

## The Impact of Tax Audit Intensity and Probability of Fraud Detection on Tax Evasion: The Moderating Role of Tax Officials' Service

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Informasi Artikel	Abstract
Vol: 1 No : 3 2024 Halaman : 43-52	<p><i>This study investigates the relationships between tax audit intensity, the probability of fraud detection, and tax evasion while examining the moderating role of tax officials' service. The research reveals that tax audit intensity significantly reduces tax evasion, confirming its effectiveness as a deterrent. However, the hypothesis regarding the probability of fraud detection's impact on tax evasion was rejected, indicating that the likelihood of detection does not directly influence taxpayer behavior in this context. Additionally, the study found no significant moderating effect of tax officials' service on the relationship between tax audit intensity, fraud detection probability, and tax evasion. These findings suggest that while audit intensity is crucial for enhancing compliance, the quality of service provided by tax officials does not substantially alter taxpayer responses to enforcement measures. The results underscore the need for tax authorities to prioritize strengthening audit processes and detection mechanisms while recognizing that service quality, though important for building long-term trust, may not significantly influence immediate compliance behavior. Future research should explore other moderating factors that could impact taxpayer decisions in varying economic and cultural contexts.</i></p>
<b>Keywords:</b> Tax Audit Intensity Probability of Fraud Detection Tax Evasion	

### Abstrak

Penelitian ini menyelidiki hubungan antara intensitas pemeriksaan pajak, probabilitas deteksi kecurangan, dan penggelapan pajak, sambil menguji peran moderasi layanan pegawai pajak. Penelitian menunjukkan bahwa intensitas pemeriksaan pajak secara signifikan mengurangi penggelapan pajak, mengkonfirmasi efektivitasnya sebagai alat pencegah. Namun, hipotesis mengenai dampak probabilitas deteksi kecurangan terhadap penggelapan pajak ditolak, menunjukkan bahwa kemungkinan terdeteksi tidak secara langsung memengaruhi perilaku wajib pajak dalam konteks ini. Selain itu, studi menemukan tidak ada efek moderasi yang signifikan dari layanan pejabat pajak terhadap hubungan antara intensitas pemeriksaan pajak atau probabilitas deteksi kecurangan dan penggelapan pajak. Temuan ini menunjukkan bahwa meskipun intensitas pemeriksaan sangat penting untuk meningkatkan kepatuhan, kualitas layanan yang diberikan oleh pejabat pajak tidak secara substansial mengubah respons wajib pajak terhadap langkah-langkah penegakan hukum. Hasil ini menekankan perlunya otoritas pajak untuk memprioritaskan penguatan proses pemeriksaan dan mekanisme deteksi, sambil menyadari bahwa kualitas layanan, meskipun penting untuk membangun kepercayaan jangka panjang, mungkin tidak secara signifikan memengaruhi perilaku kepatuhan yang segera. Penelitian mendatang harus mengeksplorasi faktor moderasi lain yang dapat memengaruhi keputusan wajib pajak dalam konteks ekonomi dan budaya yang bervariasi.

**Kata Kunci** : Intensitas Pemeriksaan Pajak, Probabilitas Deteksi Kecurangan, Penggelapan Pajak

### PENDAHULUAN

Tax evasion is a critical issue in economics and business as it directly affects government revenue, economic growth, and social equity. Tax evasion undermines the ability of governments to collect necessary funds for public services and investments. Therefore, understanding how tax audit intensity and the probability of fraud detection can deter tax evasion, moderated by the role of tax officials' service, is crucial for improving the effectiveness of tax systems and promoting voluntary compliance among taxpayers (Fuadi et al., 2023)

Tax evasion has been a persistent global problem, exacerbated by globalization and technological advancements that enable more sophisticated evasion strategies. In developing and developed economies, businesses and individuals often exploit loopholes in the tax system or underreport income to reduce their tax liabilities. This deprives governments of much-needed revenues and distorts market competition, as compliant taxpayers are disadvantaged compared to those engaging in evasion. The OECD has consistently highlighted the significant revenue losses due to tax evasion, with estimates

suggesting that developing countries lose up to \$200 billion annually in tax revenue due to evasion and avoidance (Wulandari et al., 2023). Moreover, in many economies, taxpayers' perception of the tax system's fairness and the efficiency of tax officials can influence their willingness to comply. Where taxpayers feel that tax enforcement is weak or inconsistent, the perceived probability of detection may be low, encouraging more evasion (Wulandari & Cahyonowati, 2024).

