

TAXATION STUDIES | RESEARCH ARTICLE

# Ethical Perceptions of Tax Evasion Among Non-Employee Taxpayers in Surabaya: Love of Money, Religiosity, Justice, and Culture as Moderating

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## ABSTRACT

This study examines the impact of ethical perceptions of tax evasion on non-employee taxpayers in Surabaya, with love of money, religiosity, justice, and culture as moderating variables. A quantitative research method uses snowball sampling, involving 130 non-employee taxpayer respondents in Surabaya. Data analysis is conducted using PLS-SEM (Partial Least Squares Structural Equation Modeling) with the assistance of Smart PLS 4.0. The expected findings of this study suggest that love of money positively affects ethical perceptions of tax evasion, whereas religiosity and justice have adverse effects. However, when moderated by culture, love of money has an adverse effect, religiosity has a positive effect, and justice has a positive effect. Nevertheless, the actual results indicate that love of money has a positive effect on ethical perceptions of tax evasion, while religiosity has no significant effect, and justice has a negative effect. When moderated by culture, love of money has no effect, religiosity demonstrates a negative effect, and justice has a positive effect. These findings highlight the complex interactions between love of money, religiosity, justice, and culture in shaping ethical perceptions of tax evasion.

**Keywords:** Perception, Love of Money, Religiosity, Justice, Ethics, Tax Evasion.

**JEL Code:** H26, M41, I28.

## I. Introduction

Taxes are the largest and most important source of state revenue in Indonesia (Rismauli et al., 2023). The success of national development heavily depends on the effectiveness of tax revenue (Putri et al., 2022). The government can fund expenditures and development projects through tax revenue, allowing the public to benefit from the facilities and services provided. This, in turn, is made possible by funds generated from tax collection (Putri et al., 2022). Additionally, tax revenue is allocated to various sectors, including infrastructure development, public services, education, healthcare, security, social programs, debt repayment (both domestic and foreign), and inflation control (Tumewu & Wahyuni, 2018). Effective tax management enables the government to perform its duties efficiently and effectively. However, in reality, many taxpayers remain non-compliant, leading to fluctuations in tax revenue realization each year.

Tax evasion is one of the main factors contributing to taxpayer non-compliance (Putri & Mahmudah, 2020). According to Sari et al. (2023), tax evasion is an illegal attempt to avoid tax obligations by manipulating

or underreporting the actual value of economic activities, which violates tax laws and harms the state. Additionally, some perspectives suggest that tax evasion is considered morally or ethically acceptable in certain situations (Basri, 2015). Beyond moral and ethical justifications, tax evasion in Indonesia also involves collusion between corrupt tax officials and taxpayers, as evidenced by several high-profile cases that have tarnished the reputation of tax institutions. For instance, cases of tax evasion involving corrupt tax officials and taxpayers in 2023 highlight this ongoing issue.

In 2023, Rafael Alun, Head of General Affairs at the Directorate General of Taxes for South Jakarta II, was involved in a tax evasion case involving gratuities worth IDR 1.3 billion and money laundering. He and his wife also established a company to profit from taxpayer audits. Rafael was also found to have failed to comply with tax reporting obligations and maintained a lifestyle inconsistent with his status as a civil servant. As a result, he was sentenced to 14 years in prison, ordered to pay IDR 10 billion in compensation, and fined IDR 500 million ([www.bbc.com](http://www.bbc.com)). The impact of this case has been significant, as it has caused many taxpayers to fear that irresponsible parties may misuse their tax payments. This concern has influenced taxpayers' ethical perceptions of tax evasion, leading to varying views on whether such behavior is justified. Therefore, this case highlights multiple factors shaping taxpayers' ethical perceptions of tax evasion.

Love of money is one of the internal behavioral factors influencing the ethical perception of tax evasion. Specifically, love of money refers to an individual's strong attachment to wealth, which can lead them to neglect and abandon their ethical and moral values (Dewanta & Machmuddah, 2019). Basri (2015) stated that love of money occurs when a taxpayer has an intense desire to accumulate wealth, prompting them to take various actions to fulfill their financial needs, even if it involves unethical methods or violating regulations. In addition to a love of money, religiosity is another factor influencing the ethical perception of tax evasion. Religiosity reflects an individual's level of religious involvement, which shapes their views on tax evasion from a moral and religious perspective. For example, taxpayers with a high level of religiosity are more likely to perceive tax evasion as a violation of legal and religious principles, considering it unethical. In addition to religiosity, another factor that influences ethical perceptions of tax evasion is justice. Justice is a crucial aspect of taxation, as a fair tax system ensures that the tax burden is distributed based on individuals' income and financial capacity. When taxpayers perceive the tax system as fair, they are more likely to comply with their tax obligations. Another factor that can shape ethical perceptions of tax evasion is culture. Cultural values influence how taxpayers determine whether tax evasion is ethical or unethical. Culture serves as a moderating variable because it affects how taxpayers interpret and evaluate ethical behavior in taxation. Furthermore, culture reinforces positive values and acts as a social framework that shapes each taxpayer's ethical perceptions (Pujiyanto & Pratiwi, 2024).

