THE INFLUENCE OF TAX SANCTION AND RELIGIOSITY TOWARD TAX COMPLIANCE

(Case Study at the Souvenir Shop in Magelang)

A THESIS

Presented as Partial Fulfillment of the Requirements
to Obtain the <u>Bachelor Degree</u> in Accounting Department

By

RIFKY BINTANG PERDANA

Student Number: 11312067

DEPARTMENT OF ACCOUNTING
INTERNATIONAL PROGRAM
FACULTY OF ECONOMICS
INDONESIA ISLAMIC UNIVERSITY
YOGYAKARTA
2018

THE INFLUENCE OF TAX SANCTION AND RELIGIOSITY TOWARD

TAX COMPLIANCE

(Case Study at the Souvenir Shop in Magelang)
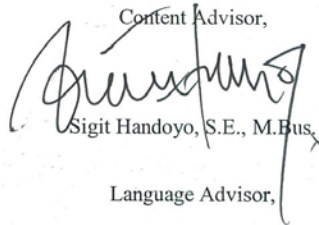

A THESIS

By

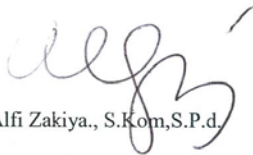RIFKY BINTANG PERDANA

Student Number: 11312067

Approved by

Content Advisor,

Sigit Handoyo, S.E., M.Bus,   September 26   , 2018

Language Advisor,

Alfi Zakiya., S.Kom,S.P.d.   September 26   , 2018
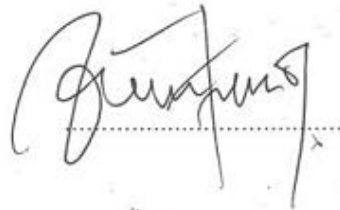

ii

THE INFLUENCE OF TAX SANCTION AND RELIGIOSITY TOWARD
TAX COMPLIANCE
(Case Study at the Souvenir Shop in Magelang)
by

RIFKY BINTANG PERDANA
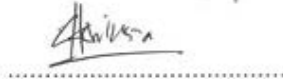Student Number: 11312067

Offended before the Board of Examiners
On October 26 , 2018
And Declared Acceptable

Board of Examiners

Examiner I
Sigit Handoyo, S.E., M.Bus.

Examiner II
Ayu Chairina Laksmi, S.E., M.Appcom,
M.Res, Ph.d., Ak., Ca.

Yogyakarta, October 26, 2018
International Program
Faculty of Economics
Universitas Islam Indonesia
Dean

Dr. Jaka Sriyana, S.E., M.Si.

iii

iii

DECLARATION OF AUTHENTICITY

Herein I declare the originality of this thesis, I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgement. All quotations are cited and listed in the bibliography of this thesis. If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation for its consequence.

Yogyakarta, August 26 , 2018

Rifky Bintang Perdana

ACKNOWLEDGEMENT

بِسْمِ اللهِ الرَّحْمٰنِ الرَّحِيْمِ

In the name of Allah Almighty, The Most Gracious, I would like to express my praise completely to Allah SWT because of His marvelous love and guidance upon the accomplishment of this thesis. My honor also goes to Prophet Muhammad SAW for his blessing and enlightening direction. The thesis entitled "THE INFLUENCE OF TAX SANCTION AND RELIGIOSITY TOWARD TAX COMPIANCE" with empirical study at the Souvenir Shop in Magelang, was done in order to fulfill the requirements to complete the Bachelor Degree in Accounting Department, Faculty of Economics, Universitas Islam Indonesia. Realizing that all of this hard work could never be done alone, I would like to deliver my sincere gratitude to:

1. Dr. Jaka Sriyana, S.E., M.Si., as the Dean of Faculty of Economics UII, thank you for all your help and kindness until this thesis is completed.

2. Ir. Wiryono Raharjo, M.Arch, Ph.D., as the Director of International Program, thank you for all your support.

Finally, further comments, critiques, and suggestion will be appreciated in order to make this thesis better. Hopefully, this thesis could open a wider knowledge on the field of study.

