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Article

Global tax avoidance and evasion: A landscape through insights from a systematic literature review and bibliometric analysis

Edi Sumantri*, **Azhari Aziz Samudra**, **Agus Suradika**

Department of Public Administration, Universitas Muhammadiyah Jakarta, Banten 15419, Indonesia
* **Corresponding author:** Edi Sumantri, edi.sumantri@student.umj.ac.id

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Abstract: This research aims to comprehensively investigate contemporary practices and factors influencing global tax avoidance and evasion through a systematic literature review (SLR) and bibliometric analysis. This study methodology uses SLR with bibliometric analysis to map this research trend. Relevant literature was collected and systematically analyzed to identify key themes, methodologies, and findings regarding tax avoidance and evasion. The study's findings identify various tax avoidance practices, including profit shifting, transfer pricing strategies, and the use of tax havens by multinational corporations. The report also highlights various forms of tax evasion, such as money laundering and illicit financial flows. Key factors influencing tax behavior are ethical considerations, government policies, economic factors, and corporate governance practices. This analysis highlights the complex interactions between these factors in shaping tax practices globally. The study's conclusions show that effective tax governance requires a multifaceted approach integrating ethical standards, a strong regulatory framework, and international cooperation. Ethical corporate behavior and transparent reporting are essential in promoting tax compliance and fairness. This study emphasizes the critical role of policymakers in designing and enforcing tax policies that discourage aggressive tax planning while encouraging economic growth and equality. Recommendations from these findings are to increase transparency in multinational operations, strengthen international tax cooperation, and improve global tax administration capabilities. In addition, increasing taxpayer education and awareness can foster a culture of compliance and ethical tax practices. Future research should prioritize longitudinal studies and case-specific analyses to deepen understanding and develop targeted interventions to address tax avoidance and evasion challenges.

Keywords: tax policy; tax avoidance; tax evasion; systematic literature review; bibliometric analysis; tax administration; tax system

1. Introduction

Taxpayers use tax avoidance to reduce or even eliminate their tax burden by exploiting gaps or loopholes in tax policies and regulations. While tax avoidance is legal, it can still negatively impact state revenue (Firmansyah and Triastie, 2020). Tax avoidance differs from tax evasion, which is illegal. Tax avoidance can be divided into two types: acceptable and unacceptable. Acceptable tax avoidance refers to efforts by taxpayers to avoid taxes legally and without engaging in fraudulent transactions.

On the other hand, unacceptable tax avoidance is carried out through illegal means. Tax avoidance can be detected by identifying weaknesses in tax legislation that allow taxpayers to minimize the tax they pay (Lokanan, 2023). Although tax avoidance is not illegal, it is still considered an unacceptable practice because it reduces the tax base and can lead to a decline in government revenue. This condition arises because tax avoidance is a complex topic with interconnections with other tax, social, economic, and cultural issues. Therefore, identifying topics related to tax avoidance based on previous research is crucial to help stakeholders understand existing tax avoidance practices, such as the government, academics, and tax practitioners (Wenwu et al., 2023).

Tax avoidance or resistance to taxes is an obstacle in tax collection that decreases regional cash receipts. Tax avoidance is a legal activity in the eyes of the law. Thus, tax avoidance is a form or method taxpayers use to reduce or avoid taxes legally or without violating applicable tax laws. If taxpayers use methods that contradict existing tax regulations, it falls into the category of tax evasion (D’Agostino et al., 2021). This condition implies the need for local governments to understand the trends and patterns of frequent taxpayer cases. Therefore, a study is needed to discover commonly used practices, such as forms of avoidance and violations. It is expected to assist in designing more effective tax policies and preventing unfair tax avoidance (Windsor, 2017).

The study aimed to identify forms of tax avoidance practices crucial in effective taxation. In order to create a fair and equitable tax system and ensure sufficient state revenue to finance public policies and programs, researchers need to explore and understand the various forms of tax avoidance. By knowing how tax avoidance is practiced, the government can take appropriate measures to address tax loopholes and reduce tax avoidance. By deeply understanding the existing forms of tax avoidance, the government can formulate better policies, close the tax gaps exploited by tax avoiders, and ensure tax equity for all parties. Hence, literature-based research is needed to provide valuable insights for policymakers in designing more effective tax regulations.

Previous studies on tax avoidance have been numerous but still have limitations. Previous research has focused on general topics and has yet to identify external topics related to tax avoidance (Kovermann and Wendt, 2019). Moreover, previous studies were limited to specific cases and could not explain various tax avoidance forms. Although some studies have been conducted to uncover notable or significant tax avoidance cases, many other forms of tax avoidance have yet to be covered in previous research. It indicates the need for broader research encompassing various types of tax avoidance practices, both by individuals and corporations and in different contexts, such as industrial sectors and tax regulations in various countries (Yee et al., 2018). Therefore, in-depth and inclusive research is needed to fill the knowledge gap regarding unexplored tax avoidance forms and provide a more comprehensive understanding of this practice.

Additionally, previous research has been limited to identifying general factors influencing tax avoidance without specifically identifying factors related to behavior and administration. More detailed research is necessary to understand the factors driving individuals and corporations to avoid tax obligations, including psychological factors, economic motivations, risk perceptions, and administrative strategies. In terms of behavior, it is essential to study how factors such as ethical awareness, morality, perceptions of tax fairness, and compliance with regulations influence the decisions of individuals and companies to engage in tax avoidance. Case studies illustrate key issues in tax avoidance and evasion. Apple’s use of Ireland’s tax laws to reduce global tax liabilities highlights strategic exploitation of tax havens. The Panama Papers exposed how offshore entities are used to evade taxes, stressing the need for global regulatory reform. In Indonesia, motor vehicle tax avoidance through fraudulent practices shows challenges in developing countries. E-commerce tax evasion and energy sector tax minimization reveal the need for updated regulations and sector-specific policies. These examples underscore the complexity of tax avoidance and the necessity for adaptive and comprehensive policy measure (Oladipo et al., 2022). Meanwhile, in the administrative aspect, research should identify factors affecting the government's ability to enforce tax rules, such as the effectiveness of monitoring systems, the capability to implement regulations and tax transparency. Thus, more in-depth and specific research is needed to comprehensively understand the factors influencing tax avoidance in the context of behavior and administration. Based on these limitations, further research is necessary to identify these gaps and suggest areas requiring more investigation. It can promote future studies that are more detailed and focused on specific aspects of tax avoidance.

