

Yadnya - Hinduism Philosophy to Achieve Spiritual Awareness of SME Owners as Taxpayers: A Literary Discourse

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ABSTRACT: *This article is to explore the philosophy of Yadnya – a Hinduism philosophy that has the meaning of sincere, truthful, and fair devotion. Yadnya is expected to create spiritual awareness for taxpayers of small and medium enterprises (SME) as creative economy, especially those who embrace Hinduism. This principle is the basis for fulfilling religious obligation (religious rituals of Hinduism), conducting business activities, and performing the obligations to the state (tax). Spiritual consciousness linear to the principle of Yadnya is able to increase revenues for the country from tax, to generate the spirit of unity, and to increase the welfare of SME owners.*

KEYWORDS: *SME taxpayers, Spiritual Awareness, Yadnya – a Hinduism philosophy*

I. INTRODUCTION

The choice to comply with tax obligation for SME owners is an individual behavior affected by several factors such as freewill and the surrounding environment. The factor of freewill makes SME owners as taxpayers fulfill their duty voluntarily, and makes them free from the intention of evading tax. The external factor that makes them fulfill their obligation is policy from the government. Accountability from both parties, taxpayers and government, is essential, where taxpayers will pay tax and government will create rules that are easier to understand, in tariff, calculation, and reporting document [22]; [23]; [8]; [21].

The form of accountability of citizens to their country is payment of tax as a spiritual awareness. The success of the country in fulfilling their plan of revenue must be based on the philosophy of sincerity, truthfulness, and fairness, so the result can be used to create welfare for their subjects. This effort can be decreasing materialized in, one of them, local values of Balinese Hinduism, that is Yadnya. SME owners, as taxpayers, who take Hindu as their religion do the ritual of Yadnya. This activity is done on daily basis and on special occasions according to Balinese Calendar. It is done to create harmony between words, deeds, and thoughts, called as tri karya parisudha (three forms of chastity).

The ability of SME in Bali in tourism has been provenable to survive in national and global economic crisis [11]. The development of tourism makes local product that prioritize creativity of the community salable. The regency of Gianyar is of SME centers in the province of Bali. The tourist attractions in this regency are Ubud, Pasar Sukawati, Istana Tampak Siring, Pemandian Yeh Pulu, Goa Gajah, Taman Safari and Pantai Lebih. Gianyar offers the natural beauty of agricultural nature, beaches, and local artwork such as sculptures, carvings, paintings, dances, and culinary. The growth of SME diversity in the regency of Gianyar from 2008 until 2011 is available in Table 1.

Table 1. The Growth of SME Diversity from 2008 until December 2011 Regency of Gianyar

No.	Type of Business (SME)	Numbers of SME											
		2008			2009			2010			2011		
		F	NF	Total	F	NF	Total	F	NF	Total	F	NF	Total
1	agricultural industry	43	6.074	6.117	43	6.013	6.056	43	33.785	33.828	60	33.832	33.892
2	non-agricultural indu	512	21.323	21.835	522	21.096	21.618	522	21.107	21.629	601	21.127	21.728
3	trade	5.368	10.642	16.010	5.378	10.753	16.131	5.378	10.836	16.214	5.589	11.171	16.760
4	services	172	2.206	2.378	172	2.234	2.406	172	2.245	2.417	172	2.260	2.432
5	agribusiness	-	27.503	27.503	-	27.509	27.509	-	-	-	-	-	-
	Total	6.095	67.748	73.843	6.115	67.605	73.720	6.115	67.973	74.088	6.422	68.390	74.812

Source: [16]

The number of SME until 2011 was 74.812, dominated by informal business (68.390), while formal business was of 6.442. Workforce absorption of SME in non-formal and formal sector until 2011 was of 86.705 people [16]. The growth of SME also affected people's awareness to fulfill their obligation to the country. According to Raharjo, Head of KPP Pratama Gianyar (the office of tax service), obedience to pay tax in the aforementioned office, based on the received SPT (annual tax report provided by taxpayers), was of 61,5% from the total of enlisted taxpayers [19]. The accepted SPT was a parameter of obedience level, so the target of tax payment receiving and the obtained nominal equal to the increase on people's awareness to voluntarily pay their tax. The objective of this article is to explore the philosophy of Yadnya in increasing the spiritual awareness of SME owners to obey the rules of the country-income tax.