Alhamdulillahirabbil'alamiin

Yogyakarta, August 26   , 2018

Rifky Bintang Perdana

vii

TABLE OF CONTENT

LIST OF TABLE

LIST OF FIGURE

LIST OF APPENDIX

ABSTRACT

The objective of this research in general was to test the factor that gave influence on tax compliance in Magelang. The specific objective of this research objective of this researchis was to test the tax sanction and religiosity whether two of them gave influence on tax compliance the in Magelang. The research was located in Magelang and conducted on May-June 2018. The population of this research were the owner of Souvenir Shop in Magelang. There were 35 respondents as the sample of the research. This research used non-probability and convenience sampling method. Questionnaire was used as the research tools to gather the data. The methods of data analysis in this research consisted of descriptive statistics analysis and multiple linier regression. The result of the hypothesis testing showed that the religiosity and tax sanction have influence on tax compliance of souvenirs and gift shop owner in Magelang.

Keyword: *Religiosity, Tax Sanction, Tax Compliance*

ABSTRAK

Penelitian ini bertujuan secara umum untuk menganalisa faktor-faktor yang mempengaruhi kepatuhan pajak pada pemilik toko oleh-oleh di Magelang. Tujuan khusus dari penelitian ini adalah menganalisa pengaruh dari religiusitas dan sanksi pajak terhadap kepatuhan pajak. Penelitian ini dilakukan di daerah Magelang dan dilakksanakan dalam kurun waktu Mei-Juni 2018. Populasi dari penelitian adalah Pemilik Toko Oleh-Oleh dengan sample yang berjumlah 35 respondent di area Magelang.Penelitian menggunakan teknik *non probability* dan *convenience sampling method*. Kuesioner digunakan sebagai alat untuk mengupulkan data-data. Analisa data yang dilaukan dalam penelitian ini adalah analisisi deskriptif dan analisis linier berganda. Hasil dari pengujian hypotesis menunjukan bahwa religiusitas dan sanksi pajak tidak memberikan pengaruh kepada kepatuhan pajak kepada pemilik toko oleh-oleh di Magelang.

Kata Kunci: *Religiusitas, Sanksi Pajak, Kepatuhan Pajak*

CHAPTER I

INTRODUCTION

A. Background of Study

Tax is one of the govermennt sources for operation and expenditure fund because tax is the national income which will be used as source of fund for entire government activities. According to law No. 28 of 2007, taxation is a compulsory contribution to the country which indebted to personal and institution under Act by not obtaining direct reward and used for the purpose of state expediture to the great possibilities of people prosperity.

As one of the important sources for the government expenditure fund, the income from tax should be increased extensively. Therefore, increasing tax revenue is one of the common objectives of the government. The Directorate General of Tax as tax authority makes several efforts to increase taxpayer's compliance which in turn would also increase the tax revenue. In order to reach this goal, all factors that can influence the taxpayer's compliance should be taken into.

There are many non-economic factors that are able to give effect on the rate of tax compliance on tax payers. Some of the non-economic factors are religiosity and tax sanction. Religiosity is one of the non-econimc aspects of human being which may have direct and inderect result on human life and decision making. As stated by Torgler (2006) in Nagac (2016), religiosity has intrinsic effect toward tax morale of tax payer. In his research, Torgler (2006)

found that religiosity has influence on tax morale which may result on tax compliance, including non-economic factor at the society such as corruption, trusworthines, age of the subject, gender, employment status and education staus of the subject. It appears that religiosity of the tax payer may affect the tax morale which resulting improvement on tax compliance on tax payers. On the other hand, other research conducted religiosity aspect. Raihana (2013) stated that mix and fusion of cultural combined with religious point of view and belief give some hint and ilustration of the elements that influence the morale of taxpayers in Malaysia to encounter and fulfill their tax obligation in addition to the influence of the external factors which comes from the government in form of tax authority and society as one of the subject of tax obligation with the impact of the threat of punishment. It means that Ancok and Nashori (2005) stated that religiosity is actualization on every aspects of life though in the form of activities, both visible activities and invisible activities conducted by individual toward their beliefs. According to Mokhlis (2008), religion specifically associated with the ones' relationship with God and how they express it in their life among the society. Religiosity will affect someone individually in choosing life goal and what they consider as their responsibility to themselves, others and God. Furthermore, Mokhlis (2008) categorized religiosity into two dimensions, intrapersonal and external interpersonal religiosity. Internal or intrapersonal religiosity explains about religious identity, religious goal, attitude toward religion, about values and beliefs. External or interpersonal religiosity explain about religious affiliation,

2

ritual practice, membership in religious community and attendance in religious occasions.

