TAX EVASION BEHAVIOUR OF MICRO, SMALL, AND MEDIUM ENTERPRISES IN JAKARTA POST-ADOPTION OF CASHLESS PAYMENT SYSTEM

Written by:
Bahana Aristyo Rahadian
Accounting Major Faculty of Economic and Business Universitas Brawijaya Malang
Supervisor:
Aulia Fuad Rahman, DBA., Ak., SAS.

ABSTRACT
This study aims to understand the behaviour of MSME taxpayer in Jakarta regarding tax evasion after the adoption of cashless payment system. This research employ descriptive qualitative research with the approach of a phenomenology and gathered data from semi-structured interviews of 3 different parties, including those whom face it constantly and those whom hold extensive knowledge about the subject matter. This study finds that MSME in Jakarta has been shifting towards the cashless society, thus a lot of MSME have been starting to accept the cashless payment system. Furthermore, it seems that the acceptance towards the cashless payment system in the province does reflect the tendencies to not cheat in regards to the tax owed by the MSME businesses, even though the effects is still limited.

Keyword: Cashless payment system, MSME, tax evasion, MSME tax evasion, Behavioural changes

ABSTRAK
PERILAKU PENGELAKAN PAJAK USAHA MIKRO, KECIL DAN MENEGAH SETELAH PENGADOPSIAN SISTEM PEMBAYARAN NON TUNAI DI JAKARTA

Kata Kunci: Sistem pembayaran non tunai, UMKM, pengelakan pajak, pengelakn pajak UMKM, perubahan perilaku
INTRODUCTION

In 1789, in a letter directed to the masses by Benjamin Franklin said, “you cannot run from two things; the grim reaper itself, and the taxman.” Those words proved to be true these days, as it is nearly impossible to avoid taxes. Today’s world has changed, as the development between goods, services, and money has gone faster than before. This has been proven by changes in financial instruments, namely the difficulty of evading taxes.

A transaction system or a payment system has been discovered ever since human race exist on earth. Just as human evolves throughout time, the transaction system also follows. Started from a simple way of transaction such as bartering that involved two or more parties to trade and exchange items, during these time humans has not found a better alternative to accurately and effectively measure the value of an item. The next evolution of the financial instrument tried to be more effective and groundbreaking which is the invention of exchange medium. At that time, some valuable commodities such as wheat, salt, coffee beans, silver, and gold were accepted as an exchange for other items or services. However, no matter how groundbreaking that financial instrument was, it was still challenging for the masses to exactly pinpoint the value of each item. Therefore, it halted the growth of the economy. The next evolution of the financial instrument items was even more changing than the previous item, and it is called money that soon replaced the previous swappable goods. Money is centralized, therefore it is considered to be more effective and practical to be used for goods and service transactions. The new and revolutionary transaction helps to lower the cost of transaction and help stimulate economy growth (Dias, 2000). It has ultimately led to the inevitable reconstruction of money in the US financial service during the 1950s. Nowadays, a single futuristic advancement struck the US and inevitably created the “cashless society” which means all transactions will not be done by using physical money but rather done by utilizing technological wonders in order to process it (Bátiz-Lazo, Haigh, Stearns, 2014).

This brave new world has tried to try to be implemented in Indonesia for several times. In Indonesia, the usage of cashless payment system has started in the 80s; there was Bank Duta, which published and promoted the use of credit cards. Now, Bank Duta has been liquidated and it was the first bank to present credit card into the Indonesian market (Cermati, 2015). It marked the beginning of the long road towards Indonesia’s government effort to intervene, encourage, and promote the use of the cashless system. It is apparent by the existence of UU Article 3 year 2004 which states that the central bank has the authority to regulate and protect the use of financial technology. Therefore, the government cannot turn in a blind eye in terms of the innovation in regards to financial technology. Moreover, the movement towards the cashless utopia, which has been dreamed by the government since the dawn of the technological innovation, is continuously developing. The government through the central bank of Indonesia (BI) are now even more vicious in promoting
the use of a cashless payment system in the country. Just recently the movement towards cashless society in Indonesia continue as BI has tried to formally introduce and promote the idea of “Less Cash Society”, in which is the government preferred term for the movement. It is inevitable in the future, as it has been proven in 2014 by BI by trying to popularize the idea of GNNT (Gerakan Nasional non Tunai). GNNT marks as a new beginning of shift towards the cashless society, as the governor of bank Indonesia once said “This GNNT program aims to increase the awareness of Indonesian of a non-cash transaction and also instrument to help the movement towards the less-cash society” (Segara, 2014).