This research will focus on the ethical perceptions of non-employee taxpayers in Surabaya. The study aims to answer the question: How do factors such as love of money, religiosity, justice, and culture (as a moderating variable) influence the ethical perceptions of non-employee taxpayers in Surabaya regarding tax evasion? Additionally, this study will examine whether inconsistencies exist in the relationships between these factors in shaping ethical perceptions of tax evasion.

## II. Literature Review and Hypothesis Development

### 2.1. Previous Research

**Table 1. Previous Research**

No.	Authors	Independent Variable			
		Love of Money	Religiosity	Justice	Culture
1.	Erawati et al. (2024)	Positive Influence			
2.	Anggareni & Mujiyati (2024)			No effect	
3.	Nabilah et al. (2023)	Negative Influence			
4.	Hakki et al. (2023)	No effect			

No.	Authors	Independent Variable			
		Love of Money	Religiosity	Justice	Culture
5.	Khalil (2022)		No effect		
6.	Linawati (2022)	No effect	No effect		
7.	Saragih & Putra (2021)		No effect		
8.	Ariyanto et al. (2020)	Positive Influence		Negative Influence	Negative Influence
9.	Cahaya et al. (2018)	Positive Influence		Negative Influence	
10.	Dewanta & Machmuddah (2019)	Negative Influence	Influential		
11.	Mujiyati et al. (2018)			No effect	
12.	Basri (2015)	Positive Influence	No effect		

Previous studies have identified several factors that can influence the ethical perceptions of non-employee taxpayers in Surabaya, including love of money, religiosity, justice, and culture. The following is a summary of previous research findings:

1. **The Influence of Love of Money on the Ethical Perception of Tax Evasion**  
Erawati et al. (2024). Ariyanto et al. (2020). Cahaya et al. (2018) and Basri (2015) found that love of money positively affects the ethical perception of tax evasion. However, studies by Nabilah et al. (2023) and Dewanta & Machmuddah (2019) reported that love of money hurts the ethical perception of tax evasion. Additionally, research conducted by Hakki et al. (2023) and Linawati (2022) indicated that love of money has no effect on the ethical perception of tax evasion.
2. **The Influence of Religiosity on the Ethical Perception of Tax Evasion**  
According to Dewanta & Machmuddah (2019), religiosity influences the ethical perception of tax evasion. However, research by Khalil (2022), Linawati (2022), Saragih & Putra (2021), and Basri (2015) found that religiosity does not influence the ethical perception of tax evasion.
3. **The Influence of Justice on the Ethical Perception of Tax Evasion**  
Ariyanto et al. (2020) and Cahaya et al. (2018) found that justice hurts the ethical perception of tax evasion. However, studies by Anggareni & Mujiyati (2024) and Mujiyati et al. (2018) stated that justice does not affect the ethical perception of tax evasion.
4. **The Role of Culture as a Moderating Variable**  
A study by Ariyanto et al. (2020) found that culture hurts the ethical perception of tax evasion when moderated by love of money.

## 2.2. Theoretical basis

### 2.2.1. Perception Theory

Perception theory is a psychological concept that explains how individuals interpret and understand information from their surroundings (Sari et al., 2023). According to Pitcher (1971), perception is the process by which individuals select, organize, and interpret various pieces of information to form a meaningful understanding. Each person's perception is different and can be influenced by factors such as background, culture, and personal experience. This theory helps explain why individuals may perceive tax evasion as either ethical or unethical based on ethical and moral considerations shaped by these factors. As Farhan et al. (2019) suggest, perceptions of tax evasion can arise due to personal experiences and an individual's own motivation to engage in such actions. Therefore, perception theory provides valuable insight into how individuals form their views on tax evasion.

## 2.2.2. Theory of Moral Deterrence

The theory of moral deterrence, developed by Andenaes (1970), explains how moral norms and values serve as a deterrent, preventing individuals from engaging in actions deemed wrong or unethical. This theory suggests that individuals refrain from committing violations or crimes due to fear of punishment and their internal moral principles, which lead them to perceive such actions as wrong. The theory of moral deterrence consists of three key components: internal moral norms and values, a sense of responsibility, and social influence. It highlights the role of moral control in preventing unethical behavior, particularly in tax evasion. Individuals are less likely to engage in tax evasion when they possess strong moral awareness and believe in the negative consequences of such actions. Thus, the theory of moral deterrence helps explain why some taxpayers choose not to evade taxes, even when they perceive it as a financially beneficial option.

## 2.2.3. Ethical Perceptions of Tax Evasion

The ethical perception of tax evasion refers to the process by which taxpayers select, organize, and interpret information and experiences related to tax evasion (Mahaputra et al., 2018). It represents a taxpayer's perspective in assessing whether a particular action is ethical or not, based on ethics, norms, and applicable laws and regulations (Erawati et al., 2024). In tax ethics, moral principles and values regulate the behavior of individuals or entities in fulfilling their tax obligations. Ethical perceptions of tax evasion focus on evaluating whether actions taken to reduce or avoid tax obligations are considered ethical or unethical based on moral, legal, and societal standards. For example, manipulating tax reports and engaging in collusion with tax officials are considered unethical, as they compromise the integrity of financial reporting and involve the abuse of authority.