Aside from the religiosity, one of the variables which has relationship toward tax compliance is tax sanction. Tax sanction as stated by Doran (2008) is Tax penalties that determine the standards of conduct that satisfy taxpayer's obligations to the government;

they distinguish compliant taxpayers from non-compliant taxpayers. Some former research conducted by Lukmana (2016) and Jatmiko (2006) found that tax sanction has significant influence toward tax payer to have strong tax compliance and willingness to pay individual tax. Hardiningsih (2011) in her research found and gave suggestion that tax sanction that become one of the variables on tax regulation knowledge factor, found that tax sanction has no relation with tax compliance. The research gap found on the former research was in Bubek (2014) and Nagac (2016) that even individual with relative high degree of moral obligation like in Bubek (2014) and Church attendance rate like Nagac (2016) may still giving negative or no influence toward tax compliance. In other hand, most research that become base of this research focused on the personal taxpayers which attend on tax office to pay their taxes such as in Jatmiko (2006) and Hardiningsih (2011), this one become the result why the researcher do research focused on tax payer who have souvenir shop as their income.

From the prior literature, it can be seen that Tax Sanction and Religiosity might provide some explanation for the of taxpayers compliance attitudes and willingnes to pay the tax. Religiosity in general may be viewed as a belief in God

and follow his direction in determining the extent to which people fully meet their legal tax obligations. While Tax sanction can be viewed as punishment for not obeying the tax regulation. Therefore, this research examined the impact of individual religiosity based on intrapersonal and interpersonal religiosity in affecting taxpayers' compliance. Thus, the research title is "The Influence of tax sanction and religiosity toward tax compliance. A case Study on the Souvenir & Gift Shop in Magelang"

B. Research Questions

Based on the defined problems as stated above, this research focuses on the influence of tax sanction and religiosity toward tax compliance.

1. Does tax sanction have significant influence on tax compliance of the taxpayer in Magelang?

2. Does religiosity have significant influence on tax compliance of the taxpayer in Magelang?

C. Research Objectives

The objective of this research is to analize the influence of religiosity and tax sanction on the compliance of taxpayer. The distinctive objectives of this research study are:

1. To identify tax sanction influence on the tax compliance of the taxpayer in Magelang.

2. To identify the religiosity influence on the tax compliance of the taxpayer in Magelang.

D.   Research Contributions

The researcher would like to give contribution on the study for both theoretical use and practical use. Those benefits may be useful for the following parties:

1. The government

    Result of the research will contribute and become the base of the the evaluation for the self assessment system implementation on tax collecting system for the personal taxpayer.

2.   The other researchers

    The result of this research may have contribution on literature work to expand the research of the influence of tax sanction and religiosity on taxpayer compliance.

E.   Systemical Writing

In writing this research, the researcher uses systematical writing as follow :

Chapter 1

This chapter explains the problem that will be discussed in this thesis. It contains background, problem formulation, research objective, research contribution and systematical writing.

Chapter 2

This chapter contains theories and explanation which is used as theoritical basis for this research .

Chapter 3

This chapter contains methodology, population and sample , data collection method and validity with reliabilty test.

Chapter 4

This chapter contains the result of the research by using certain tool and discussion on research finding.

chapter 5

This chapter contains the concluison of the research that can be concluded based on the finding and suggestions for future research

CHAPTER II

LITERATURE REVIEW

A.   Theoretical Framework

   1.   Planned Behavior theory

According to the former research conducted by Ajzen (1991) stated that PBA or Planned Behavior theory is an extension of former theory created by him which are reasoned action theory. The core of this Planned behavior theory is intention and effort of person to conduct some behavior to empower such intention. There are 3 core aspects according to the theory which are individual intentions, subjective norm and perceived behavioral control. Individual intentions or attitude is defined as evaluation of individual to favorable or unfavorable towards attitude object. The second is subjective norm which is defined as individual or people belief on specific individual or group whether that group individual will give approval or disapproval toward the action and performance. The third is perceived behavioral control, the perceived behavioral control can be described as degree of measure of personal perception to face and engage some behavioral pattern. Furthermore, it also can be described as how individual belief to act and perform when some resource are present or absent which may give opportunities or disadvantage of person. Bubek (2014) add moral obligation in the research, based on the former research by Reckers et al. (1994) in Bubek (2014) which include moral obligation that suggest moral obligation may give moderating role on tax compliance especially on low levels of moral obligation.

