

Analysis of Motives in Tax Avoidance Ethics Through ERM 31000 2018

(Phenomenological Study on Nonmetallic Mineral and Rock Mining Companies)

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Abstract:- The strategy of following existing legislation is enough to prove to interested parties as its morality to become a company with legal status and utilize legality for efforts to seek maximum profit is a motive in the ethics of tax avoidance not limited to corporate income tax but Value Added Tax can be, depending on the transaction. The research method used qualitative critical phenomenology, examining symptoms, experiences experienced directly by seven (7) informants through interviews, observations, FGDs that produce impact mitigation that has relevance to organizational theory according to Miles. The purpose of this study is to ensure that the characters are built in accordance with the motives in the ethics of avoiding taxes allowed in non-metal and rock mineral mining companies considering that the state requires cash receipts for the highest possible taxes.

Keywords:- Motive in Tax Avoidance Ethics, Andesite Stone Mining Company, ERM ISO 31000:2018, Phenomenology.

I. INTRODUCTION

The motive in ethics is an investigation that begins by identifying the ability and limits of the ratio as symptoms, this encourages researchers to diagnose the phenomenon of behavior that has the intention of violating legal provisions or using regulatory weaknesses as indications. The following motives in ethics through published cases, among others: *Suspect in PT Antam's Nickel Mine 'Flying Documents' Case in North Konawe Mandiodo Block Increases*, Kendari Tribun (June 22, 2023) has a motive for misappropriation committed by PT LAM is listed as an illegal company using PT KKP to sell nickel to other smelter companies, which of course with illegal status to avoid paying local taxes let alone state taxes and for Companies that ship nickel with "flying documents" certainly do not include tax invoices as a supplement to administrative sales documents. *4 Illegal Coal Mines Secured by East Kalimantan Regional Police*, Tribratanews.polri.go.id (July 2023) With the motive of having an abundant supply of resources, the company uses it to obtain the maximum profit by ignoring the completeness of documents let alone taxation. In 2019 the Directorate General of Taxes in Bandung imposed Value Added Tax on creative industry natural stone goods and the decision was rejected by the company PT Sones of Eden with the perception that the natural stone sold was taken from the source from Tulung

Agung in the form of stone slabs and PT Sones of Eden carried out packaging in the form of the creative industry by gluing marble and andesite stones attached to the collar fabric so that it became a tile material that could be sold Najmuddin, *Varia Hukum*, Volume 1 (2019) this motive can lead to polemics between the fiscal and business actors regarding Value Added Tax Number 42 of 2009 Article 4 paragraph 2 letter a concerning mining products taken directly from the source, one of which is Andesite. From these four cases, a common thread of symptoms can be drawn into a concept that is associated with generating hope for the end of the worldliness with the encouragement played by individuals and companies since taxes have become one of the most important state revenues as reported within the Ministry of Finance through the kemenkeu.go.id *Moderate Growth, Tax Revenue Reaches IDR 688.15 Trillion as of April 2023* (May 23, 2023) that state revenue from taxes reached IDR 688.15 trillion until April 2023, increasing by 21.3% on an annual basis. Taxes are the main source for the APBN and APBD by optimizing the HKPD Law, which stands for the Law on Financial Relations Between the Central Government and Local Governments, in compliance with the community's tax obligations so that local tax and levy levies are carried out effectively for the prosperity of the people (*Directorate General of Financial Balance | Press Release – Strengthening Local Taxing Power and Central and Regional Synergy*, 2022).

From some examples of cases above, it can be marked by the rapid development of cooperation at the national level or between cities or provinces and at the international level, namely between countries, as evidenced by the establishment of multinational companies. In research, multinational companies are generally companies that have a domicile in one country but operate and run their companies based on the laws and customs of other countries. The main reasons driving the emergence of multinational corporations are the desire and purpose to expand the market, to find sources of raw materials, to search for new technologies, to achieve efficiency. Economic activities carried out, one of which is mining companies, both metal mineral mining and non-metallic mineral mining, should have very complete licensing documents, but in fact there are still permits that have not been fulfilled validly, these actions are illegal actions to reduce the tax burden, clearly morality is involved in tax avoidance which is subject to debate Awang & Amran (2014); Sandmo (2005). Companies that commit abuse of authority by utilizing

important documents related to the opportunity to carry out tax avoidance practices Setiorini et al (2017). Power must be understood as human activities that are achieved and maintained in addition to misappropriation of authority, namely carrying out actions that are contrary to the public interest and aim to benefit personal interests (Juhaeni, 2021; Siahaan, 2013).

There are still loopholes in tax regulations and regulations that trigger tax avoidance that does not legally violate the law, making the issue a problem that never ends, so this concerns the ethical issue of tax avoidance by taxpayers according to Slemrod (2004) and Slemrod and Yitzhaki (2002) in Astuti & Aryani (2017a) and tax avoidance cases have weaknesses with several indications Purnamawati et al (2023). Such as problems that are often raised in the mass media regarding the polemic of fiscus and business actors in managing VAT Law Number 42 of 2009 Article 4 paragraph 2 A in non-metal and rock mineral mining companies. The fiscus determined Andesite stone as a taxable item that has added value from its intended function and through a *crushing plant* process that makes it change shape while taxpayers feel that Andesite stone does not change shape. In 2020, on October 7, the House of Representatives passed the draft Law on Harmonization of Tax Regulations, once in 2021 the HPP Law began to be implemented, including a revision to Value Added Tax Article 4 Paragraph 2A which states that Non-BKP is food/beverage objects of PDRD, money/gold bars/SBN. The policy has regulated the issue of excavated goods C into taxable goods as the definition of value added tax according to the commission in 1967 identifies the principle of the general system of VAT that every transaction contains elements of VAT on the price of goods and services, the cost components deducted are costs whose VAT is borne and this VAT is calculated regardless of production and distribution process transactions by Wang et al (2019). The law was re-examined by Sofia Bulgaria in K. V. Pashev (2007a) studying the mode of network fraud with individual evasion of VAT.