## 2.2.4. Love of Money

Love of money measures the extent to which taxpayers desire money, not based on their needs or interests, but on their attachment to money as a priority. Individuals who strongly love money tend to consider it highly important and are more likely to engage in unethical behavior compared to those with less attachment to money (Rismauli et al., 2023). Excessive love of money can also have negative consequences in life. It can lead individuals to make poor decisions and disregard moral principles (Nabilah et al., 2023).

## 2.2.5. Religiosity

Etymologically, religiosity originates from the words religion (English), religie (Dutch), ad-Dien (Arabic), and religione (Italian). According to Glock & Stark (1970), the term religiosity is derived from the Latin word *religiosus*, an adjective form of the noun *religio*, referring to a higher belief system integrated into daily life through an understanding of its values. Religiosity reflects the level of a taxpayer's commitment to religion, which is deeply understood and felt. This, in turn, influences their behavior and perspective in everyday life in accordance with their religious teachings (Hakki et al., 2023).

## 2.2.6. Justice

According to KBBI (the Indonesian Dictionary), justice means fairness, implying equal treatment, impartiality, adherence to the truth, and the absence of arbitrariness (Mujiyati et al., 2018). Rismauli et al. (2023) state that justice must align with the law, ensuring fairness both in legislation and its implementation. Similarly, Saputri & Kamil (2021) define justice in taxation as government-regulated actions that encourage taxpayer compliance. In this context, a just tax system ensures that tax obligations are determined based on taxpayers' economic capacity.

## 2.2.7. Culture

According to Sutan Takdir Alisyahbana, culture encompasses customs, beliefs, and arts that exist in human life. Culture reflects how individuals think, communicate, and adapt to their environment. Additionally, culture shapes how taxpayers behave within a social environment, including their decision-making related to ethics and laws, which in turn reflects specific values (Darmadi, 2019, pp. 52–53).

## 2.3. Relationship Between Variables

### 2.3.1. The Relationship between Love of Money and Ethical Perceptions of Tax Evasion

According to Dewanta & Machmuddah (2019), taxpayers who have a strong love of money may become negligent and disregard ethical and moral values, as they view money as a motivator for achieving their desired goals. This mindset can lead individuals to engage in violations such as tax evasion. Erawati et al. (2024) state that a high level of love of money increases a person's ethical perception of tax evasion. In other words, individuals with a strong attachment to money may perceive tax evasion as ethically acceptable (Randiansyah et al., 2021). This finding is supported by research from Ariyanto et al. (2020), Erawati et al. (2024), and Basri (2015), which shows that love of money has a positive and significant effect—meaning that the stronger the love of money, the higher the taxpayer's ethical perception of tax evasion. However, these findings contradict the research of Nabilah et al. (2023) and Dewanta & Machmuddah (2019), which indicate that love of money hurts the ethical perception of tax evasion. Additionally, studies by Hakki et al. (2023) and Linawati (2022) suggest that love of money does not influence the ethical perception of tax evasion.

### 2.3.2. The Relationship of Religiosity to Ethical Perceptions of Tax Evasion

Religiosity can be seen as a factor that shapes different perspectives on tax evasion (Khalil, 2022). According to Linawati (2022), religiosity encompasses an individual's drive to control themselves, do good, and believe that evil deeds will be punished. As a result, individuals with high religiosity, whether as taxpayers or government officials, are more likely to comply with tax regulations and avoid tax evasion. Religiosity is believed to influence taxpayer behavior by discouraging unethical actions, including tax evasion, due to a strong personal belief in religious values (Hakki et al., 2023). Aji et al. (2021) found that a high level of religiosity enhances the desire to behave ethically and reduces unethical tendencies, such as engaging in tax evasion. This finding aligns with Basri (2015), who stated that stronger religiosity weakens the likelihood of tax fraud among individual taxpayers. However, these findings contradict research by Khalil (2022), Linawati (2022), and Saragih & Putra (2021), which suggests that religiosity has no significant effect on ethical perceptions of tax evasion.

### 2.3.3. The Relationship of Justice to Ethical Perceptions of Tax Evasion

According to Anggareni & Mujiyati (2024), a high level of justice in the tax system increases taxpayers' trust in the government, creating a sense of security and confidence when paying taxes. This leads taxpayers to perceive tax evasion—an act that violates regulations and harms the public interest—as unethical. Similarly, Ariyanto et al. (2020) found that greater fairness in the tax system correlates with a lower ethical perception of tax evasion. When the tax system is perceived as fair, individuals are more likely to view tax evasion as unethical. Saragih & Putra (2021) also stated that when tax rates are reasonable, funds are managed wisely, and tax regulations are implemented fairly, taxpayer trust increases. As a result, taxpayers perceive tax evasion as unlawful and detrimental to society. However, these findings contradict research by Anggareni &

Mujiyati (2024) and Mujiyati et al. (2018), which suggests that justice has no significant effect on the ethical perception of tax evasion.