Tax avoidance is a significant taxation issue that must be addressed seriously. Therefore, literature-based research plays a vital role in providing insights to policymakers in designing more effective tax regulations. In this effort, understanding the existing forms of tax avoidance is a crucial first step. With a deep understanding of tax avoidance strategies, the government can take appropriate measures to address tax loopholes often exploited by tax avoiders. Furthermore, this action will contribute to reducing the level of tax avoidance that harms the economy and optimizing the tax revenue that should be collected (Damayanti et al., 2020). In the context of globalization and the complexity of taxation, research and a deep understanding of tax avoidance become increasingly crucial for policymakers in designing a fair and effective tax system.

Based on these conditions, this research is needed to address the following research questions: (1) What topics are related to tax avoidance based on previous research? By conducting an SLR, the study can identify and analyze topics previously researched in the context of tax avoidance, such as multinational corporate tax avoidance, transfer pricing strategies, the use of corporate networks, or offshore activities. (2) What are the forms of tax avoidance and tax evasion cases? Through an SLR, the study can collect and analyze various reported cases of tax avoidance, both in the context of large companies and individuals, including the methods and techniques used to avoid paying taxes. It will provide deep insights into the various tax avoidance cases that policymakers and tax authorities must consider. (3) What factors influence the occurrence of tax avoidance? Using the SLR method, the study can compile and analyze factors identified in previous research, including economic, legal, political, social, and behavioral factors that influence the decisions of individuals and companies in committing tax avoidance. Thus, SLR-based research will provide a strong foundation for understanding the topics, forms of cases, and factors related to tax avoidance, thereby offering valuable insights for policymakers and tax practitioners in designing more effective strategies and regulations.

This study aims to address gaps in tax avoidance and evasion research by developing an integrated framework encompassing ethical, regulatory, financial, governance, stakeholder, and both regional and international tax factors. Its goal is to provide an in-depth analysis of tax mechanisms in developing countries like Indonesia and to apply advanced bibliometric techniques. The originality lies in its cohesive modeling and practical recommendations that fill existing gaps in literature and tax policy.

2. Methods

This research uses the SLR protocol by Phillips and Barker (2021). This methodology is known as a systematic literature review (SLR), and its procedures are defined in a structured manner **(Figure 1).** The SLR methodology is a structured approach to collecting, reviewing, and analyzing relevant literature on a specific research topic. The first stage is planning: a). Identification of SLR Needs: In this stage, researchers identify and understand their needs related to the SLR. They determine the research objectives, questions to be answered, the boundaries for selecting the literature, and b). Preparation of the Review Protocol: Researchers create an SLR protocol that includes PICOC criteria **(Table 1),** steps, inclusion and exclusion criteria, literature search methods, and procedures for evaluating the quality of the literature. This protocol serves as a guide for conducting the SLR and ensures consistency and transparency.

Table 1. PICOC criteria.

Population	**Tax Avoidance, Tax Evasion**
Intervention	tax administration, tax law and regulation, tax strategies, minimizing tax burden, reducing tax liability, exploiting tax loopholes
Comparison	illegal tax schemes, fraudulent tax practices, different tax jurisdictions
Outcome	taxpayer awareness, taxpayer compliance, taxpayer empowerment approach, conventional tax compliance, tax transparency, tax fairness, tax equity, tax revenue
Context	administration, policy, national tax system, cross-border transactions, developing countries, tax policy

Source: Phillips and Barker (2021).

a. Explanation of PICOC criteria:
   1) Population: This study includes cases of tax avoidance and tax evasion. Tax avoidance refers to legal practices undertaken by individuals or companies to reduce tax liabilities, while tax evasion refers to illegal practices to avoid paying due taxes.
   2) Intervention: Interventions considered in this study include tax administration, tax law and regulation, tax strategies, minimizing tax burden, reducing tax liability, and exploiting tax loopholes. These factors are related to methods individuals or companies use to influence the tax they must pay.
   3) Comparison: The comparison involves illegal tax schemes, fraudulent tax practices, and different tax jurisdictions. By comparing these cases, the study can evaluate the effectiveness of different interventions in addressing tax avoidance and tax evasion.
   4) Outcome: Expected outcomes include taxpayer awareness, taxpayer compliance, taxpayer empowerment approach, conventional tax compliance, tax transparency, tax fairness, tax equity, and tax revenue. These factors reflect desired outcomes from effective tax interventions.

5) Context: The context includes tax administration, policy, national tax system, cross-border transactions, developing countries, and tax policy. This context provides a framework for examining the impact of interventions and outcomes in the broader context of taxation.

b. Implementation stage:

6) Identification of Research: Researchers search literature through databases according to inclusion criteria set in the SLR protocol.

7) Literature Selection Results: After searching, researchers select literature based on titles, abstracts, and possibly summaries or introductions of the articles. Relevant literature is chosen for further review.

8) Quality Testing Results of Literature: Researchers test the quality of the selected literature using appropriate evaluation tools, such as study quality questionnaires or quality assessment guidelines.

9) Data Extraction Results: Researchers extract relevant data from the literature that passed selection and quality testing. This data can include research results, methods, main findings, and other information relevant to the SLR objectives.

10) Data Synthesis Results: Researchers synthesize data by combining findings from the extracted literature. Depending on the data type available, this synthesis can be qualitative or quantitative.

c. Reporting stage:

In this stage, researchers prepare the final SLR report, including steps taken, main findings, data synthesis analysis, and conclusions. This report typically includes an introduction, methods, results, and discussion. Reporting aims to present SLR findings structured and transparently and contribute to existing knowledge in the research field. By following the above SLR methodology, researchers can systematically and objectively analyze relevant literature, thereby producing reliable and in-depth information to support the development of knowledge in the research field.

Figures 1 and **2** illustrate a structured literature selection flow based on a systematic literature review (SLR) to collect, review, and analyze literature relevant to a specific research topic. This flow assists researchers in identifying, selecting, and evaluating literature that can be used as the basis for systematic analysis and synthesis.

a. Identification stage:

In this stage, researchers search the literature using multiple sources, including Scopus, Emerald, and Google Scholar. Through these searches, researchers successfully obtained 1929 pieces of literature relevant to the discussed research topic.

b. Screening stage:

After obtaining 1929 pieces of literature, researchers conduct a screening stage to narrow the literature for further analysis. In this stage, researchers select, based on titles and abstracts, by reading summaries or introductions to these articles. After the screening, the amount of literature was successfully narrowed down to 453.

c. Eligibility stage:

At this stage, researchers evaluate the literature filtered in the previous stage to ensure they meet the established inclusion criteria. Inclusion criteria may include research topics, types of literature (e.g., scientific journals, books, or conferences), publication years, and others. After evaluation, the 453 pieces of literature meet the inclusion criteria.

d. Included stage:

The final stage in the systematic literature review flow is the included stage, where researchers determine the final number of literature to be deeply analyzed. Based on the previous stages, researchers selected 120 pieces of literature that were most relevant and suitable for the research objectives for further analysis.