The *tax affairs* scheme with the motive of tax avoidance in the form of a code of ethics for the confidentiality of a consultant in right or wrong behavior according to applicable law, is built by managing capital expenditure to obtain maximum capital allowances so that income receipts appear as a tool to shift the income of loss-making companies in a group of Singh companies (2001) and this is re-examined by Awang & Amran (2014) in *Ethics and Tax Compliance*. In this study, the most basic thing as well as evidence that represents the picture of a business entity having ethics in carrying out its operations is the legality of licensing and archiving.

➤ *Focus and Problem Explanation*

The background of mining companies whose legality documents are incomplete to avoid paying local taxes and state taxes, the lack of information and communication between companies in Indonesia and affiliates abroad in determining the transfer price approach, the abundant supply of resources makes companies abuse authority to obtain the

maximum profit, the issue of Value Added Tax which is still a polemic over sale of Andesite stone between taxpayers and fiscus before the issuance of the Law on Harmonization of Tax Regulations.

Symptoms of misappropriation of authority, draining profits as much as possible by complying with the completeness of official documents without committing forgery are motives in tax avoidance ethics whose character is built by corporate taxpayers utilizing the value of existing regulatory assertions in the company, especially PT X to find loopholes in its provisions with the aim of delaying tax payments and reporting with several techniques that are carried out legally and safely such as strategies to meet compliance regulations related to the type of company business both for internal needs, namely Standard Operational Procedures, notary deeds, project documents, tax filings and external, namely following regional or central regulations, the company uses consultants with the authority to assist the company's journey including preferred business mechanisms in seeking profits without conflicting on the provisions where the methods used by exploiting existing weaknesses to practice tax avoidance (Rachel Tooma 2008; Author et al, 2015, p. 9; Pohan, 2017).

The practice of tax avoidance in research related to qualitative phenomenology is tax avoidance that is allowed so there are things that must be emphasized, namely avoiding making false legality documents, this study has similar methods with the internal control system by emphasizing interview techniques by Novinia & Meiden, (2016). This qualitative method has relevance to the research of Titi Muswati, Wisamodro (2015), namely using interviews and observations, not tax evasion and tax avoidance which are allowed to delay income on the availability of money to pay taxes as one of the progress of consultant work in making proof of withholding Income Tax Article 21 President Director and Commissioners, but for his business activities is to collect public funds in the form of current accounts, deposits, debt securities, transfer pricing intrabank loans cannot be detected easily except with the *tax heaven countries* system has been carried out by the author et al (2015., pp. 9–20). Initially, Andesite stone was not a taxable item, but more and more multinational companies and non-metallic mineral mining sectors provide opportunities for business growth to increase along with the case between taxpayers and the fiscus over VAT Andesite stone becomes polemic. This event is inseparable from uncertainty in carrying out economic activities in the company so that it becomes the main target of stakeholders to manage risk (Utami et al., 2021, p. 125).

PT X, a manufacturing company that has the same blood ties, routinely meets the supply needs needed by the parent company and affiliated companies at a set price, has a profit of ten percent (10%) more than the basic cost when related to the *transfer pricing* method approach, more precisely the *full cost plus margin* approach. Therefore, researchers focus on the special relationship alone, not the whole according to PER 32/PJ/2011. Andesite stone sales turnover above 4.8 billion that cannot be detected by the

fiscus, taxpayers must implement tax compliance rules according to Awang & Amran, (2014, p. 107); Plumly (1996) consisting of filing, reporting and payments will be a risk in the future.

➤ *Phenomenological Studies with Critical Paradigm*

The study of phenomenology was originally a philosophy developed by Edmund Husserl (1859-1938) holding the view that perception of objects is never passive, instead awareness of objects is active where human consciousness contains objects of experience. By involving ethics, knowledge and opinions, researchers consciously explore risks whose arrival cannot be known the source of which is uncertainty in the daily activities of informants at PT X. Researchers use observation techniques, *forums*, *group discussions*, and interviews and analyze, as Aisyah & Dahlia (2022) have done. Research that applies *critical theory* will obtain several dialectical core characteristics and injustices according to Kemmis and Wilkinson (1998) and also a theoretical perspective on the incompetence of Martens (1998) so as to create a critical phenomenological concept related to power structures in the midst of taxation developments in the Indonesian state, companies that are pioneers of mining in districts carry out one of the obligations as taxpayers in managing Resources by complying with legality in the hope that corporate tax payable will not become a problem not to be fulfilled by ignoring evidence or *evidence* on zero tax filing in the field. Even a tax law that is still a polemic between entrepreneurs and the Directorate General of Taxes on Andesite or C quarry stone before the Harmonization of Tax Regulations if not immediately responded to can lead to state losses on Value Added Tax considering the growth of the C quarry stone business market began to creep up. This all has a negative impact on critical theory paradigm thinkers to raise the condition of reality into an issue that needs to get attention and the mindset that is built is not mortgaged in order to improve life and change for the better. Researchers do not deny the issue in the community that private mining companies are identical to family and illegal companies, do not demand their hearts and minds to ensure the truth of the issue is included in their research, but research carried out with heart in accordance with reason (science and experience) can confirm this view, critical thinking is mandatory for researchers as a way to cure ignorance (Apollo, 2021, p. 294).

Researchers involved people involved not far from integrity owners in the company as many as seven (7) participants including DU, KTT, HRD, Koord.Keu, Koord.Mechanic & Logistics, Koord.Crusher and Corporate Owners as well as one (1) outside party, namely consultants in accordance with representative informants (Berger, 2011; *module-research-method-qualitative*, 2020).

