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The Role of Fraud Hexagon Theory Perspective in Detecting Tax Fraud

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ABSTRACT

This study aims to analyze the factors influencing Tax Fraud, particularly Tax Evasion using the Fraud Hexagon Theory perspective. This research is highly relevant considering the importance of understanding the dynamics of Tax Evasion in the context of organizational and individual behaviour. Amidst the government's efforts to increase state revenue through the tax sector, a deep understanding of the factors that encourage and suppress tax evasion is crucial. This type of research is quantitative using an explanatory research approach. The study population is registered and active corporate taxpayers at the KPP Pratama Surabaya Mulyorejo, with a sample of 100 respondents selected using a purposive sampling technique. The analysis technique applied is PLS-SEM, which is effective in measuring and modelling the relationship between variables. The results show that Pressure, Capability, and Collusion have a significant effect on Tax Evasion, while Opportunity, Rationalization, and Arrogance do not show a significant effect. This finding rejects several previous studies stated that Opportunity, Rationalization, and Arrogance play a greater role in Tax Evasion. This research contributes to tax policy, with the hope that strengthening technology-based tax administration systems is crucial for improving oversight and transparency. These results suggest that Opportunity, Rationalization, and Arrogance, which better support Tax Compliance, should be prioritized in efforts to reduce Tax Evasion. These three elements are integral to the Fraud Hexagon Theory, which broadens understanding of the factors that drive fraudulent activities, including Tax Evasion.

INTRODUCTION

Tax evasion is a crucial issue that continues to be a focus of Indonesian fiscal policy, particularly between 2019 and 2024. While the government has launched various tax reform programs, such as the tax amnesty program and the Voluntary Disclosure Program, the problem of tax evasion continues to persist (Santoso, 2023). A major case that has garnered public attention is the disclosure of a fictitious gold export scheme worth IDR 189 trillion in 2023, in which the perpetrators exploited loopholes in the export system and allegedly involved document manipulation with the assistance of internal authorities (Kompas, 2023). This case not only caused significant state losses but also reflected weak internal oversight and systemic

fiscal compliance controls. In 2019, Finance Minister Sri Mulyani Indrawati revealed that the tax gap in Indonesia reached 8.5%, far above the global average of 3.6% (DDTCNews, 2021).

Data from the Tax Justice Network (2020) estimates that Indonesia experiences a potential loss of US$4.86 billion (approximately Rp69.1 trillion) in tax revenue per year due to tax avoidance practices carried out by corporations and wealthy individuals (Kumparan, 2023). A World Bank report in the December 2024 edition of Indonesia Economic Prospects revealed that one in four companies in Indonesia is involved in tax avoidance practices (MUC Consulting, 2021). In 2022, the Directorate General of Taxes discovered the use of fictitious tax invoices by a network of retail companies in the Greater Jakarta area. According to information from the Directorate General of Taxes Regional Office 1, in 2024, a case of tax evasion occurred in Surabaya by the Director of PT Papan Utama Indonesia (PUI), who failed to report the sale of 13 properties worth Rp465 million in his VAT return. VAT collected from buyers is not remitted to the state, resulting in state losses. The case of PT ESA in Surabaya using fictitious tax invoices between 2018 and 2021 resulted in state losses of Rp3.78 billion. This phenomenon indicates that tax evasion perpetrators are no longer just individuals but have transformed into organized collective crime that exploits system weaknesses (Angeli, 2023).

Data from Commission XI of the Indonesian House of Representatives (DPR RI) also indicates that untapped tax potential remains enormous. Estimated tax potential is around 23% of Gross Domestic Product (GDP), but only around 10–11% is collected annually, reinforcing indications of a high tax gap and weak fiscal oversight effectiveness (DPR RI, 2023). This situation is exacerbated by limited data integration between agencies and the suboptimal use of technology to detect fraud. A number of strategic taxpayers, including multinational companies and digital-based corporations, are still able to evade taxes through transfer pricing strategies, tax havens, and financial statement manipulation (OECD, 2023). The problem of tax evasion in Indonesia in the 2019–2024 period is not only a matter of individual non-compliance, but is a manifestation of weak internal controls, low moral hazard, and the lack of a strong tax compliance culture in various economic sectors (Angeli, 2023).