Figure 1. Working method (Phillips and Barker, 2021).

Continue to the following **Figure 2.**

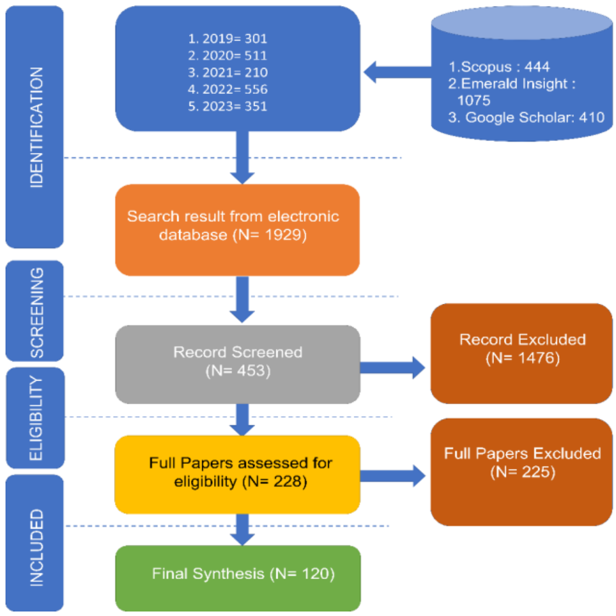

Figure 2. SLR-based literature selection flow.

Source: Bibliometric analysis, 2024.

The study employs various SLR analysis techniques to comprehensively and systematically examine the relevant literature. The first method used is constant comparison analysis, which reduces sources into codes inductively and then derives analytical themes from these codes. It allows the researchers to categorize and interpret the data systematically. Keywords in context is another technique that involves identifying key terms and using the surrounding text to understand their underlying meanings within or across different sources. This process aids in comprehending the context and nuances of critical concepts related to tax avoidance and tax evasion (Lin et al., 2021). Domain analysis is utilized to identify domains within sources based on the relationships between symbols and references. This method helps map out the different focus areas within the literature. Taxonomic analysis then creates a classification system that categorizes these domains into a flowchart representation, facilitating a clearer understanding of their relationships and hierarchies. Component analysis, a comparative technique, employs matrices or tables to identify differences between sub-components of domains. This detailed examination highlights the distinct elements and variations within the literature. Thematic analysis aims to identify relationships between domains, systematically analyzing similarities and differences across various sources. This approach helps in uncovering overarching themes and patterns in the data. Qualitative comparative analysis is used as a method for theory building, allowing the reviewers to form relationships between predefined categories and subsequently test and develop additional categories. This iterative process enhances the depth and rigor of the analysis. Finally, narrative analysis considers the potential of narratives to provide meaning to research findings. This technique allows the reviewers to summarize data effectively, capturing the essence and significance of the research coherently and meaningfully.

Bibliometric analysis

Bibliometric analysis is a quantitative technique used to evaluate and map scientific literature based on various indicators. Here is a detailed description of the bibliometric analysis tools used in this research:

a. Constant comparison analysis: This technique involves reducing sources into codes inductively and developing analytical themes from these codes. It helps in categorizing and interpreting data systematically.
b. Keywords in context (KWIC): This technique involves identifying key terms and understanding their meanings within the context of the surrounding text. It aids in comprehending the context and nuances of critical concepts related to tax avoidance and tax evasion.
c. Domain analysis: This technique identifies domains within sources by examining the relationships between symbols and references. It helps in mapping out different focus areas within the literature.
d. Taxonomic analysis: This method creates a classification system that categorizes domains into a flowchart representation, facilitating a clearer understanding of their relationships and hierarchies.
e. Component analysis: A comparative technique that uses matrices or tables to identify differences between sub-components of domains. This detailed examination highlights distinct elements and variations within the literature.

f. Thematic analysis: This technique identifies relationships between domains by systematically analyzing similarities and differences across various sources, uncovering overarching themes and patterns.
g. Qualitative comparative analysis: Used for theory building, this method forms relationships between predefined categories and tests and develops additional categories, enhancing the depth and rigor of the analysis.
h. Narrative analysis: This technique considers the potential of narratives to provide meaning to research findings, allowing researchers to summarize data effectively and capture the essence and significance of the research coherently.

By following a structured SLR methodology and employing advanced bibliometric analysis techniques, this research systematically and deeply examines relevant literature, producing reliable information to support the development of knowledge in the field of tax avoidance and tax evasion.

3. Results and discussion

3.1. Topics related to tax avoidance

This section analyzes topics related to tax avoidance based on the results processed using RStudio software. **Figure 3** were used to analyze and classify several topics presented in **Table 2**. These figures and the table show the topics grouped by cluster and provide an overview of related topics, highlighting the causal relationships between tax avoidance and various variables listed in the table. The table indicates that the keyword 'tax avoidance' frequently appears alongside terms such as 'China,' 'corporate social responsibility,' 'tax havens,' and 'profit shifting.' It suggests a connection between tax avoidance practices and countries like China, corporate social responsibility policies, and the use of tax havens for profit shifting (Granda, 2021).

Additionally, the keyword 'tax evasion' appears in the same cluster as 'tax avoidance,' indicating a close relationship between tax avoidance and tax evasion. The research suggests that tax avoidance practices can increase the risk of tax evasion, as a fine line often separates the two. Therefore, the subsequent sections will discuss the forms and factors of tax evasion. Businesses aiming to reduce their tax liabilities often use complex tax avoidance strategies, which can ultimately involve unlawful or illegal actions. Overall, the table analysis reveals causal relationships between tax avoidance and factors such as national policies, corporate social responsibility, tax havens, and the risk of tax evasion (Yamen et al., 2022).

It underscores the importance of addressing tax avoidance practices that undermine the fairness and stability of the tax system, as well as the need for more robust policies and international cooperation to tackle these issues effectively. The researcher's analysis of **Table 2** on related topics highlights that tax avoidance, particularly in the context of tax havens and multinational corporations (MNCs), is an increasingly important topic. This summary provides an overview of the reasons for selecting this topic and its significance. Tax avoidance involves using legal means to minimize tax liabilities, often by exploiting loopholes and mismatches in tax laws. It affects various stakeholders and entities, such as shareholders, corporate affiliates, politicians, the public, academics, and practitioners.