Following the aforementioned statement, the effort to implement cashless society in Indonesia did not stop there, as the central bank launched GPN or Gerbang Pembayaran Nasional in 2018. The existence of GPN was planned and created in order to help integrate the multiple noncash payment instrument by using an interconnection switch. It helps to realize the interoperability of a national payment system (Pilihkartu, 2014). Therefore, it will help the shift towards LCS. That being said, it seems that the use of cashless payment system by itself has been only focused in the bigger cities like Jakarta, Surabaya or Bali and it seems to be quite unpopular in the smaller cities.

Jakarta seems to be at the forefront of the use of cashless payment system in Indonesia. The current administration in Jakarta has been seemed to be continuously promoted the idea of cashless society in Jakarta. This has been apparent from the current governor Anies Baswedan has introduced several action in which by itself pushed for the development of cashless payment system. In the past couple of years since 2018 action such as the OK OCE Genius and the introduction of Smart Pasar by the former vice governor has been pushed forward in the development of the cashless payment system (Pratiwi, 2018) which aimed for the people in all societal group to embraced cashless payment system. Not only that the local mode of transportation, such as Angkot and Busses, has now also forced to adopt the cashless payment system by introducing OK OTRIP in 2018 and the Jak Lingko program the next year (Astu, 2019). Consequently, this by itself has been acknowledged by the current governor BI at the time, Agus Martowardjo, as a significant achievement that has proven to be consequential in the development of cashless payment system in the province (Margaretta, 2018). The use of cashless payment system in Jakarta are still being promoted heavily by the government. It is clear that the current administration not only wants to minimize but rather completely evolve the use of cash in the province. Furthermore, the financial literacy of the province of DKI Jakarta is considered as the best in the country, with a percentage of 40% in which the highest in the table (OJK, 2016).

However, the implementation of cashless society not only in Jakarta but all of Indonesia is quite difficult since only around 64% of people over the age of 15 own bank account and only 4% of Indonesian have credit cards (KPMG Indonesia, 2017). Furthermore, a lot of the MSMEs operating in Indonesia are accepting “cash only” payment method and not
yet accepting any form of digital currency. MSMEs play a pivotal role in regards to the longevity of Indonesian economy as they make up to 99.99% or 56,532,592 business out of the 56,539,560 in total (Bank Indonesia, 2015). Unfortunately, out of the massive number of MSMEs, only around 397,000 of them pay taxes (Sawitri, 2017). Therefore, it is safe to say that a massive tax losses are happening around us. Additionally, we can see that in Indonesia, in the 2017 governmental budget, the portion for tax revenue was the highest income collected.

In addition to that the interview by Alika (2018) with the former director general of taxation in Indonesia, Mr. Robert Pakpahan said that the trend was expected as the usage of “real money” decrease the level of tax payment should by itself increases. He then said that one of the reasons why the informal economy was not easy to track was that most of those transactions were done by using cash as their main currency making it hard to track by the directorate employee. Therefore, he hoped that with this new breakthrough, the amount of tax evasion could be mitigated as what happened in several other countries.

There have been several previous research tried to understand the tax behaviour after the adoption on cashless society (Mohammad and Hamid, 2016; Immordinno and Russo, 2017; Emengini and Alio, 2014) with various results. However, those research were neither conducted in the context of Indonesia let alone Jakarta. That explained that the issue is still considered new as the new technology causing the problem has only been existed and implemented recently in Indonesia. Therefore, such issue is considered to be new and emerging and needs to be examined. Several problems can be seen as it stems from the fact that MSME makes up the largest portion of the Indonesian economy. Thus, the researcher was interested to examine and discuss the effectiveness of this new technology in tax behaviour point of view in the province.