Recent studies have examined various aspects of tax audit intensity and fraud detection. For instance, research by (Alm & Kasper, 2020) Tax audits remain among the most effective tools for reducing tax evasion, particularly when combined with penalties and detection technologies. They argued that high audit probabilities create a deterrent effect, making tax evasion less attractive. However, they also noted that audits alone are insufficient without an efficient and well-functioning tax authority.

Similarly, a study by (Hoopes et al., 2020) analyzed the effectiveness of technology-driven fraud detection systems in improving tax compliance. Their findings showed that when taxpayers believe there is a high chance of detection due to sophisticated technologies, they are less likely to evade taxes. However, the research highlighted the critical role of the quality of tax administration, particularly in developing economies where bureaucratic inefficiencies and corruption can undermine the effectiveness of audits and detection systems.

Building on this research, the moderating role of tax officials' service becomes an essential variable. Taxpayer interactions with tax authorities can influence compliance behavior, as found in research by (Kogler et al., 2019), which suggested that taxpayers are more likely to comply when they perceive tax authorities as fair, transparent, and supportive. Conversely, poor service quality, unprofessionalism, or corruption can diminish the deterrent effect of audits and fraud detection systems, rendering them less effective. This indicates a gap in the literature that your research addresses by exploring how the service provided by tax officials moderates the relationship between audit intensity, fraud detection, and tax evasion (Fuadi & Wulandari, 2024).

The findings from this research have substantial implications for policy and business. Policymakers can use the results to improve tax enforcement strategies, ensuring that tax audits and fraud detection systems are rigorous and supported by professional, efficient tax administration. By fostering positive taxpayer relations and service, tax authorities can enhance voluntary compliance, reducing the need for costly audits and enforcement actions (Purba et al., 2024). Understanding how tax audits and detection probabilities interact with tax officials' services can help businesses assess their tax risk and compliance strategies. Companies that experience fair and consistent service from tax authorities may be more willing to comply voluntarily, while businesses facing inconsistent or poor service may be more inclined to engage in tax evasion (Wulandari, 2023).

## **METHOD**

### **Research Design**

This study adopts a quantitative research design to examine the relationships between tax audit intensity, probability of fraud detection, and tax evasion, with tax official service as a moderating variable. The research utilizes a survey-based approach, gathering primary data from taxpayers and secondary data from tax audit records to assess the intensity of audits and fraud detection.

### **Population and Sample**

The population in this study consists of taxpayers registered at the South Cikarang Tax Office (KPP Pratama Cikarang Selatan). The sampling technique used in this study is random sampling. Therefore, the author has determined a sample size of 100 respondents, consisting of 100 randomly selected taxpayers registered at the South Cikarang Tax Office.

### **Data Collection**

Data will be collected through two methods:

1. Survey Questionnaire: A structured questionnaire will be developed to capture perceptions of Tax Audit Intensity, Probability of Fraud Detection, Tax Officials' Service, and Tax Evasion behavior. The questionnaire will include Likert-scale items to measure respondents' attitudes and experiences.

2. Secondary Data: Data on the frequency and outcomes of tax audits and instances of detected tax fraud will be obtained from the tax authority's records. This will provide objective measures of tax audit intensity and fraud detection probability.

#### Variable Measurement

- Tax Audit Intensity: Measured through survey responses on the frequency and thoroughness of audits experienced by the respondent and data from audit records (e.g., number of audits in a specific period).
- Probability of Fraud Detection: Captured through survey items that assess respondents' perceived likelihood of fraud detection during an audit and through data on the number of fraud cases detected from tax authority records.
- Tax Evasion: Measured using self-reported evasion behavior, tax compliance intentions, and secondary data on evasion cases.
- Tax Officials' Service (Moderator): Measured using items on the professionalism, efficiency, fairness, and helpfulness of tax officials based on respondents' experiences during audits or routine interactions.