#### 2.3.4. The Relationship between Love of Money and Ethical Perception of Tax Evasion with Culture as Moderation

According to Hakki et al. (2023), taxpayers with a strong love of money may take various measures to save money, including engaging in unethical tax evasion. Additionally, culture shapes taxpayers' understanding of events, influencing their attitudes toward tax evasion through shared values and behaviors developed through social interactions (Mahaputra et al., 2018). According to Rahayu (2016:22-26), in the ethical perception of tax evasion, culture has an integrative role in guiding and regulating taxpayer behavior, encouraging actions that reflect either ethical or unethical conduct. In cultures that emphasize economic freedom and individual financial success, the drive to accumulate wealth may influence ethical judgments regarding tax evasion. Conversely, when social and moral norms view tax evasion as unethical, taxpayers are less likely to engage in such behavior. A study by Jumiaty et al. (2022) found that culture can moderate the relationship between love of money and perceptions of tax evasion, indicating that stronger cultural values correlate with a lower willingness to commit tax evasion. These findings are supported by Allam et al. (2023) and Friantoro (2016), who concluded that culture plays a significant role in shaping taxpayers' decisions regarding ethical and unethical actions.

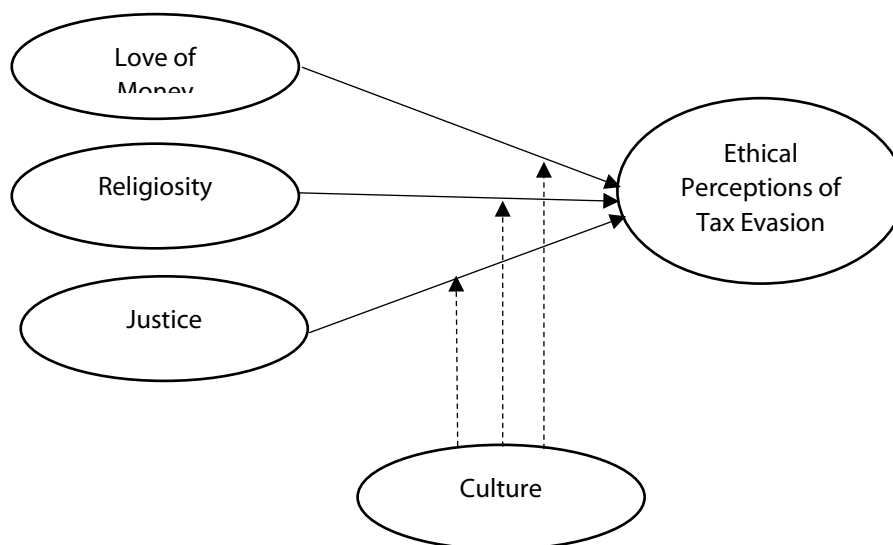
#### 2.3.5. The Relationship between Religiosity and Ethical Perceptions of Tax Evasion with Culture as Moderation

According to Dewanta & Machmuddah (2019), religiosity plays a crucial role in instilling religious values to prevent individuals from engaging in prohibited activities such as tax evasion and fraud. Culture also shapes taxpayers' understanding of events, influencing their attitudes toward tax evasion through shared values and behaviors formed through social interactions (Mahaputra et al., 2018). According to Rahayu (2016:22-26), in the ethical perception of tax evasion, culture has an integrative role in regulating and guiding taxpayer behavior, encouraging actions that reflect either ethical or unethical conduct. Tax evasion is more likely to be perceived as unethical in cultures that align with strong religious values and emphasize obedience. Therefore, individuals with high religiosity and a cultural environment that reinforces moral and ethical behavior will be more motivated to comply with tax obligations and view tax evasion as unethical, as it violates religious principles, social norms, and moral values. A study by Allam et al. (2023) found that culture significantly influences individuals in determining right and wrong actions. These findings are also supported by Friantoro (2016).

#### 2.3.6. The Relationship between Justice and Ethical Perceptions of Tax Evasion with Culture as Moderation

High levels of justice contribute to increased public trust in the government, fostering a sense of security and confidence when paying taxes. As a result, taxpayers perceive tax evasion as a violation of the law and an unethical act (Mujiyati et al., 2018). According to Rahayu (2016:22-26), in the ethical perception of tax evasion, culture plays an integrative role in regulating and guiding taxpayer behavior, encouraging actions that reflect ethical or unethical conduct. In cultures that emphasize justice and shared responsibility, tax evasion is often considered unethical because it harms multiple parties. Therefore, taxpayers who perceive a high level of tax justice and are in a cultural environment that upholds fairness are more likely to comply with tax regulations. This is because they view tax compliance as a moral responsibility, a way to avoid social sanctions, and a contribution to the common good. Avoiding tax evasion is seen as a form of respect for society and adherence to ethical standards. A study by Allam et al. (2023) found that culture influences individuals in determining right and wrong actions, a conclusion also supported by Friantoro (2016).