**Research Problem and Question**

How does the behaviour of micro, small, and medium enterprises’ in Jakarta regarding tax evasion after the adoption of cashless payment system?

**Objective of the Study**

Explain the behaviour of MSME taxpayer in Jakarta regarding tax evasion after the adoption of cashless payment system

**LITERATURE REVIEW**

**MSME Definition and Tax Perspective**

In Indonesia, any business regardless of the structure must comply with the tax system in which are written in the regulation regarding income tax article number 46 year 2013 (UU PPH) that has been revised as in last year. The current tax rate for business structure in Indonesia is 0.5% based on PP no. 23 year 2018.

The definition of MSMEs or UMKM in Indonesia is based on Governmental Law No. 20/2008, which uses total assets and total income to define which one is Micro, Small, or Medium. While, everything else above that is considered as a big company.

The role of micro, small and medium enterprises lately has become more significant towards the Indonesian economy since there is large number of jobs provided by this sector. Additionally, the MSMEs in
this nation has also given a massive
collection to gross domestic
product (GDP) as it has been proven
in 2017 by their contribution to
Indonesian GDP around 60.34% as
said by the representative of Macro
Economy and Ministry of Treasury
Economy Section, Iskandar
Simonangkir (Putra, 2018).
Furthermore, the significance of
MSME in this country does not stop
there, Indonesian MSMEs also play a
major part in the national business
climate. In Indonesia, the number of
MSME holds 97 percent of the total
workforce in 2018 and around
99.99% of the total unit of business
operating in Indonesia (Wendy,
2015). Although MSME plays a
dominant role in the national
economy, if it is associated
with fulfilling tax obligations, it can be
seen that tax compliance of MSME is
still inadequate. Although the number
of MSME is above 60 million units,
the number of MSME businesses that
has been recorded as a taxpayer is
only around 1.5 million which is only
around 2.2%. Therefore from the
explanation (Thertina, 2018),
MSMEs should be able to contribute
more in taxes and taxable data more
honestly.

Oversight of MSME tax
obligations and pro-MSME policies
will reduce tax compliance costs and
encourage taxpayer compliance.
Increasing compliance with payment
of taxes means increasing tax
revenues and decreasing the level of
dishonesty of taxpayers. Thus, it is
expected to increase the amount of tax
revenues and the competitiveness of
MSME that make a large contribution
to national GDP and job creation
(Inasius, 2014).

Based on Diebold in Bátiz-
Lazo, Haigh, and Stern (2014), “the
existence of the cashless system will
no longer an option that we could
choose rather would be a necessity in
the future.” This has been proven to
be true as the train heading towards a
fully cashless society has moved
quickly.

The idea of a cashless society
can be described as an economical
stage in which are the exchanges of
goods or services are not made by
exchanging the item with physical
currencies. However, through the
movement of data and information the
representation of cash moves between
the parties where the transition is
carried out (Parmar, 2018). While the
vision of cashless society as defined
by Agus DW Martowardjo is Less-
Cash society (the term of cashless
society in which the central bank of
Indonesia preferred to use) as an
environment where the people
operate on the environment has been
accustomed to the use of non-
cash instrument as their main tool of
transaction (Aslinawati, 2016).

Payment System in Indonesia

As stated before, the idea of a
payment system derived from the
need to move fund from every party
involved. This particular task requires
an instrument which can be used as a
media of transfer. The payment
instrument in which can be used as of
today can be classified into two
distinct categories (cash and cash-
less). The two categories have a very
different characteristic, where on one
hand cash is the king, the exact
wording is still considered as true as
of for now, as it can be seen that the
main payment instrument used in the
country is still cash. In Indonesia,
cash is still considered the most

Cashless Society
efficient payment instrument by many people (BI, 2006). A cash-based payment system uses paper or coin money for transactions and it has been done for millennia. However, in today’s world, the use of cash has started to regress and demise (Garcia-Swartz, Hahn, and Layne-Farrar, 2006).