#### Data Analysis

To test the hypotheses, the study will use hierarchical regression analysis to explore the direct effects of Tax Audit Intensity and Probability of Fraud Detection on Tax Evasion and to examine whether Tax Officials' Service moderates these relationships.

1. Step 1: A regression model will be run with Tax Audit Intensity and Probability of Fraud Detection as independent variables and Tax Evasion as the dependent variable.
2. Step 2: The interaction term between Tax Audit Intensity and Tax Officials' Service will be added to the model to test the moderating effect.
3. Step 3: The interaction term between the Probability of Fraud Detection and Tax Officials' Service will be added to examine its moderating influence.

#### Hypotheses Testing

The hypotheses will be tested as follows:

- H1: Tax Audit Intensity has a significant negative impact on Tax Evasion.
- H2: Probability of Fraud Detection has a significant negative impact on Tax Evasion.
- H3: Tax Officials' Service moderates the relationship between Tax Audit Intensity and Tax Evasion.
- H4: Tax Officials' Service moderates the relationship between Probability of Fraud Detection and Tax Evasion.

#### Validity and Reliability

To ensure the validity and reliability of the survey instrument, a pilot test will be conducted with 30 respondents to refine the questionnaire. Cronbach's alpha will be calculated to assess internal consistency for each scale, aiming for a minimum value of 0.70. The expert review will ensure that the content and construct validity are tested using exploratory factor analysis.

#### Ethical Considerations

The research will ensure confidentiality and anonymity for all participants. Informed consent will be obtained before data collection, and participants will be assured that their responses will be used solely for research purposes.

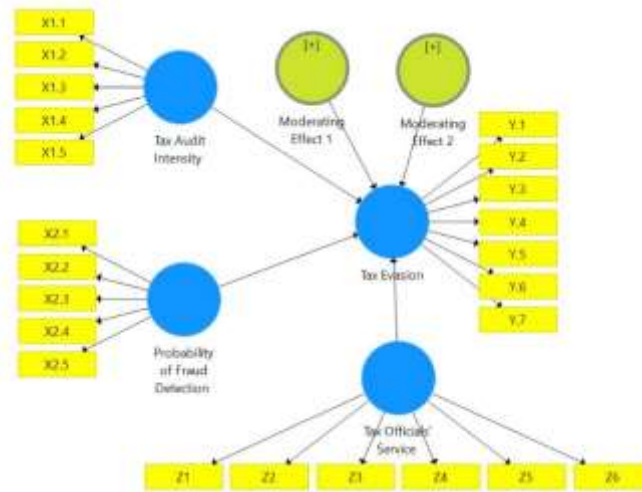


Figure 1. Conceptual Framework

RESULT AND DISCUSSION

Validity Test

An indicator is considered valid if it has a loading factor value > 0.5 and a t-statistic value > 2.0 about the intended construct. Conversely, if the loading factor value is < 0.5 and the t-statistic value is < 2.0, it is excluded from the model, and the test is rerun.

1. **Loading Factor:** The loading factor represents the correlation between an indicator and its construct. The higher the correlation, the better the level of validity. The SmartPLS output for the loading factor provides the following results:

Table 1. Outer Loading

Construct	Standardized Loading Factor
X1.1 <- Tax Audit Intensity	0,5440
X1.2 <- Tax Audit Intensity	0,8410
X1.3 <- Tax Audit Intensity	0,8662
X1.4 <- Tax Audit Intensity	0,8633
X1.5 <- Tax Audit Intensity	0,7777
X2.1 <- Probability of Fraud Detection	0,6764
X2.2 <- Probability of Fraud Detection	0,6242
X2.3 <- Probability of Fraud Detection	0,9781
X2.4 <- Probability of Fraud Detection	0,5922
X2.5 <- Probability of Fraud Detection	0,5924
Y.1 <- Tax Evasion	0,7547
Y.2 <- Tax Evasion	0,8398
Y.3 <- Tax Evasion	0,8498
Y.4 <- Tax Evasion	0,8957
Y.5 <- Tax Evasion	0,8711
Y.6 <- Tax Evasion	0,7814
Y.7 <- Tax Evasion	0,6834