## 2.4. Research Framework



**Figure 1. Conceptual Framework**

## 2.5. Research Hypothesis

H1: Love of Money has a positive effect on the perception of embezzlement

H2: Religiosity hurts the perception of tax evasion

H3: Justice hurts the perception of tax evasion

H4: Love of money hurts the perception of tax evasion when moderated by culture

H5: Religiosity has a positive effect on the perception of tax evasion when moderated by culture

H6: Justice has a positive effect on the perception of tax evasion when moderated by culture

## III. Research Method

### 3.1. Research Design

This research is classified as quantitative research, aiming to examine the influence of various determinants on ethical perceptions of tax evasion, moderated by culture, in the city of Surabaya. It falls under survey research, which explains causal relationships and tests hypotheses (Sugiyono, 2019). The variables in this study will be measured using multiple indicators, each consisting of specific statement items. The primary data for this study will be collected through a questionnaire distributed via Google Forms. The questionnaire is designed with a filtering system to ensure that respondents who do not meet the predetermined criteria cannot proceed. The study has specific criteria aligned with its objectives, namely:

1. Respondents must be domiciled in Surabaya or its surroundings.
2. They must possess a Taxpayer Identification Number (NPWP) registered with the Surabaya Tax Office.
3. They must be non-employee taxpayers.
4. Their NPWP must be active.

The questionnaire will be distributed using a non-probability sampling technique, specifically the snowball sampling method. In this method, respondents are asked to refer others who meet the research

criteria, and this process continues until sufficient data is obtained. This study employs a cross-sectional approach, meaning that data is collected from various respondents at a single point in time. This approach is useful for identifying patterns or relationships between variables, influencing the interpretation of results. The questionnaire responses will be measured using a Likert scale, ranging from 1 ("strongly disagree") to 7 ("very strongly agree"). Once the respondents complete the questionnaire, a data validity test will be conducted to ensure that the collected data accurately reflects the actual conditions (Sugiyono, 2019). This validity test will be measured using the statement instruments in the questionnaire. Afterward, a reliability test will be performed to assess the instrument's accuracy, consistency, and precision in measuring the constructs (Sugiyono, 2019). For data analysis, descriptive analysis will be used to determine respondents' scores for each statement, assess the influence of each variable, and present the results in a table displaying the mean values. Furthermore, the outer model and inner model will be utilized to understand the relationships and influences between variables. Hypothesis testing will also be conducted to clearly understand the research objectives, with the assistance of Smart PLS 4.0 software.

### 3.2. Operational Definition and Measurement of Variables

#### 3.2.1. Ethical Perceptions of Tax Evasion

The ethical perception of tax evasion refers to an individual's assessment of whether tax evasion is ethical or unethical, based on ethics, norms, and regulations (Sari et al., 2023). The ethical perception variable in this study is measured using a Likert scale, ranging from 1 ("strongly disagree") to 7 ("strongly agree"). The questionnaire statement items are categorized as follows: (1) STS (Strongly Disagree), (2) TS (Disagree), (3) ATS (Somewhat Disagree), (4) CS (Quite Agree), (5) S (Agree), (6) SS (Strongly Agree), (7) SSS (Very Strongly Agree) According to Ariyanto et al. (2020), the indicators used to measure the ethical perception of tax evasion include: Tax rate, Tax benefits, Tax management, Law enforcement

#### 3.2.2. Love of money

Love of money is a characteristic of individuals who highly value money, believing that it is the most important aspect of life (Sari et al., 2023). An excessive love of money can lead to strong ambition and a relentless desire to accumulate wealth (Arthalin & Triyani, 2021). In this study, the love of money variable is measured using a Likert scale ranging from 1 ("strongly disagree") to 7 ("strongly agree"). The response categories include STS (Strongly Disagree), TS (Disagree), ATS (Somewhat Disagree), CS (Quite Agree), S (Agree), SS (Strongly Agree), and SSS (Very Strongly Agree). According to Ariyanto et al. (2020), the indicators used to measure love of money include good, achievement, respect (self-esteem), budget, and power.

#### 3.2.3. Religiosity

Religiosity is fundamentally an aspect of belief or spirituality involving participation in worship and a commitment to social morals, as religious teachings encourage. According to Saragih & Putra (2021), there are two main perspectives on religiosity. In general, religiosity aims to promote good behavior, prevent bad behavior, and function as an internal control mechanism that guides individual actions (Basri, 2015). The religiosity variable in this study is measured using a Likert scale ranging from 1 ("strongly disagree") to 7 ("strongly agree"). The response categories include STS (Strongly Disagree), TS (Disagree), ATS (Somewhat Disagree), CS (Quite Agree), S (Agree), SS (Strongly Agree), and SSS (Very Strongly Agree). Basri (2015) states that the indicators used to measure religiosity include belief, ritual practice, religious experience, knowledge, and consequences.