**Characteristic of Card Based Payment Tool System**

There are two main distinct sub-categories in this payment system. The first is called the debit card. This method of payment system was derived from the bank main functionality that holding the owners’ money. Based on the payment system, the user (i.e. the owner) may instruct the bank to wire the payment directly from their account should the need arises (BI, 2009).

Second, the credit card payment system, this payment system uses the method of “buy now pay later.” In this case, payment system let the bank to pay the economic obligation towards the seller. In the future the acquirer or the owner of the card must repay the aforementioned bill, whether they pay it all at once or paying it as an instalment (BI, 2009).

**Cashless Payment System in Jakarta**

The development also being passed down to the current administration which led by Anies Baswedan. He has introduced multiple development in cashless payment system in Jakarta. Some of which are the development of Smart Pasar in which are also in line with the Jakarta Smart City project (Jakarta Smart City, 2018) where a small pasar that are dominated by MSME businesses to be encouraged to use the cashless payment system. Then comes the use of the new OK OTRIP and Jak Lingko which integrate the local transportation to also join in the cashless payment system wave (Astuti, 2019) which are supported by the Governor’s Decree no.98/2018.

The development is not only comes from the government but also from the private sector as well. The research done by Hastomo and Aras (2018) has shown that advertising of cashless transaction and promotion of cashless transaction, have influenced the trust towards cashless payment system. These kinds of tireless effort to promote cashless payment system has made the people in Jakarta to start trusting the cashless payment system as the research by Hastomo and Aras (2018) suggested

**Theory of Tax Evasion by M.G. Allingham and A. Sandmo**

The theory of human rationalization deliberately evade taxes was developed by these two individuals in 1972. According to this theory, an individual will always tend to maximize their interest in every single decision he or she made, including the decision to evade in regards of paying taxes. The theory assumes that the decision was directly influenced by several factors, namely, Income Received, Tax Rate, Probability of Audit, Punishment (penalty)

According to their paper published in 1972, the decision to report can be considered as an uncertain decision. The reason is the deception in regards to the report does not immediately trigger the chain reaction in which resulted to a penalty. The decision is being taken by the taxpayer during the process of reporting income to the authorities can be divided into two massive categories:
1. The taxpayer stated their actual income
   This scenario is as straightforward as the name suggested to be, in which the taxpayer stated his or her income received that year down to every last dime.
2. The taxpayer declares their income less than their actual income
   In this scenario, the taxpayer would change their income reported to the authorities. This scenario mainly depended on the probability of audit by the government authorities. As if the audit happens, the taxpayer may receive penalties; however, if it does not happen, the taxpayer payoff would be better off in this scenario.

**RESEARCH METHOD**

**Research Strategy and Approach**

This research used descriptive phenomenology because the data collected and processed were used to explain a certain phenomenon. It is in line with the phenomenology which is a way of describing a substance, object, or a thing in which are exist in the world we lived in but yet the impact of it may still be unclear (Astalin, 2013).

**Data Collection Method**

The primary data if this research was taken from a semi-structured interview, which means a guided and purposeful conversation between interviewer and the respondent (Sekaran & Bougie, 2016).

This type of interview was expected to give more honest opinion and more open conversation than the structured interview counterparts, because it gave the researcher a media to make a more fluid interview.

**Population and Sample**

In this qualitative research, it is important to invite the qualified and credible informant that have appropriate level of knowledge to give enlightenment on the matter. Hence, the population and sample for this research is:

1. A selected government tax auditor has been questioned as the informant sample. As a person who has been dealing with tax offence on a daily basis, it is safe to assume that he or she would have an adequate understanding of the matter on hand. The selected government tax auditor, which represent the whole government tax auditor in the province as the population
2. The research has invited several tax consultants in Jakarta as the sample out of tax constants that are operating in Jakarta, which they only provide one. As people whom every day help and give perspective to their respective clients, it is their duty to understand both the tax code and regulation and their client’s way of communicating with the tax authority. Meaning that they were the perfect candidate to explain the side of the business owner while giving an understanding in regards to the system
3. Lastly, director of Potency, Compliance, and Tax Received in the Directorate General of Taxation in Indonesia as an informant.

