fairness, sustainability, and public trust in tax institutions (Aji et al., 2021).

According to Rismauli et al (2023) public understanding of tax evasion in Indonesia, particularly in education, remains low. Therefore, it is crucial to instill strong tax awareness from an early age, especially among the younger generation as future taxpayers (Choirina et al., 2024). They must understand tax sanctions and fairness to fulfill obligations and avoid violations. Students play a key role in promoting tax awareness for societal welfare. This study examines the perceptions of accounting students in Solo Raya regarding tax evasion, aiming to assess their tax understanding. The findings are expected to guide the development of innovative educational programs that foster responsible, tax-conscious professionals

2.   THEORETICAL FRAMEWORK AND HYPOTHESIS

Attribution Theory

Heider put forward attribution theory in 1958, which explored how people interpret behavior by identifying its causes as either internal (from within) or external (from the environment) (Heider, 2013).

Tax Evasion

According to Rismauli et al (2023), tax evasion is an illegal act by taxpayers to reduce or avoid tax obligations, such as by falsifying invoices, omitting sales, creating fake financial reports, or exploiting legal loopholes.

Tax Sanctions

Tax sanctions, according to Rismauli et al. (2023), are an assurance that the terms of tax laws and regulations will be followed. Stated differently, the purpose of tax sanctions is to guarantee that taxpayers adhere to tax laws in order to prevent tax standard violations and minimize tax evasion.

According to attribution theory, external factors like tax sanctions influence behavior and perception. Sanctions should deter tax evasion, but if seen as inconsistent or unfair, taxpayers may view evasion as more beneficial (Santana et al., 2020). Several studies, such as those conducted by Fardhan & Putri (2022), Fitria & Wahyudi, (2022) and Rismauli et al (2023) show that tax sanctions have a significant positive effect on the perception of tax evasion. Based on the results of these studies, the researcher concluded to formulate the first hypothesis as follows:

H1: Tax sanctions have a significant positive effect on tax evasion. on perception?

Tax Fairness

 According to AID (2025), fairness means being firm unbiased and honest Fair tax laws and fair enforcement are also important. If the system feels unfair like high tax rates or complicated rules people may avoid paying taxes (Amelia et al., 2022; Purnayasa, 2022). On the other hand, when people see the system as fair, they are more willing to comply. However, some studies show that fairness does not always lead to higher compliance (Rosdiana et al., 2023).

Based on attribution theory, people's views of fairness both in tax rates and how taxes are used can shape whether they see paying taxes as the right thing to do (Lahengko, 2021;

Putri & Mahmudah, 2020). Based on the results of research conducted by Pendalungan et al (2023) and Ikhsan et al (2021) stated that tax fairness has a significant negative effect on the perception of tax evasion. Based on the results of these studies, the researchers concluded to formulate the second hypothesis as follows:

H2: Tax Justice has a negative and significant influence on the perception of Tax Evasion?

Love Of Money

According to Rismauli et al (2023) love of money is an individual's attitude that justifies any means to get as much money as possible including minimizing expenses and avoiding tax obligations. This obsession with money can encourage individuals to ignore ethical and moral values for personal gain (Pertiwi & Aulia, 2021). Although love of Money can motivate someone to work hard and achieve financial success, but the risk of unethical actions such as tax evasion, corruption, and fraud also increases.

In the theory attribution of Internal factors such as love of money, are one of the personal motivations that drive a person to prioritize financial gain over ethics or tax responsibilities. Farhan et al (2019) stated that the level of individual love is related to the desires and efforts made to meet needs, including in unethical ways A person is more likely to engage in unethical behavior, such as tax evasion, when their love of money exceeds their ethical standards. Studies by Rosdiana et al (2023) Lestari et al(2023) and Rismauli et al (2023) show that a person's greed for money significantly increases their assessment of tax evasion. Based on the results of the study, the researcher concluded to formulate the third hypothesis as follows:

H3: Love of Money has a positive and significant influence on the perception of Tax Evasion.

3. RESEARCH METHOD

The sampling technique used was purposive sampling, which is a non-probability sampling technique with the criteria of accounting students in Solo Raya and students who have taken taxation courses. Data collection was carried out using a structured questionnaire compiled based on relevant indicators and measured with a 4-point Likert scale, namely 4 stating "strongly agree" and 1 stating "strongly disagree". The use of an even scale aims to avoid undercounting as stated by Hertanto (2017). This study involved 204 respondents as a sample size. Referring to Roscoe (1975), the right sample size for research usually ranges from 30 to 500 respondents (Sugiyono, 2009). Data processing in this study was carried out using IBM SPSS 23.

4. DATA ANALYSIS AND DISCUSSION

Data Analysis

Validity Test Results

The r-table value is determined using the formula **df = n - 2**, where **df = 200 - 2,** resulting in an r-table value of **0.1381** with a significance level (sig) of **< 0.05**.

Table 1. Validity Test

Variables	Code	Correlation	Information
Tax Panalties	X1.1	0,394	Valid
	X1.2	0,770	Valid
	X1.3	0,791	Valid
	X1.4	0,690	Valid
	X1.5	0,591	Valid
Tax Justice	X2.1	0,542	Valid
	X2.2	0,478	Valid
	X2.3	0,623	Valid
	X2.4	0,813	Valid
	X2.5	0,766	Valid
Love Of Money	X3.1	0,740	Valid
	X3.2	0,326	Valid
	X3.3	0,394	Valid
	X3.4	0,583	Valid
	X3.5	0,514	Valid
	X3.6	0,452	Valid
Tax Evasion	Y1.1	0,809	Valid
	Y1.2	0,569	Valid
	Y1.3	0,582	Valid
	Y1.4	0,596	Valid
	Y1.5	0,358	Valid

Source: Processed Data, 2025

Reliability Test Results

Reliability testing can be done after the question items are valid. A variable is deemed reliable when its Cronbach's Alpha value is greater than 0.60. Conversely, if the Cronbach's Alpha value is below 0.60, the variable is considered unreliable.