#### 3.2.4. Justice

Justice is a condition in which individuals or groups receive equal treatment in accordance with their rights, obligations, and applicable regulations. According to Rismauli et al. (2023), justice must align with the law, ensuring fairness both in legislation and its implementation. The justice variable in this study is measured using a Likert scale ranging from 1 ("strongly disagree") to 7 ("strongly agree"). The response categories include STS (Strongly Disagree), TS (Disagree), ATS (Somewhat Disagree), CS (Quite Agree), S (Agree), SS (Strongly Agree), and SSS (Very Strongly Agree). According to Ningsih & Pusposari (2015), the indicators used to measure justice include laws, tax provisions, tax benefits, and trust.

### 3.2.5. Culture

Culture refers to an individual's way of life, encompassing the process of learning to think, feel, believe, and act in accordance with prevailing values, norms, and traditions (Darmadi, 2019, p. 52). The culture variable is measured using a Likert scale ranging from 1 ("strongly disagree") to 7 ("strongly agree"). The response categories include STS (Strongly Disagree), TS (Disagree), ATS (Somewhat Disagree), CS (Quite Agree), S (Agree), SS (Strongly Agree), and SSS (Very Strongly Agree). According to Ariyanto et al. (2020), the indicators used to measure culture include spiritual, social, and environmental aspects. The following is a summary of the research subjects:

**Table 2. Sample Criteria (N = 130)**

Measurement	N	%
Gender		
Man	64	50.8
Woman	66	49.2
Ownership of NPWP (Taxpayer Identification Number)		
Yes	130	100
No	0	0
Age (Year)		
< 25	11	8.5
25 - 34	35	26.9
35 - 44	45	34.6
45 - 54	26	20
> 54	13	10
Last education		
SMA / SMK (High School)	41	31.5
Diploma (D1/D2/D3)	4	3.1
Bachelor (S1)	59	45.4
postgraduate (S2)	22	16.9
Doctor (S3)	4	3.1
Work		
Profession (Doctor, accountant, lawyer, architect, etc.)	25	19.2
consultant	10	7.7
Notary Public	19	14.6
Self-employed	70	53.8
Advocate	6	4.6

## IV. Results and Discussion



#### 4.1. Analysis Result

The measurement in this research is conducted by evaluating the outer model using outer loadings, composite reliability, Cronbach's alpha, Average Variance Extracted (AVE), and discriminant validity. The inner model is also evaluated by analyzing the R-squared value and Goodness of Fit (GoF). The following are the results of the outer model and inner model measurements:

**Table 3. Validity and reliability tests to measure the consistency and accuracy of the research instrument**

Variable	Code	Outer Loadings	Composite Reliability	Cronbach Alpha
Ethical Perceptions of Tax Evasion	PEPP1	0,763 (Valid)	0,931 (Reliable)	0,928
	PEPP2	0,791 (Valid)		
	PEPP3	0,842 (Valid)		
	PEPP4	0,816 (Valid)		
	PEPP5	0,881 (Valid)		
	PEPP6	0,856 (Valid)		
	PEPP7	0,853 (Valid)		
	PEPP8	0,722 (Valid)		
Love of Money	LOM6	0,925 (Valid)	0,941 (Reliable)	0,934
	LOM7	0,948 (Valid)		
	LOM9	0,789 (Valid)		
	LOM10	0,875 (Valid)		
	LOM11	0,910 (Valid)		
Religiosity	RE1	0,864 (Valid)	0,947 (Reliabel)	0,939
	RE2	0,855 (Valid)		
	RE3	0,832 (Valid)		
	RE4	0,887 (Valid)		
	RE5	0,876 (Valid)		
	RE6	0,857 (Valid)		
	RE7	0,808 (Valid)		
Justice	JU1	0,722 (Valid)	0,914 (Reliabel)	0,885
	JU2	0,787 (Valid)		
	JU3	0,702 (Valid)		
	JU4	0,838 (Valid)		
	JU5	0,890 (Valid)		
	JU6	0,824 (Valid)		
Culture	CU4	0,961 (Valid)	0.928 (Reliability)	0,927
	CU5	0,939 (Valid)		
	CU6	0,953 (Valid)		
	CU8	0,772 (Valid)		

Source: Data processed by researchers

The results in Table 3 indicate that the PLS Algorithm for all indicators meets the minimum outer loadings threshold of > 0.7, confirming that all indicators are valid in measuring the variables. Additionally, the composite reliability and Cronbach's alpha values for all variables are > 0.6, indicating that they meet the reliability criteria.

**Table 4. Average Variance Extracted to measure convergent validity**

Variable	AVE	Result
Love of Money	0,794	Valid
Religiosity	0,730	Valid
Justice	0,634	Valid
Ethical Perceptions of Tax Evasion	0,668	Valid
Culture	0,827	Valid

Source: Data processed by researchers

Based on the results in Table 4, the Average Variance Extracted (AVE) value is greater than 0.5, indicating that it meets the criteria for convergent validity (Ghozali, 2016).