II. LITERATURE REVIEW

A. *The Philosophy of Yadnya (Hinduism Philosophy) in Creating Spiritual Awareness*

Hindu SME owners, besides conducting their business and profession, have the responsibility as human to do religious ceremony. They are aware that this responsibility is a cultural value that is closely related to daily religious ritual, as a form of gratitude for God, the creator of universe. The gratitude of Hindu SME owners is implemented in holy ceremonies, which are done daily or in special occasion. This form of responsibility is called as panca yadnya. This ceremony, which has been done for generations, is divided into five parts; they are accountability to God (Dewa Yadnya), accountability to the ancestor (Pitra Yadnya), accountability to other people (Manusia Yadnya), accountability to pinandita/Maha Rsi/Guru (religious leader/scholar/teacher in Hinduism (Rsi Yadnya), and accountability to the universe (Bhuta Yadnya).

This series of responsibility shapes the social structure based on the awareness, willingness, togetherness, and empathy among people, not only among Hindus but also between Hindus and people of other religions. The holy book of Veda stated "You have to understand the Dharma through various ceremonies to explore its symbolic significance" [20].

The book of Hinduism, *The Veda*, proposes the nobility of Dharma loudly. Laypeople interpret Dharma as giving charity, food, and shelter for pilgrims, carrying out ones' traditional profession, distinguishing right from wrong, finding ones' own selves and thoughts, and making coveted things come true [20].

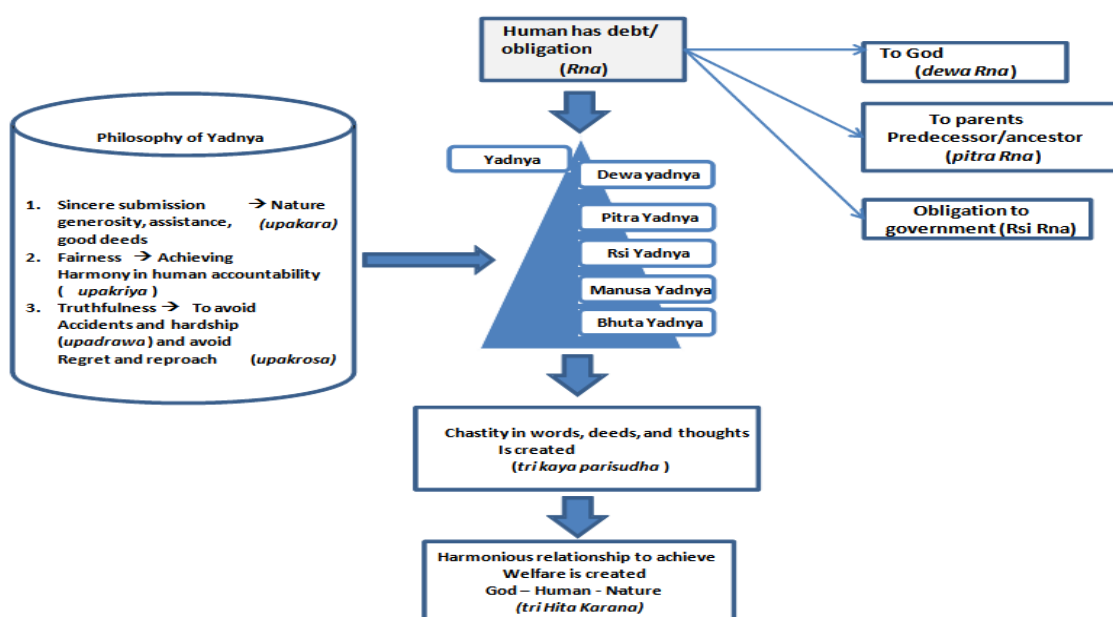
Anything done with high dedication and self-reliance to god is an element of Dharma, which will take human to true self-awareness. A scholar of Hinduism, living in Jakarta, [6], stated that: "The implementation of ritual ceremony of Hinduism was affected by culture and art mentioned in ancient literature. It came as the result of Balinese cultural civilization. At the beginning, it was affected by the culture of Majapahit, which expanded its influence to Bali, so, at that time, several ritual religious ceremonies emerged".

Based on the statement above, it can be concluded that the evolution of culture and art changes the behavior of people to be more responsible and grateful, not only to God but also to the manifestation of God's creation. Humans, as living beings, must be grateful for their existence and believe the role of God and their ancestor in their lives. This feeling of gratefulness can be embodied in the form of responsibility or accountability. Responsibility in form of paying tax to the state is the implementation of gratitude to God and the ancestors. The willingness of people to express and distribute the income they get from their business and the willingness to take part in development in form of being enlisted taxpayers by proposing ownership of NPWP (registration number of taxpayers) is the implementation of accountability as human to the government, to other people, and to the environment. Related to understanding, according to Triyuwono [24], accountability is an understanding related to Islamic understanding between God, human, and universe. It is because human is regarded as khalifatullah fil ardh (representation of God on earth) that manage earth based on the God's will, according to the ethics of sharia. The privilege of managing earth must be accounted for in front of God (vertical accountability), and for people and environment (horizontal accountability)

The viewpoint of accountability described above, if it is associated with obedience in tax, [12] is implemented in form of zakat, paid by eligible people. This implies evasion of zakat is something immoral because, as human, people must have accountability to God, other people, and environment as the legitimation of themselves.