On the other hand, Bubek (2014) found that high levels of moral obligation person, may not prevent someone and doesn't influence them to eliminate cheating act. Based on the theory above, it can be concluded that tax sanction can be described as perceived behavioral control aspect and religiosity become subjective norm in this research.

2. Taxation

Mardiasmo (2009) defined tax as people due to the State Treasury under law (which may be forced) and do not get the indirect services (contra-achievement) that can be shown directly and used to pay for public expenditure. According to law No. 28 of 2007 as stated above before, taxation is compulsory contribution to the country which indebted to personal and institution under Act, by not obtaining direct reward and used for the purpose of state expediture to the great possibilities of people prosperity. Many experts give the limitation or an opinion regarding the meaning of taxation, but essentially it has the same goal and purpose.

From some definitions of tax by the experts, it can be concluded that tax is the citizen's contributions that can be withheld under tax laws as well as implementation, based on regulation and can be forced to citizen. Tax is taken by the central government and local government as one of the sources of revenue of the State. Tax is used for government expenditures. When there is a surplus, it can be used to finance Public Investment.

The functions of tax are a manifestation of their essence; they are means to represent the characteristics of tax. The functions of taxation illustrate its social purpose of the value-based distribution and redistribution of income. Two main functions of tax are:

a. Function Acceptance (Budgetary)

This function serves as a source of budget and will be used as financing expenditure.

b. Function Set (Regulator)

The regulatory function of taxation was initiated when the state conducted as the starter and become the one who take active role in the economic set-up of the society. This function is for achieving special goals of the taxation policy through the taxation mechanism. Taxation regulation entails three sub-functions:

a. The stimulating sub-function is tax which take a part as one of the trigger of development in socio-economic factor process. The implementation process can be in form of a system of tax mitigation, tax exemptions or dispensations and tax preference arrangements. The legislation in force stipulates the stimulation of a number of taxpayer categories such as the owners of small enterprises, the agricultural producers, capital investors, or charities.

b. The destimulating sub-function is when tax interfered the socio-economy process in form of tax burden and exaggeration. The effect of this sub-function is related to the introduction of excessive tax rates. These

are, for example, state protection on local socio-economic, aimed at supporting local producers to compete and develop against outside through restricted import custom duties. It is important to be remember, that this taxation relations, as any other relations, must replicate continuously. Tax must be collected in regular schedule. This is why the utilization of the destimulating sub-function should not lead to the weakening of the taxation basis, to suppression, or even liquidation of the tax source. Such an exaggeration may result in a situation where there will be no income/processes to be taxed.

c.   The replication function is explained as utilization of renewable resources such as natural resources and infrastructure and non renewable resource like mining goods as taxable object which will be used by the state as the procedure to regenerate the exploited resources.

Tax reform in Indonesia was initiated in 1983 by introducing principle of self assessment system. In a self assessment system (SAS), a taxpayer is required to assess his tax liability using a tax notification form (SPT) in which he declares his gross income, allowable deductions, etc. This tax return must then be filed with the tax authority together with the payment for the tax liability computed in said return. Basic law in filling the SPT is in chapter 3 verse 1 and (la) UU KUP which stated that all taxpayer should fill the notification letter in Bahasa with standard alphabetic letter, Arabic number, rupiah currency, and signed and returned it to the Directorate General of Taxation where taxpayer has been registered.