**Table 5. Discriminant Validity to demonstrate distinct dimensions of constructs**

Variable	LOM	RE	JU	PEPP	CU
Love of Money	(0,891)				
Religiosity	-0,485	(0,854)			
Justice	-0,479	0,552	(0,797)		
Ethical Perceptions of Tax Evasion	0,619	-0,549	-0,581	(0,817)	
Culture	0,617	-0,530	-0,575	0,736	(0,910)

Source: Data processed by researchers

Based on the results in Table 5, the cross-loadings value for each indicator of each variable is the highest compared to the cross-loadings values below it. This indicates that each latent variable or construct has a good discriminant validity value.

**Table 6. R-squared to measure the predictive power of the research model**

	R - Square	R-squared adjusted
Ethical Perceptions of Tax Evasion	0,684	0,666

Source: Data processed by researchers

The test results in Table 6 show that the R-Square value for this study is 0.684, indicating that the influence of love of money, religiosity, justice, and culture as a moderating variable on the ethical perception of tax evasion (PEPP) is 68.4%, which falls into the moderate category.

$$Gof = \sqrt{AVE \times R^2}$$

$$Gof = \sqrt{0,730 \times 0,684} = 0,706$$

Based on the results above, it can be concluded that the research model is fit, as the GoF value is 0.706, which is greater than 0.38.

**Table 7. Hypothesis testing analysis to assess the influence of independent variables on the dependent variable**

Relationship	Path Coefficient	R-Square	P-Value	Result
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LOM → PEPP	0,152	0,684	0,022	Has a significant positive impact
RE → PEPP	-0,091		0,200	No significant effect
JU → PEPP	-0,216		0,001	Significant negative impact
CU x LOM → PEPP	0,100		0,110	No significant impact
CU x RE → PEPP	-0,280		0,001	Significant negative impact

Source: Data processed by researchers

#### 4.2. Discussion

The results of the first hypothesis test (H1) in Table 7 show that the P-value for the love of money variable is 0.022, with a path coefficient of 0.152. These results indicate that H0 is rejected and H1 is accepted. Taxpayers with a high love of money may disregard ethical principles to achieve their financial goals, perceiving tax evasion as a strategy to maximize wealth. From an ethical perspective, these taxpayers prioritize money over tax obligations, believing that financial resources help maintain social relationships. Taxpayers often face pressure to increase financial gains, leading them to prioritize money as their primary goal. As a result, they may justify tax evasion as an ethically acceptable practice. Additionally, taxpayers who focus on financial stability and maximizing profits may perceive tax evasion as a viable strategy to achieve their financial objectives. The findings of this study are consistent with the research of Erawati et al. (2024), Ariyanto et al. (2020), and Cahaya et al. (2018).

The results of the second hypothesis test (H2) in Table 7 show that the P-value for the religiosity variable is 0.200, with a path coefficient of -0.091. These results indicate that H0 is accepted and H1 is rejected. This suggests that the level of religiosity does not necessarily influence the ethical perception of tax evasion among non-employee taxpayers. In this study, taxpayers tend to separate their religious beliefs from their daily practices, meaning that religiosity values do not have a significant impact. Similarly, taxpayers prioritize their work and financial gain, making religiosity less relevant to their ethical perception of tax evasion. Instead, other factors, such as their work environment, influence their decisions. Additionally, taxpayers may focus more on personal demands, career advancement, and social factors, leading them to separate religiosity from their ethical considerations regarding tax evasion. The findings of this study are consistent with the research of Linawati (2022), Khalil (2022), and Saragih & Putra (2021a).

The results of the third hypothesis test (H3) in Table 7 show that the P-value for the justice variable is 0.001, with a path coefficient of -0.216. These results indicate that H0 is rejected and H1 is accepted. This suggests that when taxpayers perceive the taxation system as fair and believe that tax funds are being used appropriately, their trust in the system increases, leading them to view tax evasion as unethical. Taxpayers in this study demonstrate a strong understanding of the moral consequences of tax evasion, which encourages them to comply with tax regulations. Additionally, taxpayers often have direct interactions with the taxation system, such as the tax reporting and payment process. As a result, they develop a heightened sensitivity to the fairness of the system, including tax rates, equitable services, and transparent allocation of tax funds. When they perceive these elements as being managed properly, they are more likely to consider tax evasion unethical. Furthermore, some taxpayers possess strong analytical skills that enable them to assess the taxation system critically. In such cases, they prioritize justice as a fundamental value within the system. Since they perceive the system as fair, they develop the ethical stance that tax evasion is unacceptable. The findings of this study align with the research of Ariyanto et al. (2020) and Cahaya et al. (2018).