Table 1 Informant Engagement Qualification

Position	Length of Work
Corporate Owner	More than Ten (10) Years
DU	Seven (7) Years
SUMMIT	Four (4) Years
HRD	Seven (7) Years
Koord.Keu	Seven (7) years
Koord.Crusher	Eight (8) Years
Koord.Mechanical & Logistics	Two (2) Years
Consultant	Five (5) Years

Source: Processed by Researchers (2023)

This is one of the qualitative instruments for research subjects with the aim of obtaining information relevant to the interests of research conducted related to employee integrity issues and this instrument is practical, easy and efficient in terms of cost and energy.

II. OBJECT AND SUBJECT RESEARCH

The object of research is an attribute or trait or value of people or activities that have certain variations that are determined by researchers to be studied and then drawn conclusions (Sugiyono, 2017: 39). The object of research here is the mining enterprise of nonmetallic minerals and rocks. The location of this study is very important because the researcher has passed negotiations when the researcher offers to enter into Morse (2009: 280); *module-research-method-qualitative* (2020).

The subject of research is the attributes or values of people who have certain variables determined and concluded by Sugiyono, (2013: 32). According to researchers who are fully involved in the activities that are the subjects of the study are participants as observers Creswell (2016: 232); *module-research-method-qualitative* (2020, p. 91). Informants or participants provide information about the data that researchers want related to the research being carried out.

III. PHENOMENOLOGY QUALITATIVE METHODS

Observations in research through ERM ISO 31000: 2018 using risk strategy, one of which is pure business risk according to the research journal Sirait & Susanty, t.t.-b, p. 4; Utamajaya et al (2021b, p. 327) confirmed the results of the interview analysis. Researchers carry out the work agenda while working on the risk management process by identifying in advance the risk criteria according to the risk code made in the area of business activity related to company regulations, capital, finance, business markets and growth as a process of carrying out observation procedures, as follows:

Table 2 Observation Output- Risk Code

Component	Informant	Types of Pure Business Risk
Company Regulation	Corporate Owner	R1
Capital	Corporate Owner	R2
Finance	Corporate Owner	R3
Business Market	Corporate Owner	R4
Growth	Corporate Owner	R5
Company Regulation	DU	R6
Capital	DU	R7
Finance	DU	R8
Business Market	DU	R9
Growth	DU	R10
Company Regulation	SUMMIT	R11
Capital	SUMMIT	R12
Finance	SUMMIT	R13
Business Market	SUMMIT	R14
Growth	SUMMIT	R15
Company Regulation	HRD	R16
Capital	HRD	R17
Finance	HRD	R18
Business Market	HRD	R19
Growth	HRD	R20
Company Regulation	Koord. Keu	R21
Capital	Koord. Keu	R22
Finance	Koord. Keu	R23
Business Market	Koord. Keu	R24
Growth	Koord. Keu	R25
Company Regulation	Koord. Crusher	R26
Capital	Koord. Crusher	R27
Finance	Koord. Crusher	R28
Business Market	Koord. Crusher	R29
Growth	Koord. Crusher	R30
Company Regulation	Mechanical & Logistics Coordinator/Koord. Mechanics & Logistics	R31
Capital	Mechanical & Logistics Coordinator/Koord. Mechanics & Logistics	R32
Finance	Mechanical & Logistics Coordinator/Koord. Mechanics & Logistics	R33
Business Market	Mechanical & Logistics Coordinator/Koord. Mechanics & Logistics	R34
Growth	Mechanical & Logistics Coordinator/Koord. Mechanics & Logistics	R35

Source: Processed by Researchers (2023)

Company regulations are rules of conduct made to regulate the organization and human resources in each division or commonly referred to as SOPs. Capital is an *intangible asset*, namely a company's reputation and internal business policies. *Tangible assets* are materials that are included in the perspective of productivity, both stock and fixed assets and Human Resources. Finance is based on the use of the company's operational cashflow, whether estimated or not. The business market is about conditions beyond either consumer demand for the volume of Andesite stone products where the development is significant or administrative problems from the supplier or customer side. This growth is related to regional and state taxation.

The Group Discussion Forum that was carried out only involved participants of corporate owners, DU, Summits who were present in the meeting room in order to discuss impact mitigation which was the result of risk assessment. At this meeting, the researcher did not record the sound or document the atmosphere at that time in the form of video, only in the form of photographs, pictures, as the researcher wrote about ethical considerations that the researcher still

maintains the condition of the informants so as not to feel pressured.

Researchers understand participants' experiences through an interview approach, which is a strategy for collecting data in addition to observation. Interviews were conducted *face to face* or structured interviews *according to the work agenda and questions according to the module-method-research-qualitative* (2020, p. 77) *face to face* with Berger's *informant representative* (2011) using a *smartphone voice recorder* openly and they knew the conversation had been recorded for scientific writing needs.

➤ *Technical Interviews*

In this study, researchers prepare themselves and apply several steps to interview informants, among others, before the interview researchers get rid of all kinds of opinions and self-confession, only concentrating on the statements of informants, whether significant or not. There were six (6) informants who were successfully interviewed in each of his workspaces.

Table 3 Interview Conduct

Date	Start Hours	Duration	Informant
September 6, 2022	11.42 a.m.	3 hours 69 minutes	DU
September 13, 2022	10.16 a.m.	5 minutes 50 seconds	DU
September 13, 2022	10:26 a.m.	6 minutes 19 seconds	DU
September 13, 2022	11.03 a.m.	32 minutes 9 seconds	DU
September 13, 2022	2:14 p.m.	21 Minutes	SUMMIT
September 13, 2022	3:33 p.m.	1 hour 11 minutes 58 seconds	HRD
September 22, 2022	1:22 p.m.	1 minute 29 seconds	Koord. Keu
September 24, 2022	10:46 a.m.	1 minute 42 seconds	HRD
September 24, 2022	11.09 a.m.	6 minutes 16 seconds	HRD
October 3, 2022	11.02 a.m.	42 minutes 7 seconds	Koord. Mechanics & Logistics
October 7, 2022	10:53 a.m.	15 minutes 14 seconds	Koord. Crusher

Source: Processed by Researchers (2023)