**Data Analysis & Verification Method**

This research would use the narrative analysis method as it involves reconstruction of stories presented by the respondent (Dudovskiy, 2016). The data analysis process would be done in three steps in which can be defined as:
Step 1: Data reduction and coding

The meaning of reduction is by having the sheer amount of data that has been collected making it unwieldy, after it all has been made into a verbatim, then be wise to reduce the results data in the sense that condensing the material and try to figure out the consistencies and the usable materials within (Patton, 2002).

Step 2: Data Display

According to Sekaran & Bougie (2016) who also stated that “In this stage, the researchers would taking the reduced data and displaying them in an organized, condensed manner.”

Step 3: Data Summarization and Conclusion Drawing

This last stage was where the researcher would link the research findings and try to answer the research question, by carefully examined the explanation and patterns by making contrast and comparison (Sekaran & Bougie, 2016).

The method of data credibility verification that the researcher used was the multiple data source triangulating method. This method allowed the researcher to verify the data by collecting data from a different people (Carter, Bryant-Lukosius, DiCenso, Blythe & Neville, 2014).

FINDINGS AND DISCUSSIONS

General Information Regarding the Current Situation

What the cashless payment system has without a shadow of doubt helped it ease the daily life of a lot of businesses and the general public by giving the public access to transfer and move money so smoothly and as efficiently as it is today. In today’s world, it can be seen that people who lived in the bigger cities of Indonesia has found it easy for them not to bring cash as it is considered inconvenient. As the usage of the financial facility such as credit and debit card has been seen emerging for several years until today where it has reached the all-time high and is expected to go even further.

With that out of the way, in Jakarta the usage of the cashless system has been deemed as the best one in the country as it is apparent from the appreciation of former bank of Indonesia governor to the governor of Jakarta, Anies Baswedan, as the best province to ever implemented cashless society in the country.

Informant Understanding of Cashless Payment System in Jakarta

Almost all of the informants, who had given their thoughts and understanding in the matter, had a general agreement in which all of them were on the same side, regarding the usage of the cashless payment system in Jakarta that is rising for the time being. They all agreed to the fact that the adoption of cashless in Jakarta has been considered adequate. However, they admitted there are some gaps in the society in which are not being shined through. In the context of MSME in Jakarta, these gaps are even more apparent when we examined it under the microscope. For example, in regards to the usage of the cashless payment system, it can be seen that in industries such as retail. Three informants had given their testimonies, it is the seller that are reluctant to move forward especially in a smaller neighbourhood corner store.
That being said, the state of development of cashless society in the province can be seen as still growing in the retail industries. Several of the informants stated that the movement to full adopting the cashless society in Jakarta would probably not a distant future anymore. The existence of the online marketplace, i.e., BukaLapak; Tokopedia; or Facebook Groups, certainly helps. It can be seen that, in this new age of trading, the MSME could not be successful in the distant future if they are not evolving in that matter. The existence of marketplace gives business owners ability to blossom out in today’s world by giving them access to many more customers and suppliers. Joining the online marketplace will certainly help their business a lot; however, in consequence they must enter the world of cashless society or, as Mr. Arsul put it, “evolving from informal economy to the formal economy.”

Informant Understanding Regarding the Findings from Cashless Payment System

Several testimonies from the Tax Auditor:

“...as we are getting a lot more easier track and have a better understanding in regards to the taxpayers real situations ...if there is something going on we have a more solid evidence to raise the alarm” - Mr. Suwanto

and

“...the record only made by the taxpayer itself while in non cash based system the one who record can be third party and banks, and so making it more reliable and valid” - Mr. Catur

These interview give the research understanding that the fact that the cashless payment system has given a lot stronger data in the eye of law which can be use for the purpose of the tax audit. The existence of a digital breadcrumb give the significant advantage for the tax auditor in regards to an audit, meaning the digital breadcrumb can be used as there is a verse in Indonesian tax law that allow them to lift the veil of bank secrecy.

