



TAX AUDITOR'S ETHICS REVIEW FROM ISLAMIC PERSPECTIVE (AT REGIONAL OFFICE OF DGT EAST JAVA I)

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ABSTRACT

Ethics currently exists in various professions. Tax auditors have been provided with a code of ethics that must be obeyed. Islam is a religion that teaches the values of goodness and the basic beliefs of its people in living life. In this article the authors want to explain the importance of ethics from an Islamic point of view in the tax auditor profession. The research was conducted using descriptive qualitative methods, in the form of field research. The results of the study indicate that the existing professional ethics of tax auditors are in accordance with Islamic teachings, in carrying out their duties and work a tax auditor must apply existing professional ethics and implement Islamic teachings.

INTRODUCTION

In the last decade, there has been a significant increase in professionalism. This is caused by business competition that is quite sharp so that business people take actions that ignore the various moral and ethical dimensions of the business itself[9]. Ethics itself comes from the Greek “*ethos*”, which means the character, soul and behavior of a community or cultural group. Ethics itself has the goal of evaluating human actions based on moral standards and providing advice to act according to morals in certain situations. Therefore, ethics is very important for a profession where a profession must show its personality and ethical actions [9].

The tax auditor profession has an important role in increasing taxpayer compliance [10]. To increase this amount, of course, as a profession, a tax auditor must increase his compliance with the code of ethics and professional ethics. Independence in tax audits is the attitude expected of a tax auditor in carrying out his duties in accordance with auditor standards which aim to test overall eligibility and other audit purposes. Independence itself is a state of being free from influence, not controlled by other parties, and not dependent on other people (mulyadi journal Abdul).

The independence of the tax auditor is urgently needed, considering that nowadays cases of tax evasion have increased dramatically. One of them is the tax evasion case at the Kelapa Dua Samsat, Tangerang Regency [12]. Tax auditors are highly relied upon by the public in disclosing frauds that can be detrimental to society and the state. Therefore, the auditor is required to be able to carry out his mandate in a professional manner.

The responsibility of the tax auditor which is quite large certainly requires adhering to the code of ethics [11]. The auditor's code of ethics is an integral part of Islamic law. In Islam itself it is explained that accountants must seek the pleasure of Allah in carrying out their work. So in this article the author wants to try to explain the importance of ethics in accounting based on an Islamic point of view. The author conducted research by conducting interviews with the Tax Auditor at the Regional Office of DGT East Java I.

Literature Review and Hypothesis Development

Decree of the Minister of Finance number 545/KMK.04/2000 concerning Tax Audit Procedures explains that tax auditors or tax examiners are Civil Servants within the Directorate General of taxes or experts appointed by the Director General of Taxes who are given the task, authority and responsibility to carry out tax audits. So far, the tax auditor profession has had professional ethics that are continuously updated. However, this does not prevent perpetrators from committing fraud while carrying out their professional duties. The implementation of professional ethics supported by belief in religion is considered to further strengthen the auditor's commitment in carrying out his professional function. Research conducted by (Diana & Basri, 2021) shows that ethics in the accounting profession currently needs to be perfected by adopting ethical values that exist in Islam. The ethics of the accounting profession is very important because accountants have a great responsibility to Allah and the public for the results of their work.

Research conducted by (Abdul Fatah et al., 2017) shows that independence, professionalism, and commitment affect the quality of tax audits. This shows that the auditor must carry out his work according to his code of ethics because it has a direct effect on the results obtained and these results are independent information that is utilized by users.

In a study conducted by (F. Annuri Jayasi, 2022) states that there are five noble qualities of the Prophet Muhammad, namely *Siddiq*, *Amanah*, *Tabligh*, and *Fathanah* which are directly related to professional ethics. A tax auditor must have integrity which is built from spiritual and emotional intelligence, objective thinking which is built from a sense of justice, competent and full of prudence which is built from faith and piety, and maintain confidentiality which is built from trustworthiness which requires keeping the secrets he carries. This is in accordance with the following figure 1 which explains how these four traits represent ethics in the profession.