Researchers also try to provide questions according to what has been prepared or let questions and answers flow just like that concentrated in the work area of informants where researchers raise the issue of completeness of company legality, lead informant knowledge about *transfer pricing* only to confirm from the results of observations reviewing data conducted by researchers then about the existence of consultants while at PT X and corporations on Generally, as proof of the truth of the observations of researchers in the field, there are even informants whose tone presses on a statement that the researcher deliberately reexpresses even though the voice entered in *the voice recorder of a smartphone* is small, but the face cannot deceive. During the interview, sometimes the researcher stops interviewing or the conversation stops because there is a call to prayer, the informant picks up the phone and speaks to the caller, during the pause the researcher does not participate in silence but records the statement manually

which is felt that his speech is not clearly included in the recording even though the volume has been increased can affect the results of the conversion of voice to transcript in *the google doc* is not written clearly and will be an obstacle for the researcher.

➤ *Interview Data Analysis*

Data analysis techniques are similar to Tesch (1990) analysis techniques in Hill & McGowan (1999) and Novinia & Meiden, (2016, p. 4) research on the coding process by extracting data through interview data analysis using doc.tools version 1.5. The results of the recording or *voice* were transferred or converted into word writing with *google doc* then the researcher read and looked for interesting expressions from the participants' answers to make important notes followed by other categorizations as qualitative inductive logic, as follows:

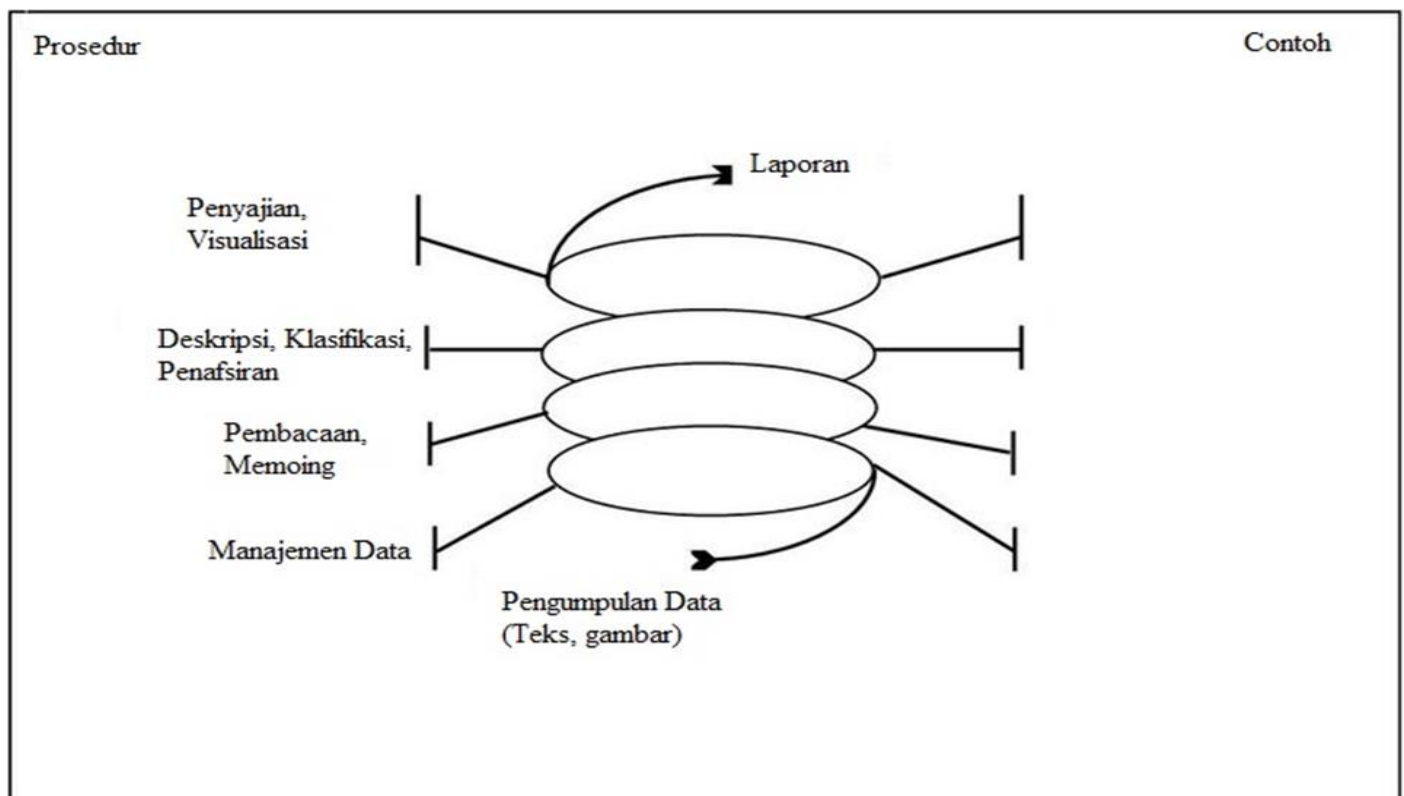


Fig 1 Spiral Creswell

- Read repeatedly and then understand the results of the interview transcript by making important notes or interpreting the activities of the infoman. There were six (6) informants, the researcher obtained twenty (20) pages of converted answers as expressions and obtained nine (9) pages of important notes. DU informants obtained forty-two (42) important records, Summit obtained eight (8) important notes, HRD obtained seven (7) important notes, Koord. Keu obtained six (6) important notes, Koord. Mek & Log obtained six (6) important records and Koord. The crusher obtained four (4) important records.
- From important notes, researchers divide into several scopes that produce six (6) category pages. The scope is legality both internal and external as a guide to company assertions.
- The researcher identified the category by linking towards the topic of motives in tax avoidance ethics resulting in five (5) pages of themes. The theme consists of the character of legality assertion, *loophles*, *artificial* and *tax affairs* that have been prepared by researchers.
- The researcher summarizes it again to be a final presentation that has a relationship with two (2) theories from experts, namely tax avoidance allowed by James

Kessler and the motive for delaying tax obligations by Rachel Tooma.