That being said the side of the MSME businesses in which represented by the tax consultant that has also given their opinion:

When asked about whether or not their client have a knowledge regarding the ability of the tax auditor to “lift the veil” he answered with “yes, they knew it” and when the researcher asked for more detail he answered with:

“...what the directorate know are just the number but not the exact detail of it, for example, the bank statement from last year shows 1 billion rupiah of income and the next jumped to like 20 and the tax return doesn’t math that is when the alarm rung, but if it was from 1 to 2 billion and match the tax return then there will not be anything after it...”

And he then added

“about that they only know the numbers in the bank statement, and just some transaction that they will be able to identified”

It seems like the side of the tax consultant has given the researcher that they seems to be not putting much care about that matter, meaning in this regard the side of the MSME represented by the tax consultant has given that even when they knew that the tax auditor has new approach they seems to by just carefree. Moreover they also knew that the reliability of the cashless payment system data and the ability to
lift the veil but big chunk of them seems to be carefree

The side of the The Director of Potency, Compliance and Tax Revenue also given his opinion on the matter:

“...like we said before then the reliable secondary data is hard to receive, however, in cashless then the digital trace is exist whether that they use credit card, debit card, or even this new age fintech, that means the digital data is there and that means we can receive it and so it makes our job a lot easier...”

And he also added

“...so in the end our side of the coin needs secondary data meaning when the taxpayer mostly use cash in their transactions then it is harder for us to prove it otherwise when their main transaction method is cashless based then well it will leave out digital breadcrumb that we can use”

In regards to the prespective of the Director of Potency, Compliance and Tax Revenue he believe that the cashless payment does provide data in which should be a lot more reliable and by doing so making their job easier. He believe that in this regard he achieve this by the fact that the cashless payment system whatever the model would create a digital breadcrumb which will be easier and available for use.

MSME Tax evasion behaviour and the driver of such behaviour

These are several testimonies derived from the interview regarding the behaviour of MSME businesses tax evasion behaviour and the driver for such behaviour from the Tax Auditor side of the spectrum:

“...yes there is some evidence of a changes in behaviour but it’s fairly minimal, if there is a difference in behaviour It mostly comes from their anxiousness, in a context tax because their pretty much anxious of this” –Mr. Teted

And he also added

“...we talk about their behaviour we certainly did find some changes a big part of them has become more comply to the regulation, however, when we look more towards the MSME businesses the we see a different pattern as only small part of them change, most of the other still believe that the tax office did not pay too much attention to them” –Mr. Teted

And his fellow auditor from Tanah Abang 2 tax office also said

In regards to the motivation or driver for such behavioural change the people in Pandemangan tax office said:

“They are scared of getting sniffed out, and has to pay the fine...” –Mr. Teted

While the auditors from Keramat Jati tax office seems to believe that there is difference in the cooperativeness of the tax payer. The reason for such behaviour seems to be derived from the existence of an audit trail which forces them to cooperate more towards the tax authority. That being said it seems that the effect is still minimal in this jurisdictions.

When it comes to the MSME behaviour and the driver for such behaviour in after the adoption of cashless payment system, it seems that the side of the Tax Auditor agrees that there is differences in their behaviour after the adoption of cashless payment system. The adoption of cashless payment system while not big still have considerable changes in MSME behaviour in regards to tax evasion. The interviewee seems to be agree that the MSME businesses would less likely
to evade taxes when they have adopted cashless payment system which are aligned with the theory of tax evasion 1972.