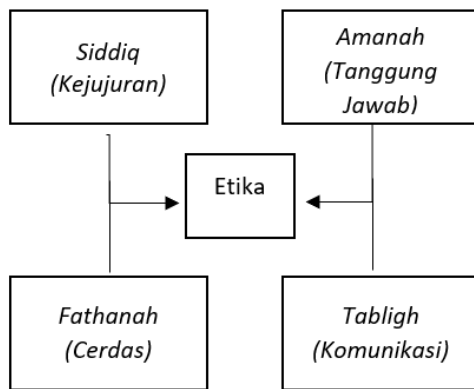


Image 1

Duska, et al (2011) explained that the code of ethics is an elaboration of job descriptions for specific responsibilities in a job. In carrying out his duties and profession as a tax auditor, a tax auditor is guided by the Director General of Taxes Regulation number PER-9/PJ/2010 concerning Audit Standards for Testing Compliance with Fulfillment of Tax Obligations of the Director General of Taxes [2]. In PER-9/PJ/2010, Part Two: General Standards, Article 4 paragraph 2 letter a, has regulated the general qualifications of a tax auditor in the form of educational requirements, expertise, skills, knowledge, and minimum competencies that must be possessed by a tax auditor. Whereas in Article 4 paragraph 2 letter b PER-9/PJ/2010 explains that tax auditors/tax examiners are required to always be honest and clean from disgraceful actions and always prioritize the interests of the state; must comply with the code of ethics that has been stipulated by the Directorate General of Taxes; the tax examiner must be independent, that is not easily influenced by circumstances/conditions/actions and/or the Taxpayer being examined; as well as tax auditors must comply with various provisions of laws and regulations, including complying with the time limit set.

Article 4 paragraph 2 letter b PER-9/PJ/2010, explains that tax auditors must comply with the code of ethics established by the Directorate General of Taxes. The latest code of ethics for the Directorate General of Taxes is contained in the Director General of Taxes Regulation Number PER-22/PJ/2019 concerning the Code of Ethics and Code of Conduct for Employees within the Directorate General of Taxes [3]. In Article 2 PER-22/PJ/2019 it is stated that in daily behavior, every employee must be based on: 1) Values, 2) Code of Ethics and

Behavior. Then Article 3 PER-22/PJ/2019 explains that the values referred to in article 2 are 1) the basic values of the state civil apparatus, 2) the values of the Ministry of Finance. The Ministry of Finance's values are regulated in the Decree of the Minister of Finance number 312/KMK.01/2011, where in the first dictum it is stipulated that the Ministry of Finance's Values are : Integrity, Professional, Synergy, Service, Perfection.

There is an ethical value in accounting that can be seen from an accounting point of view. The first value is the recording contained in Surah Al-Baqarah verse 282 where Allah commands to record correctly and honestly all transactions that occur. Recording must be based on valid and correct transaction evidence. This relates to the tax auditor whose job is to check whether the tax components of the taxpayer have been reported according to what happened. The second value is the measurement value where in the Al-Quran it is stated that ethics must measure fairly according to the letter Asy-Syu'ara verses 181-184. The third value is the ethical value in which the financial statements are a form of accountability from management. Financial reports must be presented correctly and that includes fairness in reporting [13].

RESEARCH METHODS

This research uses descriptive qualitative method, with the form of *field research*. The author wants to understand and express the problem under study by conducting *interviews* with the object under study. In this study the authors conducted *interviews* with 4 (four) *Tax Auditors* at the Regional Office of DGT East Java I. The interviews *were* conducted to obtain an overview and actual conditions in the field in order to see the theory and practice being carried out. In this study, the description and conditions to be obtained are regarding the ethics of tax auditors in an Islamic perspective.

RESULTS AND DISCUSSION

General Description of the Tax Auditor at the East Java DGT Regional Office I

The East Java I DGT Regional Office is one of the echelon II units of the Directorate General

of Taxes, Ministry of Finance of the Republic of Indonesia which is located in the city of Surabaya. Based on PMK-184/PMK.01/2020, the East Java I DGT Regional Office oversees 13 (thirteen) Tax Service Offices throughout the City of Surabaya, consisting of 2 (two) Middle Tax Service Offices and 11 (eleven) Tax Offices Primary Tax Service.

In accordance with Minister of Finance Regulation number PMK-184/PMK.01/2020 concerning Amendments to Minister of Finance Regulation number 210/PMK.01/2017 concerning Organization and Work Procedures of Vertical Agencies of the Directorate General of Taxes, it is explained that Regional Offices have the task of carrying out analysis, elaboration, coordination, guidance, evaluation, and control of policies and implementation of tasks in the field of taxation in their working area based on statutory regulations.