➤ *Research Instruments*

Researchers use instruments or equipment during research consisting of 1. Mobile phones with voice recorder features are used when researchers conduct interviews with participants or informants. 2. *Data processing software* using *Word Add-Ins system*, this system generates *macros* to organize, classify from *extrac* data. 3. *Doc* tools are tools provided by Google to help researchers or authors convert audio recordings into writing through *voice typing tolls* and this media can be further processed if editing is needed considering the voices of informants or participants are inconsistent, sometimes low, unclear or raised to become clear when *voice doc tools* work.

➤ *Ethical Considerations*

Researchers as much as possible to keep the personal of the source confidential outside the context of the theme carried, keep the name or disguise the name of an external party who has a strong relationship with the company under study even a researcher is not allowed to have the same blood or one descendant with the party studied.

IV. RESULT & DISCUSSION

A. *Result*

➤ *Interpreting Data*

Interpreting data is one element of the Spiral Crewel analysis procedure from theme classification after categories, important notes and expressions in extract data macros doc.tools version 1.5.

Legality assertions, which are part of the theme, are the main capital of companies carrying out permissible tax avoidance practices. Interview analysis techniques help provide information on the number of themes that indicate motives in tax avoidance ethics, as follows:

Table 4 Theme Frequency

Theme	Informant	Frequency
Assertion of Legality	DU	14
Loopholes	DU	12
Artificial	DU	8
Tax Affairs	DU	13
Assertion of Legality	SUMMIT	7
Tax Affairs	SUMMIT	1
Assertion of Legality	HRD	5
Tax Affairs	HRD	2
Assertion of Legality	Koord. Keu	2
Tax Affairs	Koord. Keu	2
Artificial	Koord. Keu	2
Assertion of Legality	Koord. Mechanics & Logistics	5
Tax Affairs	Koord. Mechanics & Logistics	1
Assertion of Legality	Koord. Crusher	4

Source: Processed by Researchers (2023)

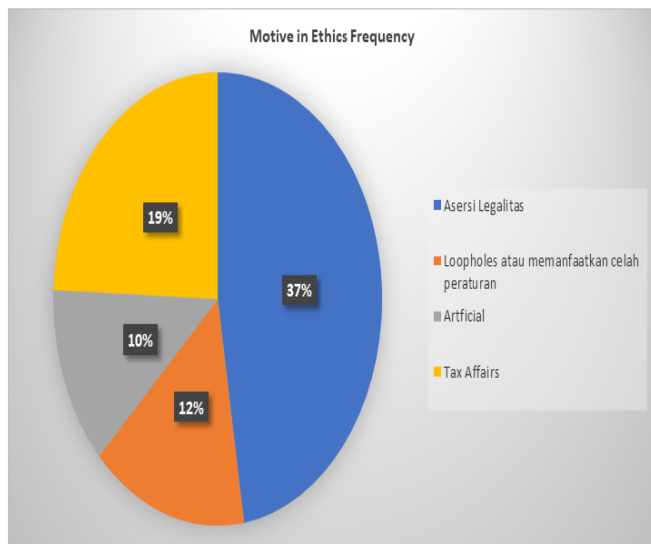


Fig 2 Chart of Motive in Ethics Frequency
Source: Processed by Researchers (2023)

Legality assertions with a value of thirty-seven percent (37%) higher than *tax affairs* worth nineteen percent (19%), *loopholes* worth *twelve percent (12%)* and *artificial* worth *ten percent (10%)* are *special symbols* that when companies in particular or corporations in general are interested in carrying out tax avoidance practices, it is not as easy as designing numbers in financial statements to Getting less tax payments owed than it should, this requires a large budget to carry out environmental control as a requirement that must be taken by the company or corporation in the form of completeness of legality from the stages of capital participation, investigation, exploration, feasibility study, operation to licensing of local communities, environment and utilization of Andesite stone mining space. The holding company which is a permanent vendor of a large and well-known group of companies in the regency as well as overseeing subsidiaries that have gone public is the encouragement of the corporation and PT X to develop and expand business networks to be even more advanced with the production of Andesite stone into products that have different functions, uses as in Important Notes page 9 line 1: The origin of Andesite stone is available. Page 9 line 175: Characteristics of excavated stones in BKP. Page 11 line 1: Feasibility test before drilling part of andesite quarrying production. Page 11 line 142: Comparison of exploration procedures for andesite coal mines with coal mines. Page 17 line 26: Andesite stone changes its shape, size and function as a VAT character in accordance with the HPP Law. Page 18 line 19: There are different ticket types between curie or split (retail) stone buyers and PO purchase dumptrucks. Page 21 line 1: Curie stone customers to outside the district.

DU informants have the highest frequency compared to other informants, here researchers find there are eight (8) expressions of emphasis when researchers question taxation issues, including: 1. Page 2 line 38: *Look, ma'am, there are people who handle taxes. Tax consultant. Yes, tax consultant for national taxes if I am related to local taxes.* 2. Page 2 line 40: *PPH VAT already exists.* 3. Page 2 line 43: *but the consultant yes the consultant.* 4. Page 3 line 6: *So this is the case, before returning to the structure, if in my deed the*

director was only in December 2021, yesterday, November or December, the tax affairs were transferred first to the tax, yes. Specimen. 5. Page 3 line 10: This is yes, ma'am, if you tidy it up, it's still said not neat, it's not neat, it's not professional. 6. Page 6 line 8: PKP has not been processed recently due to natural resources. 7. Page 6 line 9: I also want to make a tax return, personally have never reported so I want VAT if I buy goods can be credited. 8. Page 10 line 1: Basically keep the report right.