Tax havens, or jurisdictions that facilitate tax avoidance, are crucial in attracting MNCs and high-net-worth individuals seeking to reduce their tax burdens (Kobbi-Fakhfakh, 2021). By establishing subsidiaries or shifting profits through these jurisdictions, MNCs can take advantage of favorable tax rates, relaxed regulations, and confidentiality provisions (Cobham et al., 2021). This practice has implications for government revenues, fiscal policy, and tax fairness. The motivations behind tax avoidance can vary. MNCs engage in tax planning strategies to enhance their financial performance and profitability. They may exploit differences in tax systems across jurisdictions, engage in profit shifting, or participate in base erosion and profit shifting (BEPS) to reduce their overall tax liabilities. Financial reporting practices can also contribute to tax arbitrage and profit shifting. Although tax avoidance may be legal, it raises ethical concerns. Critics argue that it undermines the social contract between businesses and society by shifting the tax burden onto individuals and small businesses, eroding public trust, and hindering government efforts to provide essential public services. Additionally, tax avoidance can lead to negative consequences such as reduced investor protection, distorted market competition, and restricted economic development, particularly in emerging markets.

The legal framework and government regulations governing tax avoidance are crucial in shaping its prevalence and effectiveness. International taxation is a complex issue due to differences in tax policies and cooperation among jurisdictions. Governments must address tax avoidance issues by developing and implementing appropriate legal and regulatory frameworks. Through clear and consistent tax policies, governments can reduce loopholes that tax avoiders might exploit. Effective tax law enforcement is also vital in combating tax avoidance practices. In the context of international taxation, cooperation among jurisdictions is essential. Countries must collaborate to tackle tax avoidance practices involving multinational companies and tax havens. This cooperation can involve exchanging tax information, harmonizing tax policies, and establishing bilateral or multilateral tax agreements. However, international taxation remains complex due to differing tax policies between countries. Each country has unique tax policies, including tax rates, tax incentives, and rules for tax avoidance. These differences can create opportunities for tax avoiders to exploit in order to reduce their tax liabilities. Governments must consider adopting fair and balanced tax policies to address these challenges. It involves setting adequate tax rates, ensuring fair tax treatment for all stakeholders, and developing tax incentives that do not lead to abuse or tax avoidance. Overall, governments play a crucial role in facing the challenges of tax avoidance on both national and international scales. Efforts to reduce tax avoidance practices can be more effectively pursued with a solid legal framework, effective law enforcement, and international cooperation.

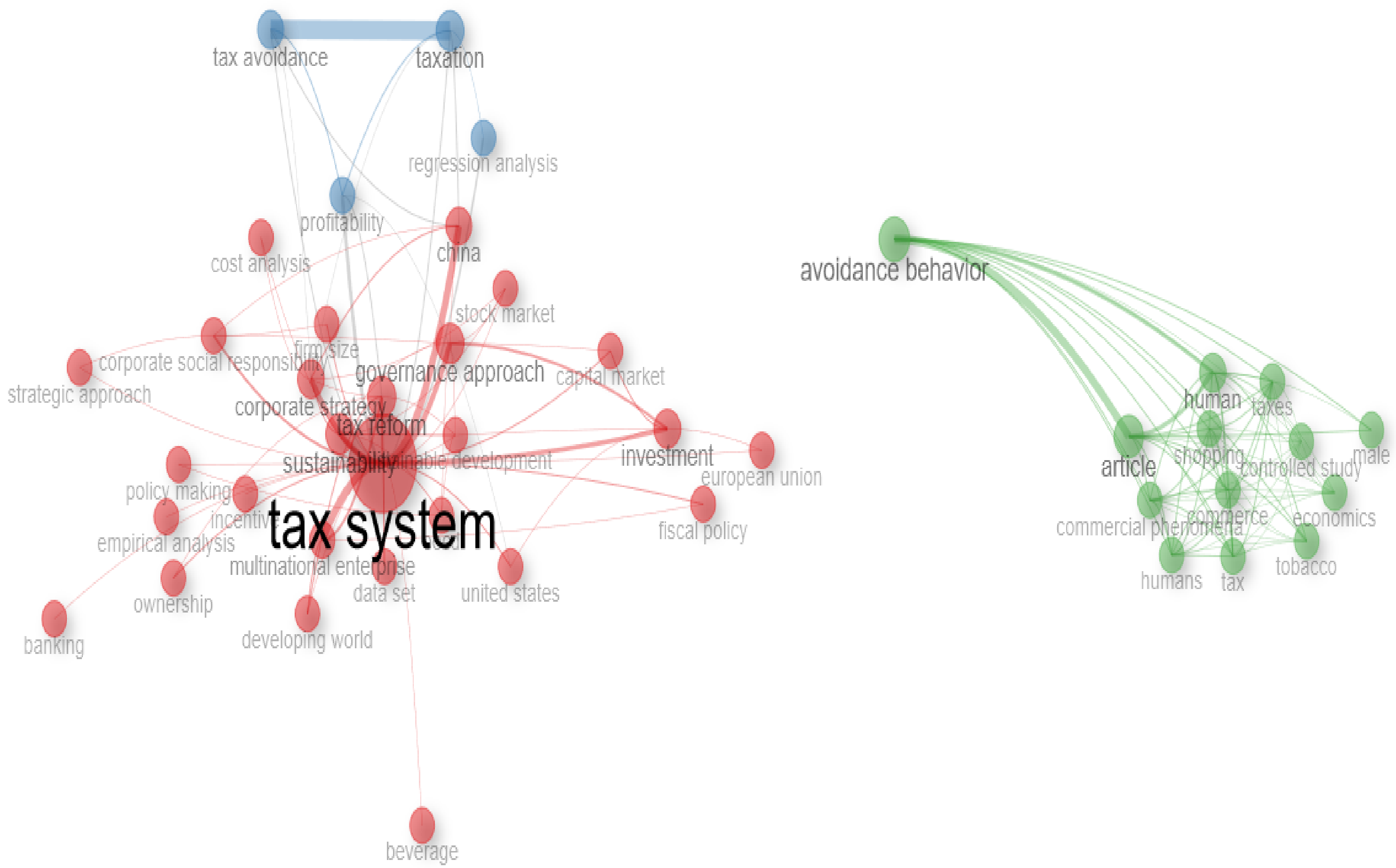

Figure 3. Co-occurrence Network related to tax avoidance.

Source: Bibliometric analysis, 2024.