Based on data obtained from the Directorate General of Taxes, in the last five years (2020–2024), national tax revenues showed significant fluctuations, with the highest achievement in 2022 of IDR 2.629 trillion and a decline again in 2023 and 2024. The tax compliance rate experienced a consistent increase, from 83.18% in 2020 to 112.30% in 2024, reflecting improvements in taxpayer awareness and compliance. On the other hand, the number of SP2DK (Letters Requesting Explanation of Data and/or Information) issued experienced a sharp decline, from 21,241 documents in 2021 to only 3,040 in 2024, which may indicate a change in the supervisory approach or the effectiveness of the compliance strategy. Data related to the issuance of warning letters showed a relatively stable trend, with the highest number in 2023 of 6,348 letters and the lowest in 2021 of 5,014 letters. Meanwhile, the number of enforcement letters increased significantly, from 2,328 in 2020 to 4,546 in 2024, reflecting increased enforcement efforts against non-compliant taxpayers. This information provides a general overview of the trends and effectiveness of tax policies and oversight implemented by tax authorities.

Therefore, this research is needed into the role of the Fraud Hexagon Theory perspective in detecting tax fraud, considering the complex dynamics between compliance levels, tax revenues, supervision intensity (through SP2DK, warning letters, and enforcement letters), as well as the potential for collusion and external pressure, as reflected in trends over the past five years. The spikes and declines in these indicators indicate that taxpayer behavior is influenced not only by technical factors but also by psychological, structural, and systemic factors described in the Fraud Hexagon Theory. By simultaneously examining the six elements of the theory, namely pressure, opportunity, rationalization, capability, arrogance, and collusion, this research is expected to provide a more comprehensive understanding of the patterns and determinants of tax fraud, as well as support the formulation of a more risk-based and institutional integrity-oriented supervisory strategy.

The phenomenon of Tax Evasion in Indonesia cannot be separated from the root of the deep problem, namely fraudulent behavior that continues to develop in a complex and adaptive manner. In recent years,

tax fraud behavior is no longer only triggered by financial motives, but also by the interaction of various psychological, structural, and organizational cultural factors. Fraud Hexagon Theory is one theoretical approach developed to capture this complexity more comprehensively. This theory identifies six main factors that influence the occurrence of fraud, namely: Pressure as the pressure to achieve targets or maintain business positions; Capability as technical ability and access to systems; Ego as ambition and excessive self-confidence; Opportunity as opportunities due to weak supervisory systems; Rationalization as moral justification for deviant behavior; Arrogance as arrogance that describes the attitude of someone who feels superior and does not care about rules or norms.; Collusion as collusion reflects the collective involvement of two or more parties in an organized fraudulent act. In the context of the Fraud Hexagon Theory, each element does not operate in isolation but interacts and reinforces each other, forming a complex and comprehensive risk configuration for tax evasion.

Various previous studies have confirmed the relevance of the components of this theory to understanding fraudulent behavior. For example, Rahman & Dewi (2019) highlight financial pressure as a primary driver of tax evasion intentions. Sari & Firmansyah (2020) identify rationalization as a dominant justification mechanism in tax cases. Wibowo et al. (2021) add that capability and arrogance are strong predictors of fraud. Meanwhile, Amelia & Fauzan (2021) show that collusion between business actors and tax officials can be systemic, especially when internal control systems are weak. However, there is a gap in the literature that simultaneously examines the influence of the six elements of the Fraud Hexagon on tax evasion behavior. This research aims to fill this gap and provide both theoretical and practical contributions to the Directorate General of Taxes, particularly in designing risk-based oversight strategies and building an organizational culture that upholds integrity. Furthermore, these findings are expected to serve as a reference for strengthening national fiscal capacity amidst global economic dynamics and the digitalization of the financial system.