The foundation of Self Assessment System is the taxpayer recognize and understand that they have tax responsibility rather than force the tax author to do the task From the positive perspectives, these should empower taxpayers to become responsible, fair at their reporting and follow the tax regulation regulary by forcing them to encounter directly with their own tax computations process. In negative aspect, some taxpayers may have a negative reaction by using the nature of SAS to manipulate their tax returns. To reduce the possibility of taxpayers manipulating their tax returns, the tax authorities are have to implement an policy to prevent and check the violation attempt of SAS violation such as periodical tax audits and tax assessments, but these actions, if applied forced and extensively, the effort done by tax authority to check and audit the system is still same as the former tax assessment office procedure. The more tax assessment task required by the tax authorities, the less advantage and benefit take from Self Assessment System. Therefore, the tax authorities have to establish and specify the appropriate operation of SAS and educational process the principles of SAS on taxpayer by ensuring the taxpayers' and tax authority's responsibilities and duty are in balanced situation, thereby minimizing procedure required for tax assessment have to perform so that SAS able give advantage in reducing tax compliance costs and increasing administrative efficiency as well as developing public voluntary compliance (Devano and Rahayu, 2006).

2. Taxpayers' Compliance

Taxpayer according to law No. 28 of 2007 is an individual or instituion is qualified subjectively in paying tax if he/she fulfils any of these conditions: he/she

resides in Indonesia; he/she is present in Indonesia for more than 183 days in any 12-month period; he/she is present in Indonesia during a fiscal year and have intention to reside in Indonesia. NPWP (Nomor Pokok Wajib Pajak) is a set of code subjected to the taxpayer as a identity number which will be used in tax administration ID. According to the General Indonesia Dictionary, compliance means submission or obedience to the teachings or rules. Thus, tax compliance is a compliance of person and citizens toward regulation or taxation laws.

According to Simon James et al., in Gunadi (2005), construct and idea of tax compliance on taxpayers to have willingness by fulfilling their tax obligations in accordance with applicable rules without the need for the holding of the examination, thorough investigation, a warning or a threat, the application of law and administrative sanctions.

According to Nurmanto in Devano and Rahayu (2006), tax compliance can be defined as a state where the taxpayer meets all tax obligations and enforce rights of taxation. Novak in Palil (2013) stated that "a climate" awareness and compliance of tax obligations that are reflected in the situation of taxpayers understanding or try to understand all of the provisions of the tax legislation, filling out tax forms with complete and clear, calculate the amount of tax payable correctly, pay the due tax on time (Devano and Rahayu, 2006).

Tax compliance is divided into two type, formal compliance and material compliance. Formal compliance is a situation where the taxpayer has formal obligations in accordance with the provisions of the tax regulation. Material compliance is a condition where the taxpayer fulfill the requirement of material

aspect, which is in accordance with the letter and spirit of tax laws. Formal compliance, which can be measured by assessing adherence to enroll, the deposit compliance, and compliance reporting. Material compliance is more important because it may be formally demonstrated taxpayer compliance, but what was deposited and reported by the taxpayer is not necessarily in line with what it should be. Indicators that can be used to measure compliance is the result of the examination material.

The indicators of taxation compliance and awareness of the tax obligation is reflected in the following situations: a) taxpayers understand or try to understand all the provisions of legislation on tax; b) filling out tax forms completely and clearly; c) calculate the amount of tax payable correctly, and d) paying tax payable on time (Devano and Rahayu, 2006). In order to promote the principles of voluntary compliance, various services need to be provided. Some of the important services key are:

a) Public Relations

The purpose of public relations is to build a tax understanding environment and giving education to them, the target is not only among taxpayers but also among the society including future taxpayers,and it can be categorized as the need to:

1)   Enhance tax compliance on tax payer;

2) Enhance public knowledge of taxation;

3) Improve mutual understanding, prevent misundersatnding and trust between taxpayers and tax authorities, and;

13

4) Obtain the understanding and cooperation from mass media for tax administration.

These activities can be carried out through media including television and radio programs/spots providing current tax information and regulation, answering questions called-in by viewers, and reminding the public of tax deadlines, etc. or by simply setting up tax information booths.

b) Tax Education

Tax education is a part of public relation activities, which have important role in creating understanding and spread knowledge to the society for tax awareness improvement. The target audiences of the tax education are mostly future taxpayer which consists of student as one of it. Tax education can be conducted by giving lecture at method and technique about how to calculate the tax.

c) Tax Counseling

The objective of tax counseling is to give direction to tax payer for fulfill their obligation and encourage them return the tax assessment and payment voluntary .In general , tax counseling consist of providing advice to tax payer about tax law, procedure of submitting the tax report and payment method.

d) Examination and guidance

In effort to improve taxpayer compliance for fulfilling voluntarily tax returns form and pay tax appropriately, the guidance of the tax administration and instruction for how to improve book keeping standards and tax returns for individual and groups are needed. The guidance includes assistance to firms

who are launching new business, as well as explanatory sessions that are held when laws are amended or changed.