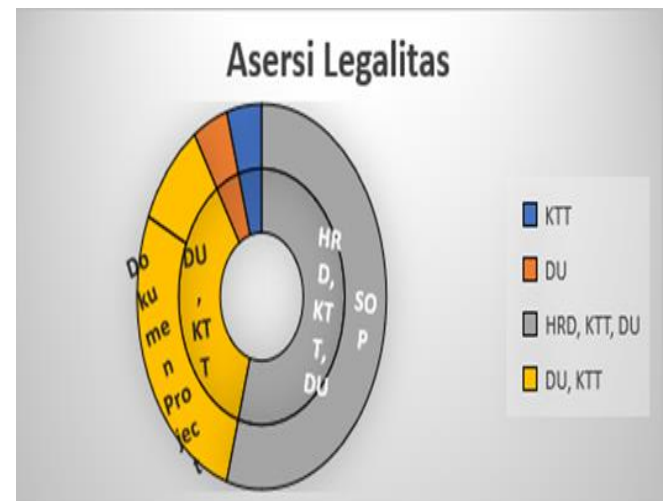


Fig 3 Chart of Categories Frequency
Source: Processed by Researchers (2023)

The results of frequency analysis as proof that companies have a tendency to play motives in their tax avoidance ethics. The results of data processing of informants consisting of DU, HRD SUMMIT, Koord. Keu, Koord. Mechanics & Logistics and Coord. Crusher dominates in discussing what issues are done based on SOPs as a form of implementing the rules of conduct of their respective divisions with a frequency of twenty-seven (27) whose coverage is the highest against PT X's Legality Assertion to represent an assessment of the company's indications of tax avoidance.

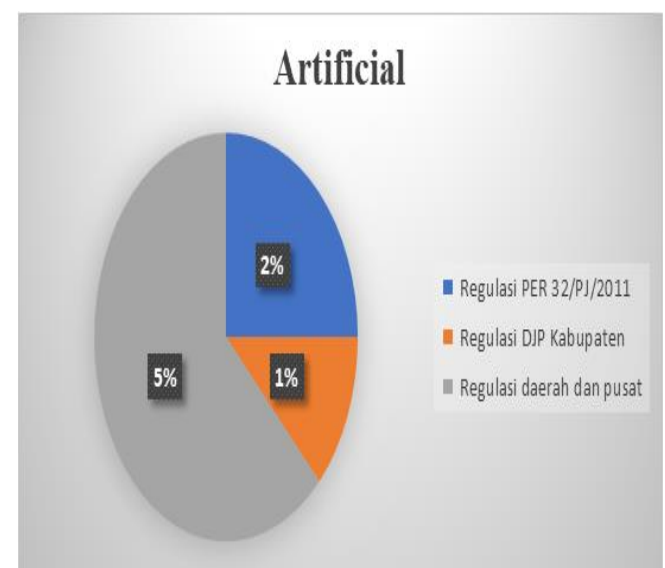


Fig 4 Chart of Artificial Theme
Source: Processed by Researchers (2023)

This artificial scheme is still connected to regulations as part of the company's legality assertions that deal with informants. There are three (3) regulatory scopes, including: regulations derived from the Directorate General of Taxes for the Regency area regarding the filing of PT X taxation, per 32/PJ/2011 concerning the principle of special relationships where there are rules and conditions for how transfer pricing works as well as rules and regulations from regional and central regulators regarding levies, regional taxes, the Ministry of Energy and Mineral Resources for non-metallic mineral mining and the implementation of tax laws including the Law on Harmonization of Regulations Taxation. Frequency Category with the scope of regional and central regulation five percent (5%) of DU and Koord informants. Keu has been investigated by researchers as a manifestation of PT X's quality in districts and areas outside the district through informant expressions and important records.

There is ten percent (10%) of the frequency of tax affairs from informants, namely DU, KTT, HRD and Koord. Keu proves that the progress of consultant work from 2016 to the year researchers are at the location does not show the results of their work as it should and this is reinforced by tax filings not in the company according to administrative regulations by five percent (5%) the frequency of tax affairs and the authority of DU over consultants is still low at five percent (5%) the frequency of tax affairs.

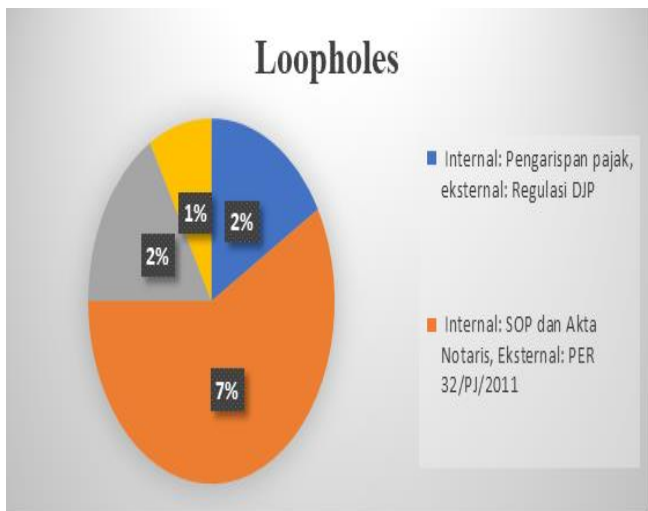


Fig 5 Chart of Loopholes Theme
Source: Processed by Researchers (2023)

In the loopholes theme, DU informants have a tendency to express things that according to informants are related to the scope of regulations regarding transfer pricing considering that this company is in a corporation.