LITERATURE REVIEW

Fraud Hexagon Theory

Fraud Hexagon Theory is a theory developed by Georgios L. Vousinas in 2019 (Vousinas, 2019). This theory refines previous fraud theories by identifying the factors that drive individuals to commit fraud (Vousinas, 2019). Fraud theory continues to evolve with the times, and the most recent development is the Fraud Hexagon Theory, which is more complex due to the addition of the collusion factor (Nadziliyah & Primasari, 2022). In addition to adding collusion, Vousinas also replaced the pressure and arrogance factors with stimulus and ego (Riyanti & Trisanti, 2021). In developing the Fraud Hexagon theory, Vousinas changed the terms stimulus and ego to broaden the scope and depth of the analysis. Stimulus encompasses various internal and external triggers that drive someone to commit fraud, not limited to financial pressure alone. While ego replaces arrogance because it better represents complex psychological motivations such as narcissism, ambition, and the drive to demonstrate superiority. This change in terminology is not a deletion, but rather a refinement of the concept to make it more contextual and relevant to the broader dynamics of fraudulent behavior, while adding a new element, collusion, as a crucial factor in fraud collaboration. So these six elements can be written as follows: Pressure or Stimulus, Capability, Opportunity, Rationalization, Arrogance or Ego, and Collusion. (Vousinas, 2019). The novelty of the six factors in the Fraud Hexagon Theory, which are more complex than previous theories, can provide a broader perspective for research.

Recent studies, such as those by (Fitriyani, 2024) demonstrate that all six components of the Fraud Hexagon stimulus, opportunity, capability, rationalization, ego, and collusion collectively contribute to fraud practices across both public and private sectors. Hioda and Urumsah (2025) further confirm that external pressure and collusion significantly influence financial statement manipulation within state-owned enterprises, while Izdihar (2023) highlights the dominant role of capability and opportunity in detecting fraud among publicly listed companies. Overall, contemporary literature affirms that Fraud Hexagon

Theory not only enriches academic understanding of fraud motivation but also serves as an effective analytical tool in investigative auditing and organizational governance enhancement.

The Fraud Hexagon Theory is increasingly used in research to analyze and detect tax fraud. Meidijati and Amin (2023) demonstrated that all six elements of this theory can identify fraudulent financial reporting practices related to tax evasion. The study by Wahyuni and Pramiana (2024) on manufacturing companies in Indonesia shows that stimulus, opportunity, capability, rationalization, ego, and collusion all play roles in tax avoidance practices. Capability and opportunity factors are the main aspects driving individuals or companies to manipulate tax data (Azhari & Lenggogeni, 2024; Khamainy et al., 2022). Thus, the Fraud Hexagon Theory provides a more comprehensive perspective in understanding the motives and opportunities behind tax fraud.

In addition to individual factors, collusion between management and external parties is also a major cause of the increased risk of systemic tax fraud (Khoyumi et al., 2024). These studies indicate that such collaboration makes fraud detection more difficult and requires stricter supervision approaches. The Fraud Hexagon Theory has proven to be effectively applicable across various industry sectors for analyzing tax fraud patterns. These findings reinforce previous literature on the importance of this theory as an analytical and preventive tool against fraud. Overall, the use of the Fraud Hexagon Theory can assist regulators and auditors in formulating more effective strategies for detecting and preventing tax fraud.

Tax Evasion

Tax Evasion is an illegal act carried out to avoid tax obligations, such as concealing income or manipulating financial statements. Factors influencing tax evasion include injustice within the tax system, weak oversight, and lack of awareness of legal consequences (Alm et al., 2019). Tax evasion is more prevalent in countries with weak monitoring systems and poor data transparency, which leads taxpayers to seek legal loopholes to reduce their obligations. Tax evasion has extensively explored its determinants, methodologies for detection, and the broader economic implications. Khlif and Achek (2015) provide a comprehensive review, categorizing the factors influencing tax evasion into demographic, cultural, behavioral, legal, institutional, and economic variables. Their study highlights the complexity of tax evasion and underscores the need for multifaceted approaches to address it. Similarly, Saldajeno and Sarita (2025) systematically review the drivers of tax non-compliance, emphasizing the interplay between institutional frameworks, corporate governance, and individual behaviors in facilitating tax evasion and avoidance.

Advancements in computational modeling have also contributed to understanding tax evasion dynamics. Lazebnik and Shami (2025) introduce an agent-based simulation powered by large language models and deep reinforcement learning to examine the emergence of informal economic activities. Their findings suggest that individual traits, external narratives, enforcement probabilities, and the perceived efficiency of public goods provision significantly influence both the timing and extent of tax evasion. Additionally, Mansour et al. (2023) conduct a bibliometric analysis of tax evasion research, identifying trends and gaps in the literature, and highlighting the United States as a leading contributor to this field.