The results of the fourth hypothesis test (H4) in Table 7 show that the P-value for the interaction between the love of money variable and culture is 0.110, with a path coefficient of 0.100. These results indicate that H0 is accepted and H1 is rejected. This suggests that the level of love of money does not necessarily influence the ethical perception of tax evasion among non-employee taxpayers when moderated by culture. Cultural discussions do not directly address tax matters in the taxpayer's environment, making cultural influence insufficient to alter taxpayers' views on the ethical perception of tax evasion. The values and norms within culture do not play a significant role in controlling the impact of love of money on ethical perceptions

of tax evasion. Additionally, some taxpayers prioritize business profits over ethical considerations, weakening the culture's influence on their perceptions. This finding aligns with perception theory, which suggests that individuals assess the same influence differently depending on their unique conditions, leading to varied perceptions (Tumewu & Wahyuni, 2018). In this case, taxpayers' ethical perceptions are shaped more by personal experiences and pragmatic needs rather than external factors such as culture. While culture is theoretically significant as an external factor, its influence is not strong enough to shape ethical perceptions in this context. This conclusion is also supported by the theory of moral deterrence, which states that individuals are less likely to engage in unethical behavior if strong moral values or social sanctions discourage such actions (Andenaes, 1970). However, in this study, cultural factors were not sufficient deterrents to significantly influence taxpayers' ethical perceptions of tax evasion.

The fifth hypothesis test (H5) results in Table 7 show that the P-value for the interaction between the religiosity variable and culture is 0.001, with a path coefficient of -0.280. These results indicate that H0 is accepted and H1 is rejected. This suggests that higher religiosity leads taxpayers to justify tax evasion ethically when moderated by culture. In this case, culture weakens the relationship between religiosity and ethical perceptions of tax evasion. A high level of taxpayer religiosity, when influenced by weak cultural values, can increase the likelihood of justifying tax evasion as an ethical action. While culture shapes how taxpayers interpret religiosity, this effect occurs when taxpayers do not fully understand the interaction between religious values and cultural norms. This situation is also influenced by taxpayers who are more focused on managing profitable businesses. Religiosity values should serve as a moral guide for taxpayers, but when culture tolerates tax evasion, taxpayers may perceive tax evasion as ethical. This hypothesis aligns with perception theory, which states that individuals assess the same influence differently depending on their unique conditions, leading to varied perceptions (Tumewu & Wahyuni, 2018). The religiosity values that should reject unethical behavior can be overshadowed by cultural perspectives that are more tolerant of tax evasion. This finding suggests that the influence of religiosity on ethical perception can become negative when shaped by a culture that does not strongly uphold moral norms. However, this hypothesis contradicts the theory of moral deterrence, which asserts that moral values, including religiosity, should serve as a barrier to unethical behavior (Andenaes, 1970). The results indicate that culture, as a moderating factor, can weaken the moral values of taxpayers in shaping their ethical perception of tax evasion.

The sixth hypothesis test (H6) results in Table 7 show that the P-value for the interaction between the justice variable and culture is 0.009, with a path coefficient of 0.163. These results indicate that H0 is rejected and H1 is accepted. This suggests that taxpayers do not ethically justify tax evasion when justice is high, especially when moderated by culture. A culture that emphasizes a sense of justice and shared responsibility reinforces the perception that tax evasion is ethically unjustifiable. This hypothesis aligns with perception theory, which suggests that taxpayers who perceive the taxation system as fair will view tax compliance as a moral obligation. This perception is strengthened by cultural values that promote honesty and responsibility. Additionally, taxpayers frequently interact with various groups, shaping their ethical perspectives. This study's findings highlight culture's significant role in forming social norms that support justice, such as shared responsibility for taxes. In this context, taxpayers with strong cultural values related to justice are less likely to justify tax evasion, as strong cultural norms reinforce ethical compliance. This hypothesis also aligns with the theory of moral deterrence, which asserts that moral values, including justice influenced by culture, can serve as strong deterrents against justifying tax evasion.

## V. Conclusion

Based on the results of this study, it can be concluded that, first, love of money has a positive effect on the ethical perception of tax evasion. However, when moderated by culture, love of money does not influence the ethical perception of tax evasion. Second, religiosity does not directly affect the ethical perception of tax evasion, but when moderated by culture, religiosity hurts the ethical perception of tax evasion. Third, justice

hurts the ethical perception of tax evasion, but when moderated by culture, justice has a significant positive effect on the ethical perception of tax evasion.

**Theoretical Implications:** This study contributes to the literature on ethical behavior in taxation, particularly regarding individual factors, and incorporates culture as a moderating variable in assessing its influence on the perception of legal violations such as tax evasion. Additionally, this study is expected to enhance taxpayers' perspectives on the prevalence of tax evasion in their environment. **Managerial Implications:** This study's findings can benefit the Directorate General of Taxes (DJP) in developing more effective and personalized policies to reduce tax evasion practices. Furthermore, this research can assist the DJP in designing educational and socialization initiatives tailored to the characteristics and values of the community.

This study has several limitations. First, researchers faced difficulties in obtaining direct responses, as some taxpayers refused to complete the questionnaire for personal reasons. Second, some respondents misunderstood the questionnaire, requiring researchers to provide more detailed explanations to ensure accurate responses. Third, the limited research period resulted in suboptimal data collection from taxpayer respondents. For future researchers, it is recommended that good communication with respondents be established, the confidentiality of their data should be ensured, reminder messages should be sent to encourage timely questionnaire completion, and the data collection period should be extended to obtain a larger sample of respondents.

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