In order to carry out one of its duties, namely the implementation of tasks in the tax sector, especially duties in terms of auditing to test taxpayer compliance, the Regional Office of the Directorate General of Taxes East Java I, under the Field of Examination, Billing, Intelligence and Investigation currently has 14 (fourteen) Tax Auditor / Tax Auditor Functional. The Tax Auditor, with the aim of increasing the effectiveness of completing their duties, is divided into 2 (two) groups, with each group consisting of 2 (two) teams.

In this study, interviews were conducted with 4 (four) tax auditors/tax examiner functional, namely: (1) Mr. MH, male, group 2 supervisor; (2) Mrs. IC, female, team leader 1 group 1; (3) Mr. MABP, male, member of team 1 group 2; and (4) Mr. SR, male, team member 2 groups 1. Informant sources are selected by triangulating the existing data, so that the informant sources are spread in each group, which can represent different positions (supervisor, team leader, team member), as well as gender differences (male and female). In addition, based on existing Internal Compliance report data, no violation of the code of ethics was found at the East Java I DGT Regional Office, and based on the DGT tax complaint service which is managed centrally, there were no complaints of violations of the tax auditor's code of ethics at the DGT Regional Office. East Java I.

Tax Auditor's Understanding of Professional Ethics contained in PER-09/PJ/2010, PER-22/PJ/2019, and KMK-312/KMK.01/2011

Based on the literature obtained, in carrying out the profession as a tax auditor, there are 3 (three) ethical guidelines that are used as a reference for tax auditors, which are contained in PER-09/PJ/2010, PER-22/PJ/2019, and the Values of the Ministry of Finance in KMK-312/KMK.01/2011. Regarding the understanding and relevance of professional ethics that must be carried out, based on the results of interviews with the tax auditor, Mr. MABP explained that:

"The three are interrelated, examiners are charged with the code of ethics of the Directorate General of Taxes. DGT is part of the Ministry of Finance, so examiners are also required to comply with the Ministry of Finance's code of ethics. Tax examiners are required to always be honest and clean from disgraceful actions and prioritize the interests of the state above personal or group interests. The Tax Auditor must comply with the code of ethics that has been stipulated by the Directorate General of Taxes. The Tax Auditor must be independent, that is not easily influenced by circumstances/ conditions/ actions and/or the Taxpayer being examined"

Another Tax Auditor, Mr. SR, gave his opinion as follows:

"A reliable, professional and qualified auditor must meet general standards both as a person and for the quality of work performed. These three regulations are interconnected, in order to meet the general standards contained in PER-9/PJ/2010, the attitudes reflected in the Values of the Ministry of Finance must be applied in daily life and comply with the DGT code of ethics."

Based on the results of interviews regarding the understanding of the ethical regulations that must be carried out, the tax auditors have understood that

the three regulations are interrelated. In addition, the tax auditor has also understood the content and content of the ethical values that must be applied, namely the auditor must always be honest and clean from disgraceful actions, prioritize the interests of the state, must be independent and not easily influenced. These benevolent ethical values must be applied both as a person and to the quality of the work one does.

The Tax Auditor Professional Ethics View in Islamic Perspective

The Professional Ethics that must be adhered to by the Tax Auditor includes the moral standards that apply in society. These moral standards contain good values that will provide guidance in dealing with all situations when carrying out their work as a tax auditor. Islam is also a religion that teaches its people to always do good and requires its people to always do good in carrying out their lives. So the professional ethics that must be obeyed in carrying out their work should be in accordance with Islamic law which must be adhered to in carrying out life. Regarding the understanding of the professional ethics of the tax auditor from an Islamic perspective, the tax auditors at the Regional Office of the DGT East Java I have provided their views. According to the tax auditor, Mr. SR, explained that:

“The Tax Auditor Professional Ethics is in line with the Islamic perspective. Regulated professional ethics is a commendable attitude regulated in Islamic teachings. Editor ethics must be honest, fair, professional and not violate Islamic religious norms. In addition, faith and piety greatly affect existing attitudes or ethics. In fact, an auditor knows what is good and bad in carrying out his duties and obligations. However, if faith is not solid, theory is only theory that is only understood and not implemented in everyday life.”