The Effect of Pressure on Tax Evasion

Rahman & Dewi (2019) and Supriyadi et al. (2021), identified financial pressure and the work environment as major drivers of tax evasion. Therefore, it is important for authorities to strengthen oversight and reduce excessive pressure on taxpayers to prevent systemic tax evasion. This confirms that pressure to fulfill tax obligations and meet corporate profit targets can drive tax evasion practices, which are consistent with the Fraud Hexagon Theory (Vousinas, 2019), states that external pressure is a key factor in fraudulent behavior. Respondents in the questionnaire indicated that they experience high pressure in meeting tax obligations, which increases the tendency to seek loopholes for tax evasion. Based on this theoretical foundation, we propose the following hypothesis

H1 : Pressure has a positive effect on Tax Evasion.

The Effect of Capability on Tax Evasion

Wibowo et al. (2021) and Saragih et al. (2022) support this finding, showing that technical skills and information access increase the likelihood of tax evasion. In line with the Fraud Hexagon Theory (Vousinas, 2019), Capability strengthens the intention to commit tax evasion, as greater access to the system makes it easier for individuals or organizations to exploit existing loopholes. This suggests that individuals or organizations with technical knowledge or access to the tax system are more likely to exploit loopholes to evade taxes. Respondents revealed that those with greater knowledge of taxation or broader access to information tend to perceive more opportunities for tax evasion. Based on this theoretical foundation, we propose the following hypothesis

H2 : Capability has a positive effect on Tax Evasion.

The Effect of Opportunity on Tax Evasion

Putra & Suryanto (2021) and Probowulan & Zulkarnnaeni (2022) confirmed that system weaknesses and lack of digitalization create space for tax evasion, but this finding highlights that improved supervision and a more robust system can reduce the impact of Opportunity on tax evasion. Responses from the questionnaire reflect the same, where despite the presence of loopholes in the tax system, most respondents did not exploit them to avoid their tax obligations. Based on this theoretical foundation, we propose the following hypothesis

H3 : Opportunity has a positive effect on Tax Evasion.

The Effect of Rationalization on Tax Evasion

Sari & Firmansyah (2020) and Safitri et al. (2022) found that rationalization can encourage tax evasion, but in this study, factors such as stronger oversight and better control systems have a greater impact on tax evasion than moral or social justification. Although rationalization is often considered a driving factor in tax evasion, this finding indicates that its influence within the context of this study. Respondents also indicated that they do not justify tax evasion, even though they perceive unfairness in the tax system. Based on this theoretical foundation, we propose the following hypothesis

H4 : Rationalization has a positive effect on Tax Evasion.

The Effect of Arrogance on Tax Evasion

Previous studies by Wibowo et al. (2021) and Monteverde (2020) suggested that arrogance could encourage tax evasion, but in this study, its influence was not proven to be significant. Although Fraud Hexagon Theory (Vousinas, 2019) considers arrogance a driving factor in tax evasion. Respondents' answers also reflect this, as most did not associate tax evasion with the pursuit of personal reputation. Based on this theoretical foundation, we propose the following hypothesis

H5 : Arrogance has a positive effect on Tax Evasion.

The Effect of Collusion on Tax Evasion

According to Vousinas (2019), Collusion is an agreement to commit fraud in which one party acts with a deviant intent, such as deceiving another party and violating their rights. Sari & Nugroho (2021) found that collusion in the context of government projects involves efforts by companies to cooperate in order to present positive financial performance, allowing them to gain approval for government project contracts. However, this finding does not align with the results of Setyono et al. (2023), Nurardi & Wijayanti (2021), and Alifa & Rahmawati (2022). Based on this theoretical foundation, we propose the following hypothesis

H6 : Collusion has a positive effect on Tax Evasion

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RESEARCH METHODS

Research type

This research is a quantitative study with an explanatory research, aimed at explaining the causal relationship between the independent variables contained in the Fraud Hexagon Theory and Tax Evasion. The study uses primary data obtained directly from respondents through the distribution of closed-ended questionnaires based on a Likert scale to corporate taxpayers who meet specific criteria. Primary data was chosen because it can accurately reflect the perceptions, experiences, and attitudes of respondents toward the variables being studied. To ensure the validity and reliability of the findings, the questionnaire items were carefully constructed to align with each dimension of the Fraud Hexagon Theory. Each statement was designed to capture nuanced behavioral tendencies and organizational conditions that may contribute to tax fraud. The Likert scale format allows for a standardized measurement of respondent agreement, facilitating statistical analysis and hypothesis testing. Moreover, the selection of corporate taxpayers as respondents ensures that the data reflects real-world practices and decision-making processes within business entities. This targeted sampling approach strengthens the relevance of the research outcomes to policy formulation and fraud prevention strategies.