Z1 <- Tax Officials' Service	0,7196
Z2 <- Tax Officials' Service	0,6879
Z3 <- Tax Officials' Service	0,5311
Z4 <- Tax Officials' Service	0,5470
Z5 <- Tax Officials' Service	0,7976
Z6 <- Tax Officials' Service	0,8321

2. **AVE**

The result for convergent validity is calculated by examining the output for construct reliability and validity, which includes the AVE (Average Variance Extracted) value. Convergent validity is good if the AVE value exceeds 0.5. Based on the AVE value, the results are as follows:

**Table 2. Average Variance Extracted**

Variable	Average Variance Extracted (AVE)
Tax Audit Intensity	0.788
Probability of Fraud Detection	0.639
Tax Evasion	0.814
Tax Officials' Service	0.579

**Reliability Test**

Construct reliability is examined by looking at the output of construct reliability and validity, including the composite reliability results and Cronbach's alpha. It is considered reliable if the value is more significant than 0.7. The output indicates the accuracy and consistency of the measurement tool. Composite reliability is a test in PLS that shows the accuracy and consistency of a measurement tool in performing measurements.

**Table 3. Quality Criteria (Composite Reliability, Cronbach's Alpha)**

Variable	Cronbach's Alpha	Composite Reliability
Tax Audit Intensity	0.843	0.889
Probability of Fraud Detection	0.819	0.748
Tax Evasion	0.913	0.932
Tax Officials' Service	0.883	0.701

**Inner Model (Structural Model)**

The testing of the structural model (inner model) can be observed from the R-Square value for each endogenous variable as an indicator of the predictive power of the structural model. Changes in the R-Square value can be used to explain the influence of specific exogenous latent variables on endogenous latent variables. Once the measurement model evaluation is fulfilled, the next step is to assess the structural model. The techniques used in this research are the Coefficient of Determination (R<sup>2</sup>) and the Path Coefficient.

**Coefficient of Determination (R<sup>2</sup>)**

**Table 4. R Square**

Variable	R Square
Tax Audit Intensity	0.268
Probability of Fraud Detection	
Tax Evasion	
Tax Officials' Service	

If the R-Square value is 0.268, the model explains 26.8% of the variance in the dependent variable, Tax Evasion. In other words, 26.8% of the changes in tax evasion can be predicted or explained by the independent variables (Tax Audit Intensity and Probability of Fraud Detection) and the moderating effect of Tax Officials' Service.

While an R-Square value of 0.268 is considered moderate, it suggests that Tax Audit Intensity and Probability of Fraud Detection, along with the moderating effect of Tax Officials' Service, have a

measurable but not overwhelming influence on Tax Evasion. This leaves 73.2% of the variance in tax evasion unexplained by these factors, indicating that other variables outside the model's scope (e.g., taxpayer morality, economic conditions, penalty perceptions, or other institutional factors) may also significantly affect tax evasion behavior.

The inclusion of Tax Officials' Service as a moderating variable indicates that the relationship between tax audit intensity, fraud detection, and tax evasion is influenced by the quality of interaction taxpayers have with tax officials. If tax officials are perceived as fair, professional, and supportive, the impact of audits and fraud detection is likely enhanced. Conversely, poor service might diminish the effectiveness of audits and detection.

With an R-Square of 0.268, we can infer that Tax Officials' Service helps improve the effectiveness of the audit and fraud detection processes but may not be sufficient to eliminate evasion on its own. There is room for further improvement, potentially by improving the efficiency of the audit process, increasing transparency, or addressing other factors influencing tax compliance behavior.

**Path Coefficient**

In Partial Least Squares Structural Equation Modeling (PLS-SEM), the path coefficient represents the strength and direction of the relationship between two latent variables in the model. These coefficients are critical for understanding how much one variable (the predictor or independent variable) influences another (the dependent variable) in a structural model. Path coefficients are derived from the model's estimation and are interpreted similarly to regression coefficients in linear regression.