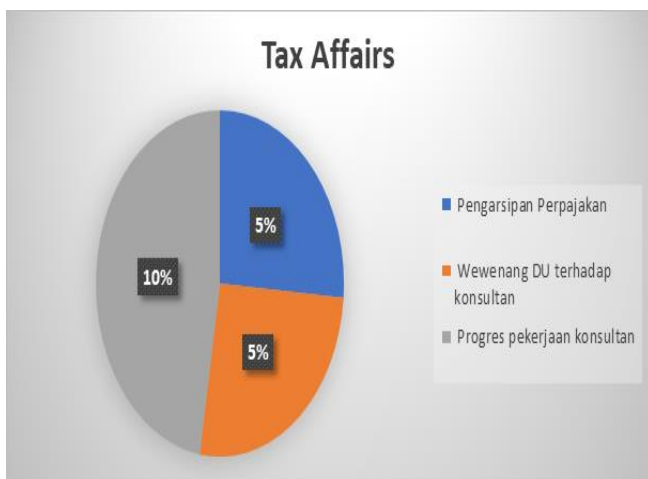


Fig 6 Chart of Tax Affairs Theme
Source: Processed by Researchers

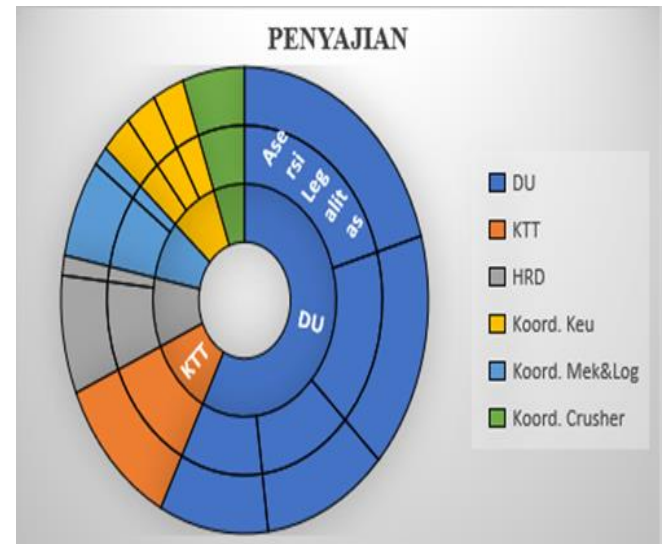


Fig 7 Presentation Chart
Source: Processed by Researchers (2023)

From the chart above, the presentation of tax avoidance is allowed to have the highest frequency through DU informants with a higher level of legality assertion than the Summit division, this shows the completeness of official documents, internal SOPs or external regional and central regulations, there is no element of forgery, only that there are indications to use legal status as if complying with all existing regulations for the benefit of certain parties plus the value of tax affairs dominating in the presentation of the consultant's work progress that cannot be clearly known by the controlling environment is restrained by the secret code carried out by the consultant while accompanying the main stakeholders, especially the DU even though the authority of the DU over the consultant is low so that the motive for delaying tax obligations is easy to practice.

➤ Correlation of Phenomenology with Enterprise Risk Management ISO 31000:2018

The results of the research from the Forum Group Discussion which is part of the observation, a final meeting between DU participants, Corporate Owners and Summit.

Table 5 Impact Mitigation Results

Opportunity Rate	A		R1	R2	R8	R9
		R32	R10	R15	R18	R19
		R25	R20	R34	R4	R7
			R11			
	C					
	D	R33				
Impact		2	4			

Source: Processed by Researchers (2023)

B. Discussion

➤ *Regional & Central Regulations*

• *Group Discussion Forum*

There was a meeting attended by two (2) informants in one meeting room, namely DU and KTT discussing the origin of Andesite stone, regulations from several related agencies that must be realized compliance, recorded in record number 014. PT X is included in the ranks of one of the legal companies in the district and is not an illegal company considering that there are still many or more than fifty (50) non-metal and rock mineral mining companies in the district that are declared illegal according to the categories: there are still many non-legal stone mining companies with important note stages on page 10 line 22: Andesite stone mining companies that are not licensed or falsify reports, It has been proven by the expression of the Summit informant: *even in large companies, sometimes there are not too important, the important sales are important outputs, there are none, but in 2019, for example, there were no strict reports of sanctions later until the mine could be closed. In Subang there are still many who have no operating letters, reports but findings.*

• *Observation*

Researchers saw proof of payment and local tax reports on Andesite stones of 25% illustrating the role of DU in taxation, realizing the Regent Regulation on regional tax returns. Once every one (1) month PT X pays and reports its local taxes. Recapitulation of daily production volume in one (1) month multiplied by the standard price of Andesite stone stipulated in the annex to the Regent Regulation as the Basis for Imposing Tax. The size and use of Andesite stones vary in District Regulation Number 2000 and the Decree of the District Environmental Agency, Certification of PDAM environmental quality control, Law no.2 of 1981 concerning legal metrology of the MSME Cooperative Office, trade and industry of UPTD legal metrology, Certificate of Scale Test Results valid until 2023. The Department of Energy and Mineral Resources branch of the Regional Office ratifies the determination of reclamation for five (5) years, post-mining guarantees for eleven (11) years and other official letters.

• *Interview*

The proof of this observation has been confirmed through interviews by DU through this expression, *ma'am, if it is tidied up, it is still said that it is not neat, not yet professional. So this is the case, before returning to the structure, if in my deed the director was only as recently as*

December 2021, yesterday, November or December, in the past, the tax affairs were transferred first to the tax. PKP has not been processed yet because natural resources this expression is included in an important note page 7 line 7: according to participants companies sourced from nature do not yet need PKP. I also want to make a tax return, personally have never reported so I want VAT if I buy goods can be credited. The advantage of participating in PKP is that yes, it can be well if here as long as the parent has PKP VAT. The phrase is recorded in an important note page 7 line 189: Hope DU makes and reports tax returns. Basically, the report is still included in the important note page 10 line 30: Insight participants just know the importance of taxation. . Summit as an informant through interviews, as follows: If I say for the last income tax 21, yes 2018 for personal so far, it has not been against personal so far, yes this should be the consultant this expression is on the important note page 10 line 295: participants have never received proof of withholding income tax 21 PT X. The consultant as an informant via whatsapp chat wrote: the research was conducted after PT X entered the IPO listing. The consultant's answer was confirmed by DU in his expression Yes will IPO also this is in the important note page 8 line 33: DU dreams of PT X IPO.