Population and Sample

The population in this study consists of corporate taxpayers who are registered and currently active at the Primary Tax Office (KPP Pratama) in the Surabaya region. Since the exact number of the population is not precisely known, the sampling technique used is non-probability sampling, specifically the purposive sampling method, which involves only respondents who meet the criteria such corporate taxpayers who have been active for at least two years at the Regional Office I of the Directorate General of Taxes (DJP). The determination of the sample size for explanatory research, according to Sugiyono (2023), uses the Slovin formula. For a population of 43,239 corporate taxpayers, the minimum required number of respondents is 100 corporate taxpayers. This number meets the minimum requirements for quantitative analysis and multivariate analysis using PLS-SEM.

Data Collection Techniques and Variable Measurement

Data were collected using a closed-ended questionnaire based on a 5-point Likert scale, distributed to financial managers, tax staff, or financial directors of corporate taxpayers. This study employed a quantitative approach, collecting data through a questionnaire based on a 5-point Likert scale. Each variable was structured based on the Fraud Hexagon Theory. This theory is relevant in explaining tax evasion behavior as a result of the interaction of individual, organizational, and systemic factors. Variables were measured using concise indicators, adapted to the survey scale, while remaining aligned with current theoretical and empirical frameworks.

Pressure, in this context, reflects external forces such as financial targets, pressure from business owners, or the need to maintain the company's existence. Indicators include high profit targets, pressure from superiors, and the need to maintain reputation (Vousinas, 2019; Dewantoro & Herliansyah, 2025). Capability refers to an individual's intellectual capacity or authority to manipulate tax reporting. Measured through indicators such as understanding regulatory loopholes, access to sensitive data, and authority in preparing tax reports (Wolfe & Hermanson, 2004). Opportunity refers to weaknesses in the internal oversight system that open up opportunities for violations, such as weak segregation of duties, lack of controls, and minimal reporting oversight (Achmad et al., 2023). Meanwhile, Rationalization is the psychological justification for violations, measured through indicators such as the perception that tax evasion is common practice, taxes are viewed as a burden, and the perception that the government is not transparent in its use of taxes (Skousen et al., 2009). Arrogance reflects narcissistic drives and a desire to maintain personal dominance, which can encourage violations. Indicators include: overconfidence, dominance in decision-making, and unwillingness to be corrected (Vousinas, 2019). Collusion in the context of government projects involves companies working together to demonstrate positive financial performance so they can gain approval for government projects (Sari & Nugroho, 2021).

In this case, tax evasion, as the dependent variable, is defined as the deliberate act of taxpayers avoiding tax payments through illegal means. This variable is measured using the following indicators:

underreporting of income, the use of fictitious invoices, manipulation of expense amounts, and omitted transactions (Achmad et al., 2023; Skousen et al., 2009).

Data Analysis Techniques

Data analysis in this study was conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach operated using the latest version of SmartPLS software. This method was chosen because it is capable of handling complex research models, consisting of many latent constructs, reflective indicators, and moderating variables. The first stage, outer model evaluation, aims to test the validity and reliability of the constructs. Convergent validity testing is carried out by ensuring that the outer loading value for each indicator is at least ≥ 0.70, and the Average Variance Extracted (AVE) value is ≥ 0.50. Discriminant validity testing is conducted using two approaches: cross-loading and the HTMT (Heterotrait-Monotrait Ratio) value, where a good HTMT value is below 0.90 to indicate adequate differences between constructs (Hair et al., 2019). Next, construct reliability testing was conducted using two measures: Composite Reliability (CR) and Cronbach's Alpha, both of which are required to have values ≥ 0.70 as indicators of strong internal consistency (Ghozali, 2023). The analysis continued with an inner model evaluation to test the strength of the structural relationships between latent constructs. The evaluation was carried out by testing the R-square (R^2) value to assess how much of the dependent variable's variance can be explained by the independent variables. An R^2 of 0.75 is considered strong, 0.50 moderate, and 0.25 weak. In addition, the f-square (f^2) value is used to measure effect size, with values of 0.02 (small), 0.15 (medium), and 0.35 (large) (Hair et al., 2019). The final step is testing the significance of the relationships between latent variables using the bootstrapping method. A relationship is considered significant if it has a p-value < 0.05 and a t-statistic > 1.96 at a 95% confidence level.