That being said the Tax Consultant also given his Voice “to some degree yes, and for the most part client who only accept cash would tend to be a bit naughtier than that of the cashless one” Mr. X
Followed by
“...well like I said the naughtier one are still mainly using cash for their transaction, even though, there is a regulation that limit the transaction of more than 10 million are required to use cashless payment there’s still loophole for it” -Mr.X
When asked how the loophole is utilize he answered with which using cash are put to smokescreen
And when asked why he thinks the naughtier one would often used cash he answered with
“yes, for short in some cases they become more cautious, as they fear that their books will got caught in an audit”-Mr. X
Statement from the tax consultant give the information that he sees that his client that have the tendency to evade seems to be coming from the one which uses mostly cash payment. However, even though the cashless seems to be more compliant they seem to be a way that they use as a loop hole from the tax authority. That being said, the adoption of cashless payment system makes the taxpayer seems to be more cautious as they fear that their books might be caught. He then jokingly added that if all taxpayer complies 100 percent a job as a fixer like him would cease to exist. This interview resulted in a testimony that seems to prove that the use of cashless payment system does by itself help reduce the behaviour to evade taxes which if we look back towards the interview, makes them more cautious which aligned with the theory of tax evasion (Allingham & Sandmo, 1972). However, the fact that the interviewee mentioned the existence of a loophole shows that there is a new interesting dynamic in which can be explore

That being said the statement from the Director of Potential, Compliance, and Tax Revenue:
“...then it comes to the pattern in the taxpayer behaviour, then yes there is, a difference in this are regarding their compliance pattern and that is what I see is that the fat that the taxpayer especially those who are smaller and the medium it seems that they are deterred when trying to evade their obligations...”-Mr. Yon
He then added
“...as they feel that they were monitored as efficiently as it is today then they feel that they would get caught easily and when they are anxious of getting caught they will have less tendency to evade as it is easily caught on, that’s why in my opinion from our side the surveillance and monitoring would be more effective while on the taxpayer side it would create a sense of fear of their wrong doing and that by itself would tip the scale of complianceness...”-Mr. Yon
These remarks shows that he believes that the fact that the use of cashless payment system are more adopted by the MSME it seems that the business becomes more deterred in evading taxes. The reason being he believe that the ever increasing of monitoring done by the tax authority that is done by the secondary data that comes from cashless payment system created a fear in their mind and tip the scale of complianceness.
CONCLUSIONS
AND
SUGGESTIONS

Conclusion
In general, the people in the tax office (whether the tax auditor or the upper echelon) seems to agree that there is a difference between both MSME that uses cash as their main transaction method or not. Supported by government regulation, as the data are recorded and available to the tax auditor, it makes the behaviour of the taxpayer after they accepted cashless payment system is that some of the taxpayer may feel reluctant and discouraged to evade taxes because some of them might feel like getting caught by the tax auditor. That being said, the testimony provided by the tax consultant reveals that some of the MSME businesses may still find a way to evade as there still loop hole available.

All in all, it seems that all of the informants have been aware of the existence of cashless society in Indonesia is nearing its end. That being said, those who predicted this to happen has prepared for the inevitable. They have created an interesting dynamic that resembles ouroboros snake, where it signifies the birth and death in a never-ending cycle, with the head of the serpent being the tax authority and the tail being the taxpayer. The tax authority will use the cashless payment system as efficient as possible to minimize tax evasion. On the other side, the taxpayer will try to find new way to slither through the hurdle, which are squeezing tighter.

Limitation and Challenges
1. One of the parties of the research, the tax consultants, only provided one informant for questioning. Furthermore, the tax consultant did not want to be disclosed as he stated that disclosure might jeopardize his client.
2. The researcher had trouble in gathering the necessary information from the previous researcher regarding the research.
3. Furthermore, due to the time constraint placed by the tax auditor, this research could only be done by a group interview method. Because they seemed to be unwilling to have a one on one interview as it would take longer period.

Suggestions
1. It seems wise for the governmental tax authority to keep evolving and embracing the new technology.
2. With the new effective system released by the tax authority, it seems best to raise the penalty towards the business in order to prevent tax evasion.
3. For the next researcher, it is advisable to try and find more subject and cover wider range.

REFERENCES


pembayaran/documents/1fcf274182aa451dbea7015f421d2987pbi_111109f.pdf