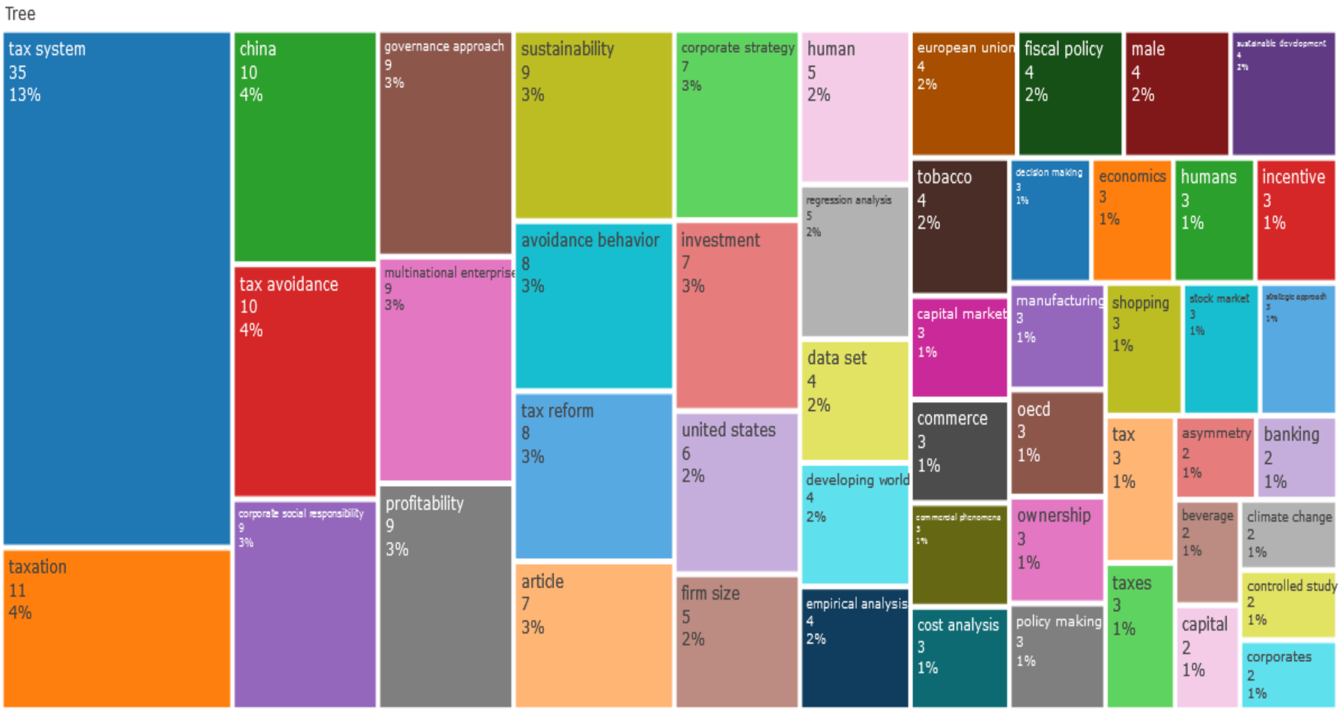

Figure 4. Treemap related to tax avoidance.
Source: Bibliometric analysis, 2024.

The following table describes the analysis results of the 53 topics that were obtained.

Table 2. Topic analysis of results.

No.	Topic	References
1	Tax Havens	(Granda, 2021;Kobbi-Fakhfakh, 2021)
2	Multinational Corporations	(Cobham et al., 2021)
3	Stakeholders and Business Entities	(Oktaviani et al., 2023)
4	Shareholders	(Ouyang et al., 2020; Rudyanto and Pirzada, 2021)
5	Corporate Affiliates	(Beer et al., 2020)
6	Politicians	(Ajili and Khlif, 2020)
7	Public	(Amiram et al., 2019)
8	Academics and Practitioners	(Neuman et al., 2020)
9	Tax Evasion	(Alstadsæter et al., 2022;Svetalekth and Phonsumlissakul, 2022)
10	Tax Compliance	(Chyz et al., 2021)
11	Tax Planning	(Chyz et al., 2021)
12	Financial Reporting	(Alsaadi, 2020; Svabova et al., 2020)
13	Tax Arbitrage	(Motala, 2021)
14	Money Laundering	(Mănescu, 2022)
15	Profit Shifting	(Fuest et al., 2022; Reineke and Weiskirchner-Merten, 2021)
16	Base Erosion and Profit Shifting	(Alm et al., 2022)
17	Book-Tax Difference	(Shabika et al., 2023)
18	Emerging Markets	(Deng et al., 2020)

Table 2. (*Continued*).

No.	Topic	References
19	Forms of Tax Avoidance	(Firmansyah and Triastie, 2020)
20	Forms of Tax Evasion	(Firmansyah and Triastie, 2020)
21	Legal Framework	(Bornman and Ramutumbu, 2019)
22	Government Regulations	(Yu et al., 2021; Wijaya and Arumningtias, 2021)
23	International Taxation	(Laffitte et al., 2020)
24	Tax Incentives	(Song et al., 2020)
25	Tax Fairness	(Oladipo et al., 2022)
26	Fiscal Policy	(Chaloupka and Powell, 2019; Shen et al., 2021)
27	Investor Protection	(Motala, 2021; Firmansyah et al., 2022)
28	Tax Amnesty	(Jaeni et al., 2019)
29	Value Added Tax	(Bikas and Bagdonaitė, 2020; Zhang et al., 2021)
30	Enforcement	(Hibatullah and Romsan, 2023)
31	Financial Performance	(Handayani, 2020)
32	Profitability	(Sunarto et al., 2021)
33	Corporate Social Responsibility	(Alsaadi, 2020; Liu and Lee, 2019)
34	Tax Knowledge	(Guo et al., 2023; Pratama, 2017)
35	Firm Size	(Lestari and Solikhah, 2019; Solihin et al., 2020)
36	Firm Value	(Pratama, 2018; Yee et al., 2018)
37	Family Firms	(Kovermann and Wendt, 2019; Lee and Bose, 2021)
38	Financial Constraints	(Firmansyah and Bayuaji, 2019; Luo et al., 2020)
39	Managerial Ability	(Garg et al., 2022)
40	Monitoring and Evaluation	(Bustos et al., 2019; Li et al., 2021)
41	Corporate Reputation	(Kim et al., 2020; Toly et al., 2019)
42	Ownership Structure	(Alexander, 2019)
43	Risk Management	(Masri et al., 2019)
44	Tax Audit Risk	(Eberhartinger et al., 2020)
45	Audit Committees	(Alkurdi and Mardini, 2020)
46	Political Connections	(Ajili and Khlif, 2020)
47	Culture	(Alharbi et al., 2022; Lei et al., 2022)
48	Distrust Toward Governments	(Margaretha et al., 2020)
49	Guilt	(Bako, 2021; Diller et al., 2020)
50	Social Norms	(Alsaadi, 2020; Diller et al., 2020)
51	Subjective Norms	(Kogler and Kirchler, 2020)
52	Moral Obligation	(Yunianti et al., 2019; van Brederode, 2020)
53	Fairness and Altruism	(Sikayu et al., 2020; Tran and Thorbjørnsen, 2021)

Source: Compiled by researchers from SLR, 2024.