RESULT AND DISCUSSION

Result

Table 1. Outer Model

	Cronbach's alpha	Average variance extracted (AVE)
X1. Pressure	0.799	0.622
X2. Capability	0.878	0.718
X3. Opportunity	0.737	0.653
X4. Rationalization	0.868	0.617
X5. Arrogance	0.858	0.699
X6. Collution	0.916	0.749
Y1. Tax Evasion	0.854	0.629

Sumber : SmartPLS

Cronbach's Alpha value greater than 0.70 indicates good construct reliability. Based on the analysis, all constructs in this study demonstrated Cronbach's Alpha values significantly higher than 0.70, indicating excellent reliability. Table 1 shows that Cronbach's Alpha values for Pressure (0.799), Capability (0.878), Opportunity (0.737), Rationalization (0.868), Arrogance (0.858), Collution (0.916), and Tax Evasion (0.854) all demonstrated excellent internal consistency. The reliability of the constructs in this research model is assured, allowing further testing of the relationships between variables without concern for measurement instability. These very high Cronbach's Alpha values support the reliability of the data used in the study and guarantee the quality of the resulting model.

Average Variance Extracted (AVE) is used to measure convergent validity in the PLS-SEM model, indicating the extent to which the latent constructs can explain the variance of the existing indicators. Based on the analysis results, all constructs in this study showed AVE values above 0.50, indicating good convergent validity. AVE values for variables such as Capability (0.878), Rationalization (0.868), Arrogance

(0.858), Collution (0.916), and Tax Evasion (0.854) were very high, while other variables, including Pressure (0.799) and Opportunity (0.737) also showed adequate results. This indicates that all constructs in this research model can be well explained by the related indicators, confirming that the PLS-SEM model used has excellent convergent validity and provides a strong basis for further hypothesis testing.

Table 2. Inner Model – R-square

	R-square	R-square adjusted
Y1. Tax Evasion	0.535	0.492

Sumber : SmartPLS

Table 2 explain that R^2 value of 0.535 for the Y1-Tax Evasion variable indicates this model can explain 53.5% of the variation in tax avoidance influenced by the independent variables in the model. This indicates that the independent variables tested, such as Pressure, Opportunity, Rationalization, Capability, and other factors, have a strong influence on Tax Evasion. Meanwhile, the Adjusted R^2 value of 0.492 indicates that after accounting for the number of variables in the model, approximately 49.2% of the variation in tax avoidance can still be explained, indicating that despite the presence of several additional variables, this model remains quite efficient in predicting Tax Evasion. Overall, these results show that the model used is quite effective in explaining and predicting Tax Evasion behavior, with significant contributions from the tested variables.

Table 3. Inner Model - F-square

	f-square
X1. Pressure -> Y1. Tax Evasion	0.106
X2. Capability-> Y1. Tax Evasion	0.098
X3. Opportunity -> Y1. Tax Evasion	0.000
X4. Rationalization -> Y1. Tax Evasion	0.009
X5. Arrogance -> Y1. Tax Evasion	0.001
X6. Collution -> Y1. Tax Evasion	0.128

Sumber : SmartPLS

The f^2 test measures the effect of the independent variable size on the dependent variable in the PLS-SEM model, with results showing that variables such as Pressure (X1) and Capability (X2) have a small to moderate effect (f^2 = 0.090 - 0.108), while collusion (X6) has a large effect. Meanwhile, other variables, such as Opportunity (X3), Rationalization (X4), and Arrogance (X5), have very small effects. These findings indicate that although some factors play a significant role, other variables such as Pressure, Capability, and Collusion still have a limited contribution in influencing Tax Evasion, which is important for formulating more efficient tax policies.