From explanations above, it can be resumed that understanding tax compliance is to force the taxpayer to fulfill their tax obligation based on the tax laws . Taxpayer who can be concluded as taxpayer with good compliance is a taxpayer who fill tax form honestly, good and correctly that SPT accordance with the provisions of the tax laws and submit it to the tax office before the deadline. With the compliance, tax revenues payment and checking will running smoothly because tax compliance has been shown as the one of the factor that made taxpayer properly and correctly implement tax obligations. Tax compliance is defined as a situation where the taxpayer meets all tax requirement, rights and obligation of taxation in accordance with the provisions of applicable legislation. To achieve tax target, it needs to be grown continuously for public's awareness and obedient to fulfill tax obligations. Consciousness of taxation comes from within its own taxpayers without regard from any tax sanction. While tax compliance arise due to aware of any tax sanction.

3. Tax sanction

Sanction acccording to Mardiasmo (2009) is an act in form of punishment directed to the one who violate the regulation. Regulation and laws are created to bring the knowledge to the individual for an activity they should do or not. Sanction is needed to make sure that the regulation and laws are not violated. Tax Sanction can be described as an act to guarante that laws and tax regulation will

be followed and obeyed by tax burden. In other words, tax sanction can be explained as tools to prevent tax payer from violating tax regulation and laws. Doran (2008) defined that Tax penalties do not only support tax compliance but they also define it. Tax penalties determine the standards of conduct that the law imposes on taxpayers. They distinguish compliant taxpayers from non-compliant taxpayers. According to act 27 article 7 2007, Tax sanction will be valid if self-assesmet tax report is not be reported after 20 days of taxation time cycle and tax payers will be fined from the minimum of one hundred thousand rupiah until the maximum of one million rupiah according to the time they collect the report. Tax sanction will not be put in effect if :

a) The tax payyer already passed away

b) Become freelancer or does not join any bussines activity

c) Settle and change nationality outside the region of Indonesia

d) Tax Payer suffer disaster

4. Religiosity

According to Ghozali (2002), religiosity is personal life recognition of attitude and quality of life which follow religious values and become his/her belief. Religiosity are more concern on the elements of noble values on religion than practice and ritual from religious formalities.

Mokhlis (2008) defined a person's religiosity as the level of commitment to his religion. While Ancok and Nashori (2005) explained religiosity as personal attitude toward religion in general, not just one aspect of religion, but also

encourage the person to become religious person. More specifically, religiosity is individual to believe, consolidate and spiritualize the religious norms to become one. Thus. it becomes part of the conscience and identity of religiosity which included circumstances which encouraged the follower or believer of religious teaching to think, behave and act in accordance with the teachings of his religion.

Religiosity is an aspect that has been consolidate by individuals on their personal belief , which trigger and make it as personal conscience and personal attitudes. It is also disclosed that religiosity of religious attitudes can influence and mix into one with the believer ,religiosity also a systematic values, beliefs and behaviors, which are become institution systems that are all focused on the problems solve basis and experience of the enlightenment.

Allport and Ross in Holdcroft (2006) give religiosity into two basic of dimension which are extrinsic or interpersonal and intrinsic or intrapersonal. Extrinsic or interpersonal religiosity can be described as religiosity as self-acting and gainful aspect and viewpoint on religion that provides the believer with grace on salvation. These individuals are tend to use religion for their own achievement, such as status on society, sociability improvement, and self confident justification, and often select what faith and creed which suited them most. A person with intrinsic or intrapersonal religiosity is one who belief and do religion direction to his/her life fully, not from their attendance on the house of worship. These individuals find their life goal on the religion, and their other needs are mixed into one with their religious beliefs and direction. In other words, extrinsically

motivated person uses his religion to achieve their own goal, whereas the intrinsically motivated person vitalize the religion as their end goal.