3.2. Practices of tax avoidance and tax evasion cases

Table 3 presents the findings of SLR analysis on forms of tax avoidance by domestic taxpayers across six types of taxes. The first tax type discussed is the Land and Building Rights Acquisition Fee (Samudra, 2024). Taxpayers utilize inheritance transactions despite spending amounts exceeding the Tax Object Sales Value. For instance, when applying for Land and Building Rights Acquisition Fee through inheritance transactions, taxpayers can use Tax Object Sales Value as the basis (NPOP), where the Sales Value of Tax Objects is Not Taxable used is set at IDR 350,000,000 instead of IDR 80,000,000 as in regular sales transactions. The payable Land and Building Rights Acquisition Fee amount is 50% of the Acquisition Value of Tax Objects, which is Not Taxable (Arbel et al., 2019).

Another form of tax avoidance involves leveraging the 0% Land and Building Rights Acquisition Fee facility. For example, suppose a husband already owns land/buildings and has previously utilized the 0% facility as per Regional Regulation No. 126 of 2017 and subsequently wishes to purchase land/buildings below IDR 2,000,000,000. In that case, they may use the name of their spouse, who has not previously owned any land/building.

Furthermore, another form of tax avoidance includes splitting Land and Building Rights Acquisition Fee payments among heirs. Taxpayers can minimize the Land and Building Rights Acquisition Fee by having each heir (taxpayer) pay their share. Each heir would receive a Sales Value of Tax Objects Not Taxable of IDR 350,000,000 (Chamberlain, 2021; Felis and Roslaniec, 2019). Conversely, consolidating the Land and Building Rights Acquisition Fee payment into one would result in a higher total Land and Building Rights Acquisition Fee amount paid (Liu and Zhao, 2023; Wang, 2023). Tax avoidance strategies in the Vehicle tax involve avoiding progressive motor vehicle tax rates. For instance, taxpayers may split their ID Family Card even if residing in the same household or use another person's name with a different residential address to lower their tax burden, as progressive tax rates are based on the same name and address as per Regional Regulation No. 2 of 2015, amending Regulation No. 8 of 2010 on Motor Vehicle Taxes.

In the case of restaurant tax avoidance, one method is separating sales types, such as food and beverages, under different names and cash registers within the exact location, even though the same proprietor owns them. This practice aims to stay within the annual sales threshold of IDR 200,000,000, thereby exempting the restaurant from taxation under Regional Regulation No. 11 of 2011 on Restaurant Taxes (Maulita and Nailufaroh, 2022). Another restaurant tax avoidance method involves separating food preparation and storage from service areas to evade catering criteria. Consequently, taxpayers may charge Value Added Tax (VAT), which can be credited against their output tax, thus minimizing their tax burden. Examples include bakery shops (Minister of Finance Regulation 18 of 2015). Hotel tax avoidance includes separating support services from hotel management (Hidayat, 2019). Support services may be outsourced to separate entities, even if ultimately owned by the same individual or company, to avoid hotel taxation under Regional

Regulation No. 11 of 2010 on Hotel Taxes. Entertainment facilities within hotels, such as bars, massage parlors, or spas, may be integrated or managed under the same management as the hotel to avoid entertainment tax rates. Taxpayers may also operate small-scale boarding houses with fewer than ten rooms, or if exceeding this number, allocate excess rooms for caretakers or the owner's residence (Rusdi Hidayat, 2019; Tapis et al., 2021). We present **Table 3** below.

Table 3. Forms of tax avoidance by domestic taxpayers are analyzed in this section, focusing on various tax types.

No	Tax Type	Reference
1	Land and Building Rights Acquisition Fee	(2019; Chamberlain, 2021; Felis and Roslaniec, Grandclement and Boulay, 2021; Liu and Zhao, 2023; Wang, 2023)
2	Motor Vehicle Tax	(Barker et al., 2017)
3	Restaurant Tax	(Maulita and Nailufaroh, 2022; Rusdi Hidayat, 2019)
4	Hotel Tax	(Rusdi Hidayat, 2019; Tapis et al., 2021)
5	Entertainment Tax	(Maulita and Nailufaroh, 2022)
6	Land and Building tax (P-2)	(Chamberlain, 2021; Felis and Roslaniec, 2019; Grandclement and Boulay, 2021; Liu and Zhao, 2023; Samudra, 2024)

Source: Compiled by researchers from SLR, 2024.

Entertainment Tax: Taxpayers, especially in entertainment, avoid higher entertainment tax rates (which exceed the 10% restaurant tax rate) by adjusting the entertainment services charges through increased food and beverage prices. This practice aims to evade classification under Regional Regulation No. 3 of 2015, amending Regulation No. 13 of 2010 on Entertainment Taxes, where taxpayers are only subject to a 10% restaurant tax. The unclear distinction between local/traditional definitions and national standards in this regulation can lead taxpayers to define their entertainment events as locally/traditionally classified to avoid taxes (Ding et al., 2018).

Land and Building Tax (LBT-P2): Another prevalent form of tax avoidance involves splitting property certificates and dividing the Land and Building Tax (LBT-P2) under the same name. This tactic impacts the total Sales Value of Tax Objects used as the basis for calculating Land and Building Tax-P2, as the tax rates for Land and Building Tax-P2 vary based on the total Sales Value of Tax Objects of the property (Arbel et al., 2019). We present **Table 4** below.

Table 4. Forms of tax avoidance from foreign tax subjects.

No	Tax Type	References
1	Entertainment Tax	(Ding et al., 2018)
2	Restaurant Tax	(Maulita and Nailufaroh, 2022; Rusdi Hidayat, 2019; Tapis et al., 2021)

Source: Compiled by researchers from SLR, 2024.

Table 4 illustrates various forms of tax avoidance by foreign taxpayers involving two types of taxes. One form of tax avoidance by foreign taxpayers involves collaborating with Foreign State Representatives and International Organization Representatives in the same country to promote their country's products through advertisements placed on the premises of Foreign State Representatives and International Organization Representatives, including building walls or fences rented partially or entirely. These advertisements may qualify for exemption from advertisement tax under Jakarta Governor Regulation No. 101 of 2017, as last amended by Jakarta Governor Regulation No. 6 of 2021. Foreign Taxpayers, Foreign State Representatives, and Officials of Foreign State Representatives can engage in tax avoidance by collaborating with designated restaurants approved by the Head of the Regional Revenue Agency (Maulita and Nailufaroh, 2022). In this practice, the taxpayer orders food and beverages multiple times but consolidates them into a single bill to meet the minimum transaction requirement of IDR 1,000,000 per transaction. This practice aims to qualify for restaurant tax exemption under the reciprocity principle per Jakarta Governor Regulation No. 101 of 2017, as last amended by Jakarta Governor Regulation No. 6 of 2021.