Table 4. Direct Effect Hypothesis Testing

	Original sample (O)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values	Additional Information
X1. Pressure -> Y1. Tax Evasion	0.245	0.103	2.371	0.018	Effect
X2. Capability-> Y1. Tax Evasion	0.154	0.104	1.482	0.038	Effect
X3. Opportunity -> Y1. Tax Evasion	-0.017	0.103	0.163	0.871	No Effect
X4. Rationalization -> Y1. Tax Evasion	0.093	0.121	0.766	0.444	No Effect
X5. Arrogance -> Y1. Tax Evasion	0.028	0.121	0.232	0.817	No Effect
X6. Collution -> Y1. Tax Evasion	0.344	0.100	3.425	0.001	Effect

Sumber : SmartPLS

The results of Table 4 shows the direct hypothesis testing indicate that several independent variables have a significant influence on Tax Evasion. The Pressure variable (H1) shows a significant positive influence with a t-statistic = 2.371 and p-value = 0.018, indicating that pressure to achieve targets can increase tax avoidance. Similarly, Capability (H2) also has a significant positive influence on Tax Evasion, with a t-statistic = 1.482 and p-value = 0.038, indicating that ability and access to tax information also facilitate tax avoidance. Furthermore, Collusion (H6) has a significant positive influence on Tax Evasion, with a t-statistic = 3.425 and p-value = 0.001, indicating that illegal cooperation practices between taxpayers and other tax authorities can increase the level of tax avoidance. On the other hand, Opportunity (H3), Rationalization (H4), Arrogance (H5), do not show a significant influence on Tax Evasion, because their p-values are greater than 0.05, which means the hypothesis for these variables is not supported in this study.

Discussion

Pressure has a positive effect on Tax Evasion

The results of the first hypothesis test indicate that pressure has a significant positive effect on tax evasion with a t-statistic of 2.371 and a p-value of 0.018, confirming that pressure to meet tax obligations and corporate profit targets can encourage tax avoidance practices. These results align with the Fraud Hexagon Theory (Vousinas, 2019), which states that external pressure is a major factor in fraudulent behavior. Respondents in the questionnaire indicated that they felt high pressure to fulfill tax obligations, which increased the tendency to seek tax avoidance loopholes. This finding supports previous studies, such as Rahman & Dewi (2019) and Supriyadi et al. (2021), which also identified financial pressure and the work environment as key drivers of tax evasion. Therefore, it is crucial for authorities to strengthen supervision and reduce excessive pressure on taxpayers to prevent systemic tax evasion.

Capability has a positive effect on Tax Evasion

The results of the second hypothesis test show that Capability has a significant positive effect on Tax Evasion, with a t-statistic of 1.482 and a p-value of 0.038, indicating that individuals or organizations with technical knowledge or access to the tax system are more likely to exploit loopholes to avoid taxes. Respondents indicated that those with greater tax knowledge or greater access to information are more likely to perceive opportunities for tax avoidance. Previous research by Wibowo et al. (2021) and Saragih et al. (2022) supports this finding, showing that technical capability and access to information increase opportunities for tax avoidance. In line with the Fraud Hexagon Theory (Vousinas, 2019), Capability strengthens the intention to evade taxes, as greater access to the system makes it easier for individuals or organizations to exploit existing loopholes. Therefore, strengthening the oversight and transparency system is crucial to reducing tax avoidance practices.

Opportunity has a positive effect on Tax Evasion

The results of the third hypothesis test indicate that Opportunity has no significant effect on Tax Evasion, with a t-statistic of 0.163 and a p-value of 0.871, contradicting the Fraud Hexagon Theory (Vousinas, 2019). Although opportunities for tax evasion exist, this finding indicates that the Opportunity factor does not significantly influence tax evasion behavior. The questionnaire respondents' answers also reflect this, where despite the existence of loopholes in the tax system, most respondents did not exploit them to avoid their tax obligations. This suggests that although opportunities for tax evasion exist, stricter oversight and strengthening the tax administration system play a greater role in limiting these opportunities. Previous research by Putra & Suryanto (2021) and Probowulan & Zulkarnnaeni (2022) confirmed that system weaknesses and a lack of digitalization create room for tax evasion, but this finding highlights that increased oversight and a more robust system can mitigate the influence of Opportunity on tax evasion.