The significance of the path coefficient can be tested using t-statistics and p-values through bootstrapping in PLS. A statistically significant path coefficient ( $p < 0.05$ ) indicates that the relationship between the two variables is unlikely to have occurred by chance, thus supporting the proposed relationship in the model.

**Table 5. PLS structural model**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Moderating Effect 1 -> Tax Evasion	0.013	0.000	0.100	0.131	0.896
Moderating Effect 2 -> Tax Evasion	-0.081	0.091	0.151	0.535	0.593
Probability of Fraud Detection -> Tax Evasion	0.024	0.003	0.120	0.204	0.838
Tax Audit Intensity -> Tax Evasion	-0.481	0.443	0.098	4.888	0.000
Tax Officials' Service -> Tax Evasion	0.203	-0.005	0.216	0.937	0.349

Based on the data analysis, the following conclusions can be drawn:

**H1: The intensity of tax audits significantly negatively affects tax evasion – Accepted.**

This result indicates that as the frequency and thoroughness of tax audits increase, the level of tax evasion decreases, supporting the deterrent effect of audit enforcement on taxpayer compliance. Tax audit intensity refers to the frequency and thoroughness of tax audits conducted by tax authorities to ensure compliance with tax laws. A higher intensity of tax audits means that more taxpayers are scrutinized, and their financial records are examined more rigorously. This serves as a deterrent to tax evasion because the perceived risk of detection increases, making it more likely that taxpayers will

comply with tax regulations to avoid penalties or prosecution. The finding that tax audit intensity significantly negatively affects tax evasion aligns with theory and empirical evidence from recent studies.

The negative impact of tax audit intensity on tax evasion is grounded in deterrence theory, which suggests that individuals are less likely to commit a crime if they believe they will be caught and punished. Taxpayers weigh the benefits of evasion against the potential costs, such as fines, penalties, or criminal charges. A higher audit intensity raises the perceived probability of detection, making the likely cost of evasion too high for many taxpayers to justify the risk.

This relationship is confirmed by recent research. A study by (Batrancea et al., 2019) examined the role of tax audits in various countries and found that increasing the frequency and rigor of audits significantly reduced the likelihood of tax evasion. The study emphasized that when taxpayers anticipate a higher probability of being audited, they are more likely to comply with tax regulations. Similarly, (Pomeranz, 2019) explored the impact of tax enforcement in Chile and found that audit interventions had a measurable effect on taxpayer behavior, especially in sectors with higher evasion risks.

Several recent studies have explored how tax audits can reduce evasion across different contexts and industries. For example, (Mascagni, 2020) conducted a study in Rwanda that provided direct evidence of the effectiveness of tax audits. The research found that audited firms were likelier to report accurate income and pay taxes than non-audited firms. The study also highlighted the psychological impact of audits—taxpayers who had previously been audited were more likely to comply with future tax obligations, knowing that the tax authority was vigilant.

Moreover, a study by (Kleven dkk., 2020) in Denmark provided further insights into the effectiveness of audits. By analyzing randomized audit data, the study found that tax audits significantly reduced tax evasion among businesses and individual taxpayers alike. Interestingly, the study also showed that the deterrent effect extended beyond those directly audited, as the news of increased audit intensity spread among taxpayers, enhancing overall compliance within the economy.

## **H2: The probability of fraud detection significantly negatively affects tax evasion – Rejected.**

Contrary to expectations, the perceived likelihood of fraud detection did not significantly reduce tax evasion, suggesting that taxpayers may not perceive detection risk as a strong enough deterrent or that other factors might mitigate its influence. The hypothesis that the probability of fraud detection significantly negatively affects tax evasion was rejected in this research, meaning that increasing the likelihood of fraud detection does not have the expected significant impact on reducing tax evasion. This outcome challenges assumptions in economic theory that predict a strong relationship between detection probability and compliance behavior. While intuition and traditional models suggest that a higher perceived probability of fraud detection should deter tax evasion, recent studies and empirical evidence point to complexities in taxpayer behavior that may explain why this relationship is not always straightforward.