Yadnya is a form of human's accountability based on the principle of awareness, willingness, togetherness, and empathy toward others. It is done to create harmony between words, deeds, and thoughts, called as tri karya parisudha (three forms of chastity). SME owners carry out Yadnya sincerely and voluntarily. Accountability must be fortified by consciousness, although the form of the accountability is adapted to the place, time, and economic ability. SME owners as individuals must have religious accountability objectives and accountability objectives as obedient citizen. Therefore, personality and high discipline value can be achieved. Figure 1 clearly illustrates the relationship among duties as human to perform, so Yadnya as a form of accountability enables human to have transcendent awareness according to harmony between words, deeds, and thoughts to reach tri hita kirana and dharma.

Figure 1. Responsibility in Yadnya Philosophy



Source: As extracted by authors

B. Government Policies on Taxation Centre for SME owners

Taxation policy for SME owners that has been established by the Ministry of Cooperation and SMEs of Republic of Indonesia [25] relating to central tax for both SME center with individual ownership and legal entities, namely:

1. Value added tax (VAT) for goods and services
2. Income Tax Article 21 for employee
3. Income Tax Article 23 for services
4. Income Tax Article 25 for personal or business institution
5. Income Tax Article 26
6. Income Tax Article 29 for taxable income

SMEs in Indonesia still stand alone and is dominated by informal sector, in which the products predominantly for daily needs. According to the Ministry of Cooperation and SMEs, the number of SMEs in Indonesia until 2011 is approximately 52 million. It contributes 60% of gross domestic product, but its role in tax revenue is still low.

The obligation of central tax should refer to self-assessment system in accordance with KUP [25] Regulation No. 16 of 2009, so SME owners are required to comply with rules to pay and report tax on time. This will avoid administrative and criminal sanctions.

C. Tax Compliance

The most important aspect in the achievement of a state income from tax is attached on the role of the taxpayers' awareness and compliance to meet its obligations to the state. [7] stated that a comprehensive tax reformation, which has been implemented since 1984, is expected to meet its main objectives to achieve: (1) high-level voluntary compliance, (2) trust toward tax administration, and (3) high productivity of taxation authorities. Tax reformation is one of government strategies, in this case the Director General of Taxation, to increase tax compliance. Tax compliance problems do not only occur in Indonesia, [21]. Industrial countries such as the United States also experience the same problem. Tax compliance issues have been studied in its various aspects such as public finance, legal, tax administration organizational structure, number of workers, ethics of tax authorities and combination of all [1].

[1] stated that public finances would affect proportional distribution of income from prosperous groups to affluent ones obtained from tax compliance. Clear tax rules will force taxpayers' organizational structure to clarify the authority of agent and principal related to tax. The availability of labor and the influx of foreign investment is the impact of tax compliance. [7] found that the elaboration of governmental public financial aspects could show public that tax management is done properly and is in accordance with the expectation of taxpayers. Therefore, they tend to obey the rules of taxation. Otherwise, if the government cannot demonstrate the use of tax transparently and accountably, taxpayers will not be willing to pay taxes properly.

In terms of law enforcement, the government must apply the law equally to everyone. If there are taxpayers who do not pay taxes, whoever they are (including public officials or their families), they will be penalized. In terms of organizational structure, work force ethics is focused on internal problems in the tax office. If the organizational structure allows tax office to serve taxpayers professionally, then taxpayer will tend to adhere to the rules [7].

Taxation reformation is generally directed to achieve several goals, such as (1) to generate sufficient, stable, flexible and sustainable revenues, (2) to reduce tax inefficiency and to improve economic efficiency, (3) to relieve the burden of the poor and to design a more equitable tax structure both vertically and horizontally (4) to strengthen tax administration and to minimize administrative and compliance costs (Vihanto, 2003). Tax compliance will increase if taxpayers feel regret if they violate the rules of taxation (Andreoni, et al. 1998), if they see other taxpayers obey the rules (Myles and Naylor, 1996), or when taxpayer respects a fair taxation system [2]. This is a normal human behavior that occurs when consciousness is formed [28].