Rationalization has a positive effect on Tax Evasion

The results of the fourth hypothesis test indicate that rationalization has no significant effect on tax evasion, with a t-statistic of 0.766 and a p-value of 0.444. Although rationalization is often considered a driving factor in tax evasion, this finding indicates that its influence is not significant enough in the context of this study. Respondents also indicated that they did not justify tax evasion, even though they perceived unfairness in the tax system. Previous research by Sari & Firmansyah (2020) and Safitri et al. (2022) showed that rationalization can encourage tax evasion, but in this study, better supervision and control systems were more influential on tax evasion than moral or social justification. This finding rejects the influence of

rationalization described in the Fraud Hexagon Theory (Vousinas, 2019) and highlights the importance of strengthening the tax system in reducing tax evasion.

Arrogance has a positive effect on Tax Evasion

The results of the fifth hypothesis test indicate that arrogance has no significant effect on tax evasion, with a t-statistic of 0.232 and a p-value of 0.817, which contradicts the Fraud Hexagon Theory (Vousinas, 2019). Although this theory considers arrogance as a driving factor in tax evasion, this finding suggests that personal ambition is not significant enough to drive such behavior. Respondents' answers also reflect this, where most respondents did not associate tax evasion with achieving personal reputation. Previous research by Wibowo et al. (2021) and Monteverde (2020) showed that arrogance can encourage tax evasion, but in this study, the effect was not proven significant.

Collution has a positive effect on Tax Evasion

The results of the sixth hypothesis test indicate that collusion has a significant positive effect on tax evasion with a t-statistic of 3.425 and a p-value of 0.001, confirming that collusive practices between taxpayers and internal tax authorities can encourage tax evasion. These results align with the Fraud Hexagon Theory (Vousinas, 2019), which positions collusion as a key element in fraudulent behavior. Collusion allows for the formation of hidden networks that weaken the oversight system and open up opportunities for tax data manipulation. Respondents in the questionnaire indicated they were aware of the potential for collusion in the tax reporting and audit process, which increases the tendency to engage in systematic tax evasion. These findings support previous research, such as that by Rahman & Dewi (2019) and Supriyadi et al. (2021), which also identified collusion as a key driving factor in tax evasion practices, particularly in the context of weak institutional integrity and work environment pressures.

CONCLUSIONS

This study provides empirical evidence that the elements of Pressure, Ability, and Collusion significantly influence the likelihood of tax evasion. The findings suggest that when individuals or organizations face external pressure, they are more likely to seek illegal means to reduce their tax burden. Furthermore, the availability of technical knowledge and access to the intricacies of the tax system allows certain taxpayers to manipulate or exploit legal ambiguities. This, particularly between taxpayers and corrupt officials or third parties, further facilitates this behavior by weakening institutional control and oversight mechanisms. These three factors collectively create a high-risk environment for tax evasion, particularly in jurisdictions with inconsistent law enforcement and weak accountability.

Conversely, this study found that Rationalization, Arrogance, and Opportunity did not exhibit a statistically significant impact on tax evasion in the observed sample. However, the lack of significance does not necessarily imply irrelevance; rather, it suggests that in different contexts or institutional settings, these factors may play a more prominent role. The research findings indicate that tax evasion can be effectively mitigated by strengthening the tax administration system, particularly by closing systemic loopholes, improving internal controls, and implementing real-time monitoring mechanisms. Encouraging transparency, raising ethical awareness among taxpayers, and fostering public trust in the fairness of the tax system can also reduce incentives to evade taxes, even when opportunities exist.

This study, which adopted a cross-sectional quantitative design based on the Fraud Hexagon Theory, is inherently limited in establishing causality, as it captures behavioral tendencies at a single point in time. The use of self-reported questionnaires also poses risks of social desirability and response bias, particularly given the sensitive nature of tax fraud, which could potentially impact data accuracy. Furthermore, the demographic and geographic scope of the sample may limit the generalizability of the results to a broader population of taxpayers across different sectors or cultural contexts. Furthermore, while the Fraud Hexagon Theory introduces valuable psychological and behavioral dimensions such as arrogance and collusion, some of these constructs may not be fully captured through quantitative indicators alone. This methodological choice, while appropriate for exploratory analysis, limits the extent to which the findings can be directly applied in policy or law enforcement contexts. Therefore, future research is encouraged to incorporate longitudinal or mixed-methods approaches, expand sample diversity, and refine measurement tools to provide a more holistic and robust understanding of tax fraud detection through the lens of the Fraud Hexagon Theory.

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