Mr. MABP also gave his opinion:

“The existing Auditor Ethics is in accordance with an Islamic perspective. Honest, clean and independent values in carrying out tasks are also moral values that must be carried out in an Islamic perspective. Faith and taqwa are important to always guard the heart in a relationship that we are always watching,

namely Allah SWT, so that we always maintain the existing code of ethics.

Mr. MH explained that a tax auditor in line with an Islamic perspective must be carried out with the Mandatory nature of Rasulullah SAW as follows:

“Siddiq means that an auditor must always be true in words and deeds. Trustworthy, in law enforcement the auditor must be trusted as the first guard of law enforcement. Tabligh means that an auditor must convey matters correctly to the Taxpayer and educate so that the Taxpayer does not make the same mistakes. Fathanah means that the auditor must be smart in carrying out the assigned tasks.

In carrying out her daily duties, Mrs. IC implements Islamic ethics and teachings by:

“An auditor besides having to understand existing ethics, an auditor must always increase his faith and piety so that his attitudes and actions are always maintained in everyday life. Carrying out our duties by always carrying out a test measure by asking our hearts for every action and word, as long as we have knowledge and faith, we can definitely determine what is good and what is bad.”

The interviews conducted with the tax auditors provide an overview of how the existing ethics of the tax auditor profession relates to its application in an Islamic perspective. The tax auditors explained that the existing professional ethics are in accordance with Islamic teachings because it is a commendable attitude that demands to be honest, clean, and independent. Honest, clean and independent behavior reflects the commands of Allah SWT. In the Al-Quran, there are many verses about being honest, clean and independent. Some of them are: QS Az-Zumar verse 33 which means, “And those who bring the truth and justify it, they are the pious,” and QS Al-Maidah verse 8, which means, “O you who believe you should be those who always uphold (truth) for Allah, witness fairly. And never let your hatred of a people make

you act unjustly. Be fair, because fairness is closer to piety. And fear Allah, verily Allah is Aware of what you do.”

The tax auditor also added the importance of the role of faith and piety in life to help carry out their daily duties and obligations. In the Al-Quran, there are many commands to have faith and piety, as in QS At-Taubah verse 119 which means, “O you who believe, fear Allah, and be with those who are true,” and in QS . Ali Imran verse 102 which means, “O you who believe, fear Allah, truly fear Him; and do not ever die unless you are Muslim.”

In addition, there is an additional view that the Mandatory characteristics of Rasulullah SAW, namely Siddiq, Amanah, Tabligh and Fathanah are traits that must be emulated in relation to his work. In the Al-Quran, Siddiq Rasulullah’s character is told in Surah Maryam verse 41 which means, “Tell (Muhammad) the story of Ibrahim in this Al-Kitab (Al-Quran). Verily, he is a very justifiable and a Prophet”. The Trustworthiness of the Prophet in the Qur’an is found in QS Asy Syu’ara verses 106 and 107 which means, “When their brother (Nuh) said to them, ‘Why are you not pious? Verily, I am a trusted messenger (sent) to you.’ While the nature of the Prophet’s tabligh is written in QS Al-Maidah verse 67 which means, “ Rasul, convey what has been sent down to you from your Lord. And if you don’t do (what is ordered, it means) you don’t convey His message. Allah protects you from (disturbing) humans. Surely Allah does not guide those who disbelieve.”

In the interview, the tax auditors also stated that they had tried to always implement Islamic values in carrying out their lives and duties and work.

The Tax Auditor’s View of Mistakes, Fraud, Sanctions, and Policy Formulation in an Islamic Perspective

Tax auditors have quite heavy duties and responsibilities, namely finding material fraud and non-compliance by taxpayers in carrying out their tax obligations. In addition, when carrying out their duties, difficulties are often encountered in the form of errors, fraud and other problems.

Based on existing experience, according to Mr. MH, the role of the tax auditor in solving cases of non-compliance and/or fraud by taxpayers is:

“Examination is one of the tools to test taxpayer compliance regarding the fulfillment of their tax obligations. Apart from being law enforcement, audits are also providing a *deterrent effect* so that taxpayers do not repeat their mistakes, non-compliance and fraud. The role of the auditor uncovers or finds facts about existing fraud, finds taxpayers who are dishonest in making reports.”

