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## Is it ethical?

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The ethics of tax avoidance are a subject of debate and can vary depending on individual perspectives, societal norms, and legal systems. Some argue that tax avoidance is ethically acceptable because it involves legal methods to minimize tax liability within the boundaries of tax laws and regulations. Others contend that aggressive tax avoidance can be unethical, particularly when taking advantage of loopholes or unfairly shifting tax burdens onto others.

Tax avoidance is the legal practice of minimizing tax liability within the framework of tax laws and regulations. It involves using various strategies, deductions, credits, and exemptions provided by tax laws to reduce the tax burden. Tax avoidance is a legal and legitimate approach to managing one's tax liability. Tax laws are designed to allow individuals and businesses to take advantage of legitimate tax-saving opportunities. Tax avoidance strategies can include claiming legitimate deductions (e.g., mortgage interest deduction) and structuring business operations to reduce taxable income. On the other hand, tax evasion is the illegal act of deliberately misrepresenting or concealing financial information to reduce tax liability. Tax evasion is illegal and considered a criminal offense in most jurisdictions. Tax evasion practices include not reporting income earned from cash transactions, creating fake invoices to inflate expenses, using offshore accounts to hide income, and engaging in complex financial schemes to evade taxes to the extreme extent of engaging in fraudulent activities to avoid paying taxes. It involves deliberate actions to evade taxes owed, which can lead to severe penalties, including fines, imprisonment, and asset forfeiture.



The critical distinction between tax avoidance and tax evasion lies in legality and ethics. Tax avoidance is a legal and generally accepted practice of minimizing tax liability through legitimate means. In contrast, tax evasion is an illegal and unethical practice that involves deliberately evading taxes through fraudulent or deceptive actions.



While tax avoidance is legal, its ethical dimension can vary. Some consider it ethically responsible to take advantage of tax-saving opportunities the law provides if the intent is not to evade taxes or engage in aggressive practices that undermine the tax system. Others argue that excessive or aggressive tax avoidance, especially by large corporations, can be ethically questionable when it results in a disproportionately low tax burden or involves exploiting legal loopholes.

Critics of aggressive tax avoidance argue that it can be ethically problematic when some individuals or businesses pay significantly less taxes than their fair share. This can lead to an unequal distribution of the tax burden, potentially harming society by reducing funds available for public services and infrastructure. Some argue that individuals and businesses have a social responsibility to contribute their fair share of taxes to support government services, public goods, and social programs. Ethical considerations may lead some to pay more taxes than legally required voluntarily. The ethics of tax avoidance can also depend on the intent behind the actions. Suppose someone engages in tax avoidance primarily to exploit legal loopholes without regard for the broader societal impact. In that case, it may be viewed as less ethical than tax planning with a responsible and balanced approach.

In summary, whether tax avoidance is considered ethical can be a matter of personal and societal judgment. Individuals and businesses need to make informed decisions about their tax practices, considering both the legal framework and ethical considerations. Engaging in responsible tax planning and complying with the spirit of the law while considering the broader impact on society can



help strike a balance between minimizing taxes and acting ethically. Consulting with tax professionals and staying informed about changing tax laws is advisable to make well-informed decisions.



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