Table 5 outlines various forms of tax evasion involving four types of taxes. Firstly, taxpayers in property transactions fail to report the actual transaction value when calculating and validating Land and Building Rights Acquisition Fees, reporting values below the actual transaction prices. Secondly, some taxpayers need to report portions of their sales, resulting in restaurant tax payments that are lower than required despite having collected taxes from consumers. Fourthly, in hotel taxes, some taxpayers do not report portions of their sales, leading to hotel tax payments that are lower than required despite having collected taxes from consumers. In entertainment tax, taxpayers do not report portions of their sales, resulting in entertainment tax payments that are lower than required despite having collected taxes from consumers (Diller et al., 2020).

Table 5. Forms of tax evasion.

No.	Tax Type	Description	References
1	Land and Building Rights Acquisition Fee	Taxpayers report transaction values below actual prices, impacting Land and Building Rights Acquisition Fee calculations.	Arbel et al. (2019)
2	Restaurant Tax	Failure to report portions of sales results in lower tax payments despite collecting taxes from consumers.	Tapis et al. (2021)
3	Hotel Tax	Non-reporting sales portions leads to lower tax payments despite collecting consumer taxes.	Abdixhiku et al. (2017)
4	Entertainment Tax	Failure to report portions of sales leads to lower tax payments despite collecting taxes from consumers.	Abdixhiku et al. (2017)

Source: Compiled by researchers from SLR, 2024.

3.3. Factors influencing tax avoidance and tax evasion

Table 2 presents the factors influencing tax avoidance based on the systematic literature review (SLR). This table provides an advanced analysis of responses from previous research inquiries. While it shares similarities in dimensions with tax evasion, **Table 6** focuses on the factors influencing tax avoidance and tax evasion. These factors are grouped into six dimensions. All dimensions encompass several factors identified through SLR and observed in practical tax contexts in Indonesia.

In **Table 6,** there are five dimensions or factors influencing tax avoidance and tax evasion:

a. Ethics and behavior: This factor includes attitudes towards taxes, social norms, moral obligations, personal knowledge and education, organizational environment, culture (Alharbi et al., 2022), distrust towards government, political connections (Ajili and Khlif, 2020), guilt feelings, subjective norms, fairness, and altruism (Yunianti et al., 2019; van Brederode, 2020). These factors influence individual or corporate decisions to engage in tax avoidance or tax evasion. For instance, negative attitudes toward taxes or believing that the government uses taxes unfairly can drive tax avoidance behaviors (Alsaadi, 2020).

b. Policies and Regulations: This factor encompasses the tax system, legal inconsistencies, and uncertainties, government policies, tax law enforcement, international tax cooperation (Laffitte et al., 2020), the complexity of tax regulations, tax fairness, loose tax regulations, tax rates, tax amnesty, value-added tax, fiscal policies, and tax incentives. Clear, consistent, and fair tax policies and regulations promote tax compliance, whereas legal inconsistencies or loose policies can stimulate tax avoidance (Wijaya and Arumningtias, 2021; Yu et al., 2021).

Table 6. Factors influencing the occurrence of tax avoidance and tax evasion.

No.	Dimension/Factor	Sub-factor	References
1	Ethics and Behavior (Avoidance Behavior)	Attitude towards Tax	(Diller et al., 2020)
		Social Norms	(Alsaadi, 2020)
		Moral Obligation	(van Brederode, 2020; Yunianti et al., 2019)
		Personal Knowledge and Education	(Guo et al., 2023; Pratama, 2017)
		Organizational Environment	(Lei et al., 2022)
		Culture	(Alharbi et al., 2022)
		Distrust Toward Governments	(Margaretha et al., 2020)
		Political Connections	(Ajili and Khlif, 2020)
		Guilt	(Bako, 2021; Diller et al., 2020)
		Subjective Norms	(Kogler and Kirchler, 2020)
		Fairness and Altruism	(Sikayu et al., 2020; Tran and Thorbjørnsen, 2021)
2	Policies-Regulations	Tax System	
		Government Policies	(Wijaya and arumningtias, 2021; Yu et al., 2021)
		Tax Enforcement	(Hibatullah and Romsan, 2023)
		International Tax Cooperation	(Laffitte et al., 2020)
		Complexity of Tax Regulations	(Wijaya and Arumningtias, 2021; Yu et al., 2021)
		Tax Fairness	(Oladipo et al., 2022)
		Tax Rates/Tariffs	
		Tax Amnesty	(Jaeni et al., 2019)
		Value Added Tax	(Bikas and Bagdonaitė, 2020; Zhang et al., 2021)
		Fiscal Policy	(Chaloupka and Powell, 2019; Shen et al., 2021)
		Tax Incentives	(Song et al., 2020)

Table 6. (*Continued*).

No.	Dimension/Factor	Sub-factor	References
2	Policies-Regulations	Tax System	
		Legal Framework	(Bornman and Ramutumbu, 2019)
		Investor Protection	(Firmansyah et al., 2022; Motala, 2021)
3	Tax Practices and Finance	Tax Planning	(Chyz et al., 2021; Tambahani et al., 2021)
		Financial Reporting	(Alsaadi, 2020; Svabova et al., 2020)
		Tax Arbitrage	(Motala, 2021)
		Money Laundering	(Disemadi and Delvin, 2021; Mănescu, 2022)
		Profit Shifting	(Fuest et al., 2022; Reineke and Weiskirchner-Merten, 2021)
		Base Erosion and Profit Shifting	(Alm et al., 2022)
		Book-Tax Difference	(Shabika et al., 2023)
		Emerging Markets	(Deng et al., 2020; Firmansyah and Triastie, 2020)
4	Corporate Governance	Financial Performance	(Handayani, 2020)
		Profitability	(Sunarto et al., 2021)
		Corporate Social Responsibility	(Alsaadi, 2020; Liu and Lee, 2019)
		Corporate Tax Knowledge	(Guo et al., 2023; Pratama, 2017)
		Firm Size	(Lestari and Solikhah, 2019; Solihin et al., 2020)
		Firm Value	(Kovermann and Wendt, 2019b; Lee and Bose, 2021)
		Family Firms	(Kovermann and Wendt, 2019b; Lee and Bose, 2021)
		Financial Constraints	(Firmansyah and Bayuaji, 2019; Luo et al., 2020)
		Managerial Ability	(Garg et al., 2022)
		Monitoring and Evaluation	(Bustos et al., 2019; Li et al., 2021)
		Corporate Reputation	(Kim et al., 2020; Toly et al., 2019)
		Ownership Structure	(Alexander, 2019; Alkurdi and Mardini, 2020)
		Risk Management	(Masri et al., 2019)
		Tax Audit Risk	(Eberhartinger et al., 2020)
		Audit Committees	(Ardianti, 2019)
5	Tax Stakeholder Environment	Tax Havens	(Granda, 2021; Kobbi-Fakhfakh, 2021)
		Multinational Corporations	(Oktaviani et al., 2023; Cobham et al., 2021)
		Business Entities	(Bandaro and Ariyanto, 2020)
		Shareholders	(Rudyanto and Pirzada, 2021; Ouyang et al., 2020)
		Corporate Affiliates	(Beer et al., 2020)
		Politicians	(Ajili and Khlif, 2020)
		Public	(Amiram et al., 2019)
		Academics and Practitioners	(Neuman et al., 2020)

Source: Compiled by researchers from SLR, 2024.