Meanwhile, when facing problems in carrying out her work, Mrs. IC explained:

“Try to respond calmly, admit mistakes, apologize, try to improve and find solutions to existing problems. As well as making lessons in the future so that this does not happen again.”

The tax auditors also gave their views on the enforcement of sanctions in Indonesia, especially regarding cases of violations of the code of ethics from an Islamic perspective, Mr. SR: “A person who is guilty should be given a sanction. In my opinion, the accuracy in imposing sanctions on the violated actions makes the violators deterrent and returns to the right path or Islamic law.” Meanwhile, Mr. MABP gave a different opinion, that “The enforcement of sanctions against violations of the code of ethics in Indonesia is quite good. Each institutional ministry has an ethics supervisor, who supervises and takes action if an ethics violation occurs.”

Seeing from the implementation of the implementation of the code of ethics that has been carried out, Supervisor Mr. MH believes that it is still necessary to formulate a policy that is truly valuable for an auditor in general and for a tax auditor in particular in terms of principles and implementation from an Islamic perspective. Mr. MH explained:

“That the foundation of our country is Pancasila, the first principle of Pancasila is Belief in One Almighty God. This means that the basis of our country is structured with religious values, Indonesia as a country with the largest Muslim population certainly needs to implement Islamic values in every rule formation related to ethical and moral values or norms.

Based on the explanations and views of the tax auditors, it can be seen that the task of the tax auditor is to test taxpayer compliance and provide a deterrent effect so that taxpayers do not repeat their mistakes, non-compliance and fraud, the tax auditor must disclose if there are taxpayers who are dishonest in their preparation of financial reports. God has condemned fraudulent behavior. In the Al-Quran there is one letter that tells about this cheating, namely QS Al-Muthaffin which means People who cheat. The first verse in QS Al-Muthaffin means, "Woe to those who cheat." In Al-Muthaffin, cheating is narrated in verses 1-10.

In addition, when facing mistakes that might be made by the tax auditor, they have responded well, this good attitude is in accordance with Islamic teachings, namely the tax auditor will admit mistakes, apologize, and try to fix and find solutions to existing problems and make lessons in the future. . In Al-Quran QS At-Taubah verse 126, which means " And don't they (the hypocrites) notice that they are tested once or twice every year, but they don't (also) repent and don't (also) take lessons? " explained that humans are tested and humans should repent and take lessons from the tests they have passed.

With regard to violations of sanctions, the tax auditor is of the opinion that violations must be sanctioned by deterrent violators and return to the right path or Islamic law. The tax auditor is of the opinion that the current enforcement of ethics violation sanctions in Indonesia is quite good because each institution and ministry has an ethics supervisor. And with respect to the basis of our country being structured with religious values and Indonesia as a country with the largest Muslim population, of course, it is necessary to implement Islamic values in every formation of rules related to ethical and moral values or norms.

CONCLUSION

Based on research conducted through interviews with tax auditors at the East Java I DGT Regional Office, it can be concluded that: 1) Good ethical values must be applied both as a person and to the quality of the work one does; 2) The existing ethics of the tax auditor profession is suitable for its application in an Islamic perspective because it is a commendable attitude that demands to be honest, clean, and independent; 3) Faith and piety play an important role in carrying out duties, obligations and work; 4) The obligatory nature of the Prophet: Siddiq, Amanah, Tabligh, and Fathanah must be emulated and implemented in carrying out the work and duties of a tax auditor; 5) Violations must be given sanctions so that the violators are deterrent and return to the right path or Islamic law; 6) Enforcement of sanctions violations in Indonesia is quite good; 7) Islamic values are required in every formation of rules relating to ethical and moral values or norms.

All of these things show that the existing code of ethics is good, but when combined with teachings in an Islamic perspective it can provide more quality to the code of ethics which can improve the quality of the auditor's results. In addition, it is hoped that there will be no fraud related to bribery between auditors and taxpayers and can restore public confidence in tax agencies.

The limitation of this research is that the research was carried out within the scope of one work unit with qualitative research methods. Suggestions for further research so that research can be carried out on the topic of Auditor Bag Ethics in an Islamic Perspective in other units or can be carried out using quantitative methods with more research samples.

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