General Director of Tax of Republic of Indonesia has three strategies to achieve the goal of improving tax compliance, namely: (1) creating programs and activities that are expected to increase the sensitivity and voluntary compliance, especially for taxpayers who have not comply to the tax rules, (2) to improve services to obedient taxpayers, so that the level of compliance can be maintained or improved, and (3) fighting the non-compliance using various programs and activities that deter non-compliance.

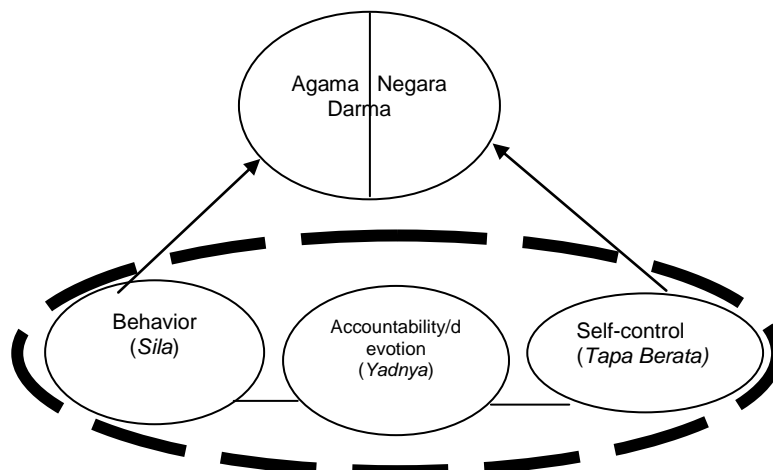
According to [14], compliance can be analyzed from psychological aspect. It states that compliance behavior in taxation is seen from the perception of taxpayers toward (a) Service. The perception of taxpayer toward service is seen from the service procedure. They expect simplicity, speed, good attitude from the personnel, infrastructure, and communication between taxpayers and taxation personnel. (b) Information. The perception of taxpayers toward information is created from taxation information, the ease of taxpayers to understand the information content, information and socialization of new taxation rules by tax office. (c) Examination. The perception of taxpayers toward tax examination is created from examination method, tax violation, and examination objectives.

[15] stated that the awareness to pay tax is identified in the occasion when taxpayers (a) understand or try to understand the rules and regulation of tax; (b) voluntarily fill tax report completely and clearly; (c) voluntarily calculate the tax they owe; and (d) voluntarily pay the tax. [9] conducted a research on the obedience of taxpayers in KPP of East Java III Malang. He found that taxpayers would obey the rules if the enforcement of taxation regulation were implemented properly because the application of self-assessment can initiate information symmetry.

D. The Philosophy of Yadnya Creates Balance between Religious Accountability (Dharma Agama) and State Accountability (Dharma negara)

Taxpayers from SME carry out their religious ritual ceremony as a form of their accountability for the grace they get from God. The daily behavior of SME owners as business people and as taxpayers should be objected to achieve long-term balance, which means that the needs of material must be equal with spiritual needs. The accountability human as SME owners is not only embodied in religious activity in forms of offerings, but also embodied in carrying out duties for other people, in forms of giving something to their country, i.e. tax. All behaviors based on sincere devotion can be achieved with self-control. [5] mentioned that what is called as realization eventually contains elements of faith that something exists must continue to survive.

Figure2. Illustration of synergized behavior to achieve darma agama and darma negara



Source: As extracted by authors

Also for business people who have long-term profit objectives, they must have the value of honesty, self-reflection, and self-control. The context of self-reflection equals to self-introspection, which means someone understands himself and understand others. Other people in the environment of business people are not only customer, creditor, supplier, and employee, but also governmental community. [18] explained that business people must maintain their relationship with the state, especially in paying tax, taking care of the existing infrastructure, and obeying the rules and regulations.

The essence of informant behavior based on motives, objectives, value, and experience is trying to carry out accountability equally as a person who is grateful for the increase of his economic ability he gets. This gratefulness is expressed by making religious charity in form of dana punia and by charity to the state in form of obligatory taxes. The amount of the charity and the relevance of the charity with the regulation for devoting one's self to his religion and country are still far from the real value. Conscious empathy of MSE owners creates synergy between materialistic needs and spiritual needs based on the understanding they have obtained from their experience. The synergy between accountability for the religion and for the state gives experience in devotion based on heartiness and togetherness by distributing the wealth a person has. [5] stated that a person's economy would not be apparent if he denies and ignores the value of morality. The extended understanding about violence and unity means carrying out moral values in administering economy to international trade.