Grouping these factors into five dimensions or factors is necessary for the following reasons. First, there are Different Interests. Each dimension or factor covers different aspects of tax avoidance and tax evasion. Grouping these factors into separate dimensions allows us to analyze and understand each in more detail. The second reason is the Complexity of the Topic. Tax avoidance and tax evasion are complex topics with many interrelated variables. By grouping these factors into separate dimensions, we can reduce the complexity of analysis and better understand the factors influencing tax behavior (Diller et al., 2020). Another reason is Causal Relationships. Grouping these factors into separate dimensions allows us to see the causal relationships between these factors. For example, we can analyze how tax policies and regulations influence corporate tax and financial practices or how individual ethics and behavior affect corporate governance regarding taxation. Another justification is for more Systematic Measurement and Research. By grouping these factors into separate dimensions, we can develop a more structured framework for measuring and researching the influence of each factor on tax avoidance and tax evasion. It facilitates more systematic data collection and analysis.

The final reason is Relevance and Practical Importance. Grouping these factors into separate dimensions allows us to identify the most relevant and vital areas in efforts to control and prevent tax avoidance and tax evasion. It enables more effective decision-making in designing tax policies and enforcement strategies. Grouping these factors into five dimensions or factors is necessary to provide a comprehensive and structured framework for understanding the complexity and various aspects influencing tax avoidance and tax evasion (Bikoula et al., 2023).

4. Gap identification

The literature on tax avoidance and evasion is extensive but reveals several critical gaps that this study aims to address. A significant gap is the lack of a comprehensive framework that integrates various influencing factors into a unified model. Existing research often examines elements like tax policy or corporate governance in isolation, neglecting how these factors interact. This study addresses this gap by developing a framework that includes six dimensions: ethics and behavior, policies and regulations, tax and financial practices, corporate governance, stakeholder environment, and international factors. This holistic approach provides a deeper understanding of the complex interrelationships among these factors. Another gap is the focus on developed countries, with limited analysis of tax evasion in developing nations. Detailed studies on how tax evasion mechanisms operate in contexts such as Indonesia are scarce. This research fills this void by offering an in-depth analysis of tax avoidance and evasion mechanisms specific to Indonesia, examining practices related to various taxes, including land acquisition fees, motor vehicle taxes, and VAT. This analysis provides valuable insights into the unique challenges and patterns observed in developing countries.

Additionally, many literature reviews lack methodological rigor, particularly in synthesizing and analyzing data. Existing reviews often fail to utilize advanced bibliometric techniques fully. This study employs a rigorous systematic literature review (SLR) methodology, following protocols by Phillips and Barker (2021), and incorporates advanced bibliometric techniques such as constant comparison analysis, domain analysis, and qualitative comparative analysis. This approach ensures a thorough and accurate examination of the literature. Moreover, the role of international and cross-border factors in tax behavior is frequently underexplored. This study includes international factors as a key dimension, analyzing how global tax policies, tax havens, and multinational practices affect tax avoidance and evasion. This exploration enhances understanding of global influences on national tax behavior and suggests potential international policy interventions.

Finally, while theoretical contributions are well-covered, practical recommendations for policymakers are often lacking. This study identifies critical factors affecting tax behavior and offers actionable recommendations for policy design and enforcement, aiming to improve tax policy, strengthen enforcement strategies, and address specific challenges in tax compliance and evasion.

Future research on tax avoidance and tax evasion could explore several important directions. First, developing more detailed analytical models could enhance understanding of how various factors interact in tax behavior. Comparative international studies may identify global patterns and unique factors in different countries, providing insights for more effective policies. Integrating new technologies, such as blockchain and big data analytics, also offers potential for more efficient detection and prevention of tax avoidance. Additionally, research on policy implementation and tax reforms could evaluate the impact of new policies on tax avoidance and evasion. Studies on the social and economic impacts of tax avoidance might reveal its effects on economic inequality and public services. Finally, focusing on public education and awareness about tax obligations could improve tax compliance. Integrating technology, international studies, and data-driven policies could pave the way for more comprehensive and effective approaches to addressing these tax issues.

5. Conclusion

This study provides essential insights into the complexities of tax avoidance and tax evasion, aiming to offer practical guidance for governments and stakeholders involved in tax policy and enforcement. This research illuminates standard practices that undermine tax compliance by systematically reviewing various forms of tax avoidance through comprehensive tables. These findings underscore the importance of designing robust tax policies that address loopholes and ensure fairness. Central to the research are the identified factors influencing tax avoidance and evasion: ethics and behavior, policies and regulations, tax and financial practices, corporate governance, and tax stakeholder environments. These dimensions interact dynamically, shaping the decisions of individuals and corporations regarding tax compliance. Categorizing these factors into distinct dimensions facilitates a nuanced understanding, essential for effective policymaking and enforcement strategies.

6. Recommendations

Recommendations resulting from this research emphasize several key areas. First, governments must strengthen tax policies by simplifying systems, ensuring legal consistency, and enhancing enforcement capabilities. Transparent and fair tax policies are pivotal in fostering taxpayer compliance. Second, increasing tax awareness and education is crucial to enhancing voluntary compliance. Improved understanding among taxpayers about their obligations and the benefits of tax contributions can mitigate evasion tendencies.

Furthermore, enhancing corporate governance practices, including robust internal controls and comprehensive tax risk management, can promote corporate tax compliance. Lastly, fostering collaborative efforts among stakeholders—governments, businesses, academics, and practitioners—is essential for combating tax evasion effectively. Such collaborations can facilitate knowledge sharing, improve transparency, and develop innovative solutions. This research advances the theoretical understanding of tax behavior and offers practical implications for policymakers and practitioners. By addressing the multifaceted factors influencing tax avoidance and evasion, governments can strengthen their tax systems, enhance compliance rates, and foster a fair and sustainable tax environment.

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