In economic theory, particularly deterrence theory, it is assumed that the higher the probability of getting caught for evading taxes, the less likely individuals or firms will engage in fraudulent activity. The logic is that individuals weigh the costs and benefits of tax evasion: if the probability of detection increases, the potential costs of fines, penalties, or legal repercussions outweigh the benefits of evasion. Therefore, a high probability of fraud detection should serve as a powerful deterrent, leading to lower tax evasion rates.

However, the rejection of this hypothesis suggests that the relationship between fraud detection probability and tax evasion is not as direct or strong as anticipated. This could be due to various factors, including psychological, institutional, and socio-economic influences on taxpayer behavior beyond the perceived risk of being caught.

Several recent studies shed light on why the probability of fraud detection may not significantly reduce tax evasion in all contexts. For example, a survey by (Alm & Torgler, 2020) found that while increasing the probability of detection may have some deterrent effect, the impact is often marginal compared to other factors, such as social norms, moral considerations, and the perceived fairness of the tax system. Their research showed that taxpayers do not always act as rational agents who strictly

calculate the risk of detection; instead, their decisions are influenced by a range of emotional and ethical factors.

In another study by (Hofmann & Kirchler, 2020), the authors explored the role of tax morale—the intrinsic motivation to pay taxes—as a significant factor in compliance behavior. They found that in environments where tax morale is low, even a high probability of detection may not be enough to deter tax evasion. This is because taxpayers who feel disconnected from the government or believe the tax system is unfair may be more willing to risk evading taxes, regardless of the chances of being caught.

These studies suggest that tax compliance is a complex decision-making process influenced by more than just the likelihood of detection. Other factors, such as trust in government, the perceived fairness of tax policies, and even personal financial situations, may weigh more heavily on a taxpayer's decision to evade or comply.

### **H3: Tax Officials' Service moderates the relationship between tax audit intensity and tax evasion – Rejected.**

The quality of service provided by tax officials did not significantly enhance or diminish the impact of tax audit intensity on tax evasion, implying that the deterrent power of audits may function independently of the taxpayers' experiences with tax officials. The hypothesis that Tax Officials' Service moderates the relationship between tax audit intensity and tax evasion was rejected in this study. This finding suggests that the quality of service tax officials provide—such as their professionalism, responsiveness, and ability to assist taxpayers—does not significantly influence the strength of the relationship between audit intensity and tax evasion. Contrary to expectations, even if tax officials offer high-quality service, it does not significantly alter the impact of tax audit intensity on taxpayer compliance or the likelihood of evasion (Wulandari, 2021).

In theory, the service quality of tax officials is seen as an important factor in influencing tax compliance. Drawing from the slippery slope theory (Kirchler et al., 2020), it is posited that taxpayers are more likely to comply voluntarily with tax laws when they perceive tax authorities as trustworthy, fair, and service-oriented. Tax authorities that engage taxpayers with high support and transparency can foster greater trust and cooperation, theoretically reducing the likelihood of tax evasion.

However, in this study, the rejection of the moderating role of tax officials' service implies that the quality of service alone may not be sufficient to affect the link between audit intensity and evasion. Despite the idea that better service might encourage taxpayers to comply when faced with more frequent audits, the results suggest that the direct deterrent effect of tax audits is not significantly influenced by how tax officials provide their services.

The limited moderating effect of tax officials' service on audit intensity and tax evasion is echoed in several recent studies. For instance, research by (Gangl et al., 2019) examined how enforcement and service quality interact to affect compliance. The study found that while high-quality service improves taxpayer satisfaction, it does not always lead to significant changes in behavior when enforcement mechanisms (such as tax audits) are in place. Taxpayers might still respond to the threat of audits based on their perceived risk of detection, independent of how well tax officials perform their duties.

Similarly, (Hofmann & Kirchler, 2020) argued that although trust in tax authorities is crucial for voluntary compliance, its role in moderating the effect of enforcement measures like audits is limited. Their study showed that enforcement measures tend to operate as standalone deterrents. When audits are rigorous, they strongly influence compliance regardless of how the audit process is managed or whether taxpayers receive good service.