Income and wealth obtained from activities conducted according to truth (dharma), wealth (artha), and good deeds (kama) must be distributed fairly. According to [5], the fairness in the distribution of wealth can be achieved if the activities are conducted along with the effort to reach perfection in love and to avoid possessiveness, although this is difficult to attain because human is imperfect. However, people must strive for equalization, so they are not deemed as thieves of other people's right.

Ideally, taxpayers must try to live in the obedience for the sake of darma agama and darma negara according to the principle of fairness. Taxpayers have tried to express their love to their religion and country. [5] provided a theoretical view about "the law of love" in economic life. He argued that a believer of law of love must not possess something for the purposes of tomorrow if he does not want to be called as a thief. The abstinence of possessing is as meaningful as the abstinence to steal because God never keeps something for tomorrow. He never create things more than what is absolutely needed at that time.

Inequality is the impact of ignorance toward the law of God, and it eventually causes various suffering. Keeping something obtained from work or making more saving than a person need will finally make the saving being neglected or wasted while there are still many people who need it [5]. Every person must realize that he need to keep their income as much as what they really need, and the rest must be distributed evenly for the purpose of dharma, so other people will also be satisfied. Feeling is not bound to material, free of desire to possess, free of things that make them speculate, and abstinent toward violence if it is assumed toward the behavior of doing righteousness (dharma) [5] provided thought worth contemplating as a way to reach balance or equality and synergy in responding to economic increase a person get by being abstinent from violence (ahimsa). The main step for individuals who wants to seize the walk of freedom and to stay away from any bondage is by changing their personal way of life. People must manage their consumption according to what they need and give regard to poverty and make sure the income they get is free from any dishonesty. People must also get rid of any urge to speculate. The house they live in should be appropriate with their current condition, and self-control is the key to it. Until then they have the right to declare their goal to other people.

Equal distribution of income will involve a trust for rich people for the wealth they have [5]. In Indonesia, institution that has the mandate to manage tax is General Directorate of Tax. Amil (Islamic institution of wealth distribution) has the mandate of collecting and distributing Islamic charity, such as zakat. For Hindus, Badan Darma Dana is the institution established for similar purpose. There are also other institution with similar objectives and mandates. The trusts manage the charity and tax with the principle of equality, non-violence, and accountability based on truthfulness.

III. CONCLUSION

Tax is the reflection of resource productivity of a country. The management of tax revenue sources has been focusing on natural resource. However, natural resources are limited resources. Based on this consideration, it is time for the government to switch to tax resources from human resource that brings up creativity such as creative economy. In Indonesia, it is carried out by owners of SMEs, or even owners of micro enterprises. To deliver the success of tax productivity, awareness of SME owners is needed. The objectives of carrying out Yadnya for Hindus, according to the holy book of Bhagawatghita (III.9-13) (Prabhupada, 2006) are (1) to liberate human from the bondage of sin, (2) to liberate human from the bondage of karma pala, and (3) to provide human the way to heaven. The embodiment of spiritual awareness of SME owners must be based on sincere, fair, and true devotion according to the principle of Yadnya. The more Yadnya rituals done, the more products are sold. This brings effect to the income of SME owners, and eventually will increase the revenue of the country coming from tax and spiritual awareness of tax payers.

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GLOSSARY

Ahimsa	: abstinence violence
Artha	: wealth
Banjar	: social unity by region
bhutaYadnya	: human responsibility to make sacred sacrificing as gratitude by preserving nature
dana punia	: voluntary religious donations
darma	: truth
dana darma	: compulsory religious donations
darma agama	: correctness of carrying out command based on the Vedas
darma negara	: correctness of carrying out obligations under the rules of the state
dewaYadnya	: human accountability as a gratitude to god
manusaYadnya	: accountability of human who live to perform religious rituals to other human as the next generation
menyame beraye	: relationship of fraternity
pancaYadnya	: five religious rituals performed Hindu people in the effort to achieve perfection in life
pitraYadnya	: accountability of living people to perform sacred offerings to ancestral spirits of deceased family member
pura	: the worship places for Hindus in Indonesia
rsi Yadnya	: accountability living people to perform religious rituals to maha rsi, guru, and pinandita
silā	: correct behavior
tatwa	: philosophy
tatwam masi	: the concepts of i am you and you are I
tri hitakarana	: the relationship concept of human and god, human and human, and human with nature
tri kayaparisudha	: harmony between noble words, deeds and thoughts
Yadnya	: to presents, to sacrifice, to serve, to do virtue with sincere, true and fair devotion