# ABSTRACT

*Fredy Houtama / 31150205/2019 Effect of Money Ethic, Amendment to MSME Tax Rates Against Tax Evasion "/ Advisor: Amelia Sandra, S.E., M.Sc., M.Ak*

*Tax is the main source of state revenue used to finance state expenditure. To finance state expenses is not easy. Therefore, the government seeks to increase the receipt of money through the tax sector. Every year, the Government of Indonesia always tries to increase the amount of tax revenue. However, what happens is that there are still some taxpayers who are trying to reduce the amount of tax owed by violating the tax provisions (illegal) or breaking the law. One way to do this is by taking tax evasion. There are many factors that influence general tax evasion. This study was conducted to determine whether money ethic and changes in MSME tax rates affect the tax evasion.*

*Tax evasion is a way to avoid taxes or alleviate the tax burden by violating the law. For example, making fake invoices, the financial statements made are fake. Tax evasion can certainly cause some losses to state revenues.*

*This research includes formal studies, because this study aims to test hypotheses and answer all the research questions raised. This research includes communication studies, because research provides questions to the subjects of this research and collects their responses based on personal meaning and general meaning. Therefore this study involved 100 respondents who helped fill in the questions posed by researchers in this study. Respondents in this study were SMEs in ITC Cempaka Mas. Where questions are submitted in the form of questionnaires, then the respondent's answers are collected and processed using SPSS 20. The sampling technique is purposive sampling. The tests performed are multiple regression testing with descriptive statistical tests, data quality test, t test, F test, coefficient of determination (R2), and testing of classical assumptions.*

*After processing, through the F test, the test results obtained <5%, which means the money ethic variable, changes in the UMKM tax rate affect the tax evasion. In addition, through multiple regression analysis, the coefficient value is 14.832 for the money ethic variable test of 0.174. There is also a variable regression coefficient of change in MSME tax rates of 0.692. From the results of regression testing, it can be concluded that the money ethic variable and changes in the MSME tax rate have a positive influence on tax evasion.*

*The conclusion obtained from the results of this study is that the influence of money ethic on the tax evasion has a positive effect and changes in the UMKM tax rate to the tax evasion have a positive effect on tax evasion.*

*Keywords: Money Ethic, Changes in MSME Tax Rates, Tax Evasion*