The rejection of the moderating role of tax officials' service is also supported by empirical evidence from various studies. For example, a survey by (Castro & Rizzo, 2021) on tax compliance in Latin America found that while improved tax service led to greater taxpayer satisfaction, it did not necessarily reduce evasion when audits were in place. Similarly, (Blaufus et al., 2020) examined how audit threats and service quality interact in the European context and found that even with high-quality service, taxpayers primarily responded to the perceived threat of an audit rather than the quality of service received during the audit process.



**H4: Tax Officials' Service moderates the relationship between the probability of fraud detection and tax evasion – Rejected.**

The hypothesis that Tax Officials' Service moderates the relationship between the probability of fraud detection and tax evasion was rejected in this study. This indicates that the quality of tax officials' service does not significantly impact the relationship between how likely it is for tax fraud to be detected and the tendency for taxpayers to engage in tax evasion. Despite the assumption that high-quality service could influence taxpayer behavior, the findings suggest that the likelihood of fraud detection operates independently of the service provided by tax officials.

Recent studies further support the finding that the probability of fraud detection largely operates independently of service quality. For example, (Gangl et al., 2020) explored how detection probability impacts tax compliance. They found that taxpayers primarily respond to the perceived risk of being audited or penalized rather than how tax authorities deliver their services. Their research indicated that even when service quality is high, the perceived threat of being detected remains the primary factor influencing taxpayer decisions.

Similarly, (Kleven et al., 2020) investigated the relationship between tax compliance and enforcement strategies, noting that fraud detection mechanisms—such as audits or third-party reporting—directly impact compliance rates. The study found that while improving tax services can build trust and cooperation over the long term, the short-term deterrent effect of fraud detection is not significantly affected by the quality of tax officials' service.

The rejection of the moderating effect of Tax Officials' Service on the relationship between fraud detection probability and tax evasion is reflected in several empirical studies. For example, (Alm & Torgler, 2020) found that increasing the likelihood of detection through stricter enforcement or audit mechanisms was the most effective way to reduce evasion, with service quality playing a minimal role in altering this relationship. In their study, taxpayers were found to be primarily concerned with avoiding penalties, regardless of how helpful or responsive tax officials were.

Likewise, Fjeldstad et al. (2020) conducted a study on tax compliance in developing countries, demonstrating that the probability of fraud detection directly and significantly impacted reducing tax evasion. In contrast, tax service quality had little to no effect on taxpayer behavior when fraud detection mechanisms were emphasized.

**CONCLUSION**

The study examined the relationship between tax audit intensity, probability of fraud detection, and tax evasion, focusing on the moderating role of tax officials' service. The results revealed mixed findings. The hypothesis that tax audit intensity significantly reduces tax evasion was accepted, supporting the notion that frequent and thorough audits are a strong deterrent against evasion. This finding aligns with previous studies, confirming that when taxpayers perceive a higher likelihood of being audited, they are less likely to evade taxes.

On the other hand, the hypothesis regarding the probability of fraud detection and its negative impact on tax evasion was rejected. This surprising result suggests that the likelihood of being caught for tax fraud does not directly affect evasion in this study's context. It may indicate that other factors, such as trust in tax institutions or external economic conditions, influence taxpayers' decisions to evade taxes beyond the mere probability of detection.

Furthermore, the study found that tax officials' service does not moderate the effects of either tax audit intensity or fraud detection probability on tax evasion. The quality of service provided by tax officials—whether in terms of efficiency, helpfulness, or accessibility—did not significantly influence how taxpayers responded to audits or fraud detection. This suggests that while good service may help build long-term trust, it does not change taxpayer behavior regarding deterrence-driven decisions like tax evasion.

In summary, the study highlights the importance of focusing on direct enforcement measures, such as audit intensity, while recognizing service quality's limited role in influencing taxpayer behavior in the short term. Future research could explore other factors that might moderate the relationship between enforcement strategies and compliance, particularly in varying economic or cultural settings.

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