Table 2. Reliability Test Results

Variables	Cronbach's Alpha	No of Items
Tax Penalties	.654	5
Tax Justice	.670	5

Love Of Money	.625	6
Tax Evasion	.617	5

Source: Processed data, 2025

Normality Test Results

Table 3. Hasil Uji Normality One-Sample Kolmogorov-Smirnov Test

Unstandardized

		Residual
N		200
Normal Parameters[,b]	Mean	.0000000
	Std. Deviation	1.46424644
Most Extreme Differences	Absolute	.026
	Positive	.024
	Negative	-.026
Kolmogorov-Smirnov Z		.026
Asymp. Sig. (2-tailed)		.200[c,d]

Source: Processed data, 2025

The results of the normality test, which are shown in Table 4, show that the regression model's residuals have a normal distribution because the Asymp. Sig (2-tailed) value of 0.200 is higher than the 5% (0.05) chance threshold. In the meanwhile, the multicollinearity test is used to determine whether the independent variables in the regression model are correlated in any way. Multicollinearity is not present if the VIF is less than 10 or the tolerance value is more than 0.1. This test's findings are shown in Table 4.

Table 4. Multicollinearity Test Results

Variables	Tolerance	VIF	Information
Tax Penalty (X1)	0,515	1.943	Free Multicollinearity
Tax Justice (X2)	0,347	2.885	Free Multicollinearity
Love Of Money (X3)	0,353	2.830	Free Multicollinearity

Source: Processed data, 2025

Table 4 shows that all VIF values remain below 10 and no tolerance values are lower than 0.1, confirming the absence of multicollinearity in this study. A heteroscedasticity test was also conducted to assess whether there are variations in residual variance across observations. In this study, the Glejser test was used, and the results indicated no signs of heteroscedasticity, as the significance value was greater than 0.05. The results are presented in Table 5.

Table 5. Heteroscedasticity Test Results

Variabel	Signifikansi	Simpulan
Tax Penalty (X1)	0,636	Free of Heteroscedasticity
Tax Justice (X2)	0,955	Free of Heteroscedasticity
Love Of Money (X3)	0,559	Free of Heteroscedasticity

Source: Processed data, 2025

Table 6 shows the significance level for each variable with a value above 0.050. As a result, heteroscedasticity does not exist. After fulfilling the requirements of instrument test and classical assumption test, the data is continued with multiple linear regression analysis to evaluate Tax Sanctions (X1) Tax Fairness (X2), Lov of Money (X3), on Tax Evasion (Y). The results are presented in Table 6.

Table 6. Multiple Linear Regression Analysis

Mod	Unstandardized		Standardized Coefficients			S
		Std.	B			
(Constant)	3.832	0.817			4.688	.000
Sankai Pajak (X1)	.641	.060	.674		10.728	.000
Keadilan Pajak (X2)	-.010	.071	-.011		-.141	.888
Love 0f Money (X3)	.132	.065	.155		2.040	.043

Source: Processed data, 2025

The multiple linear regression model equation is as follows.
Y= 3.832 + 0.642 SP + (-0.010) KP + 0.123 LOM+ ε
Testing the Determination Coefficient (R2 Test) shows that the Adjusted R Square value is 0.602 or 60,2%. This means that the independent variables consisting of tax sanctions, tax justice and love of money are able to explain the dependent variable, which is 60.2%, while the remaining 39.8% is explained by other variables outside this research model.

The results of the t-test show that the tax sanction variable has a t-value of 10.728, which is greater than 1.652, with a significance value of 0.000, which is less than 0.05. This confirms that tax sanctions have a positive and significant effect on students' perceptions of tax evasion. Conversely, the tax fairness variable has a t-value of -0.141, which is smaller than 1.652, and a significance value of 0.888, which is greater than 0.05. This indicates that

tax fairness has no effect on students' perceptions of tax evasion. Similarly, the "love of money" variable has a t-value of 2.040, which is greater than 1.652, with a significance value of 0.043, which is less than 0.05. This suggests that love of money has a positive and significant effect on students' perceptions of tax evasion.

Discussion

Research shows that tax sanctions have a positive and significant relationship with perceptions of tax evasion; the stricter the sanctions imposed, the more likely taxpayers, including students, are to evade taxes if the system is perceived as unfair or ineffective (Purnayasa, 2022; Rismauli et al., 2023; Santana et al., 2020). On the other hand, perceptions of tax fairness do not influence students' views on tax evasion, as they continue to regard it as a moral violation that cannot be justified, even when dissatisfied with the benefits received from taxes. This finding contradicts attribution theory but aligns with the findings of (Fardhan & Putri, 2022; Rismauli et al., 2023). Additionally, Love of Money has a positive and significant influence on perceptions of tax evasion, as excessive attachment to money encourages individuals to ignore moral values in favor of personal gain (Amelia et al., 2022; Lestari & Sofie, 2023; Putri et al., 2022). Therefore, an educational approach that emphasizes ethical values and social responsibility is essential in efforts to prevent tax evasion.

5. CONCLUSION & SUGGESTION

This study concludes that tax sanctions positively and significantly influence perceptions of tax evasion. Additionally, Love of Money positively affects tax evasion, as individuals with strong financial attachment are more likely to justify it. The study is limited to the Solo Raya area and undergraduate accounting students, making the findings less generalizable. Future research should broaden the sample across regions and disciplines and consider variables like tax knowledge and social influence for deeper insights.

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