➤ *Phenomenological Understanding of Motives in the Ethics of Tax Avoidance*

• *Motive*

The motive in PT X's tax avoidance ethics is an assessment of indications obtained from characteristics with special characteristics as long as the company is able to meet the completeness of official legality so that the strategy of carrying out tax avoidance practices safely. This is one of the avoidances allowed with the aim of not making fake transactions.

The relevance of motives in the ethics of tax avoidance to the first concept, namely the OECD. According to the OECD, tax avoidance has three (3) characteristics, namely *artificial* elements with various kinds of regulations as if regulating in them when they are not and this is done in the absence of tax factors, this kind of scheme utilizes *loopholes* from laws or legal provisions for various purposes when it is not the case, confidentiality is also part of a scheme that involves consultants as a tool to do tax avoidance with mandatory conditions tax keeping as confidential as possible according to Christine, (2018); Tandean, (2016); Suandi (2008). Researchers draw these three (3) elements into the analysis of interview data using macros as a component of Theme classification. The three (3) schemes will support tax

avoidance practices as long as the corporation and PT X have high legality compliance coverage.

The relevance of motives in tax avoidance ethics to the second concept, namely tax avoidance allowed by James Kessler. In this study, tax avoidance was allowed to be included in the presentation classification in the interview analysis using macros. The motive in tax avoidance ethics is centered on quality companies that have a qualified scope of legality, provide views to interested parties as if PT X is strict on meeting the interests of regional and central regulations, selecting *transfer pricing* business mechanisms in seeking profits and making internal regulations such as SOPs or Standard Operational Procedures so that they can utilize regulations and how they work to obtain maximum profit while engaging consultants to delay or delay meeting their tax debts by not committing document forgery as tax avoidance is permissible (James Kessler, 2004; Pardosi & Sinabutar, 2021, p. 83).

The relevance of motives in tax avoidance ethics to the third concept, namely Tooma (2008) regarding strategies to exploit legal and regulatory loopholes or legal interpretation by taxpayers. In research through testing on the classification of themes in the *tax affairs component in tax filing* issues, the line of authority between DU to consultants and the progress of consultant work as research material to obtain how much consultants contribute to determining the attitude and direction of companies towards taxation considering the relationship between key stakeholders, both DU and corporate owners and consultants, can be a gray area of motives in avoidance ethics taxes occur. The progress of consultant work has the highest frequency value according to observations made by researchers.

- *Ethics*

Ethics is behavior that determines morality by doing right or wrong in accordance with justice and social guidelines (Peterson, 2002), moral standards in the form of norms such as the principle of justice, the principle of rights and the principle of utility (Awang & Amran, 2014; Fritzsche, 1991). The meaning of ethics in this study is the inherent actions of someone who has the mandate to carry out his duties in accordance with the opinion of someone who can distinguish right from wrong so as to encourage someone to do good (Purnamawati et al., 2023).

- *Tax Avoidance*

Minimize the tax burden in a way that is allowed by tax law and exploit legal loopholes with the aim of minimizing taxes to be paid (Tooma, 2008).

- *Enterprise Risk Management iso 31000:2018*

ISO 31000 Year 2018 one of the world's recognized enterprise risk management aims to improve company performance by providing results *The risk management process begins with identifying risks by involving risk criteria* BS ISO 31000 2018, *Indonesian Version by Andi Balladho.pdf*, (2018). Risk criteria are events or events that have elements of limited information, communication and knowledge in organizational activities. Risk opportunities

can be recognized at the time of information on the effect and can be recorded because they have a continuous nature with different scales. The type of risk is determined from the risk category because it will involve the risk owner *Integrated corporate risk management / Bramantyo Djohanputro ; pentyunting, Yustrianto Yuwono / OPAC National Library of RI.*, (2006). The following is the ISO 31000: 2018 *Enterprise Risk Management* assessment process which begins with the selection of risk criteria. Risk criteria reflect activities that have consistent product volume productivity goal values.

- *Relevance of Theory*

- *Organization Theory*

The topic in this study has fulfilled Miles, (2012, p. 8) which is closely related to the existence of organizations that are formed, polished and functioned to complete the vision and mission, strategies, goals, objects related to Human Resources, Natural Resources, fixed assets, intangible assets, information managed by functionals in each division and consultants who work part of the time

- *Result*

- ✓ Motives in PT X's tax avoidance ethics are symptoms with special or unique characteristics as long as the company meets the completeness of official legality without falsifying documents in order to delay its tax obligations through macros analysis doc.tools version 1.5.
- ✓ The symptoms identified in the PT X phenomenon include threats in control through risk assessment from low to high risk levels with mitigation of the impact of cooperative relationships due to emotional closeness, it does not rule out the possibility that PT Xx will be controlled by its business partners by sending people to occupy positions on the board of commissioners with an impact value of 4 or very serious, namely losses that can cause major changes in policy investment and impact on asset balance, natural resource inventory, especially Andesite stone is one of the commercial targets of a non-metallic mineral and rock mining company for three (3) years reaching a volume of 10,000 stockpiles which is not in line with the assertion of the legality of central regulations, namely DGT in delaying state tax obligations actually gives consequences for PT X to pay taxes owed along with interest on Corporate Tax Returns, installment of Article 25 Income Tax, Article 21 Income Tax Tax including Value Added Tax from 2016 to 2022 where excavation C is included in the Law on Harmonization of Tax Regulations.
- ✓ Phenomenological relationships based on interviews with the Spiral Creswell method have the relevance of observation through the ERM tool ISO 31000: 2018 produces motives in tax avoidance ethics from several risk criteria such as R4 corporate owner risk code with risk criteria the parent company is a permanent vendor of M group and there is no blood relationship (not affiliation) and R10 DU risk code with its risk criteria

Taxpayer Certificate containing Tax obligations have not been realized one by one.

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