The dimension of religiosity is stated above similar to as proposed by Mokhlis (2008) which also categorized religiosity into two dimensions, i.e. internal (intrapersonal) and external (interpersonal) religiosity. Internal or intrapersonal religiosity explains about religious identity, religious goal, attitude toward religion, about values and beliefs. While external or interpersonal religiosity explain about religious affiliation, ritual practice, membership in religious community and attendance in religious occasions.

In relation to the explaination above it can be concluded that the researcher used religiosity dimensions as proposed by Nagac (2016) . Because, according the researchers's opinion these research of religiosity conducted by him had better measurement for the individual's commitment to religion that will lead to certain behavior, that is tax compliance.

B.   Previous Research

This are the some accumulation of the previous research that become basis of this research of the influence of religiosity and tax sanction on the taxpayers' compliance that had been done by previous research with different variable and different analysis methods. The previous results that had related topic to this research can be seen as follow:

1. Lukmana (2016) explored the role of tax sanction that affects motivation research to know the influence of motivation on tax payment and

education level toward tax compliance. The research showed that motivation and education have positive relationship on tax compliance

2. Palil (2013) did research on to the role of religiosity in the relationship between tax education and tax knowledge towards tax compliance. Three variables were used in these study: tax awareness (education, knowledge), tax compliance and religiosity. Pearson correlation and hierarchical regression were adopted to test the hypotheses. Ninety percent of the respondents indicated that there are religious people. From analysis, he found that the respondents tax compliance were lower compared to their education and knowledge towards tax. The results of the research suggested that religious values play a very important role to make the taxpayers liable for tax compliance.

3. Hardiningsih (2011) did a research on the factor that influence taxpayer to pay the tax. The respondense of the research mostly comr from elementary, middle and high school. While in her research, the tax education are not giving significant influence toward tax payment obedience. Researcher suggested that tax sanction doenst have relationship towards willingnes to pay the tax.

4. Raihana (2013) carried out a research to explore the relationship between religiosity (intrapersonal and interpersonal) with tax compliance components. This research showed that intrapersonal religiosity was found to have significant positive relationships with voluntary tax compliance. These findings indicate that an increase in an individual's intrapersonal

19

religiosity level may be likely to increase the willingness of an individual to comply with tax laws. The relationships of Interpersonal religiosity was also found to have positive relationships with voluntary tax compliance but their relationships appeared to be weak. Overall, voluntary tax compliance showed direct significant relationships with total religiosity

5. Nagac (2016) measured the effect of religiosity on US by comparing three main biggest religion believers in U.S which were Protestan, Cataholic and Evangelical. The research found that Protestan and Catholic population had significant result on tax compliance while evangelical did not have significant influence toward tax compliance. The political view and orientation of evangelical were believed to be the result of evangelical significant rate

6. Jatmiko (2006) analyzed the influence of tax sanction, fiscus service, and tax payment awaress toward tax compliance. In his research, he found that tax sanction has positive and significant influence on tax compliance.

7. Doran (2008) showed that tax sanction become one of the factors that define tax law and regulation because it can identify and separate the compliant and non compliant tax payers.

Based on the above former research, it can be concluded that tax sanction and religiosity have different result on their significant rate based on their subject of research some research like Jatmiko (2006) and Nagac (2016) suggest that tax sanction may give influence towards tax compliance while other like Doran (2008) become non significant factor on tax compliance rate.

C   Conceptual Framework

The relationship between religiosity and taxpayer compliance can be analyzed from many different point of view and variable. Religions in many countries, whether secular or religion-based nation, have certain of ratio whether the religion influence the cultural and institutional characteristic. For instance, Reckersin in Palil (2013) investigated the influence of religious ethics on tax compliance decisions. The variable they used were ethics, tax rates and withholding as an independent variable. The results suggested that religiosity aspect especially moral issue have high significant result toward tax compliance.

Furthermore, Islamic work ethics is one of the ways to conclude it. Saiyyidah in Palil (2013) defined Islamic work ethics as the idea that by hard work, you able to fulfill your duty to God, salary spend in live and charity as the one from many way to seek and get salvation. It means that the work as productive as possible, do proper time management for doing something that will reward in life and hereafter. Religion can be seen as an important medium to develop and form the attitude, manner and characteristic to the believer. Therefore, religion will create proper direction and good ethics to believer on their daily life.

Religiosity is one of the important aspects of tax morale because it could be one of the tax payment encourage, voluntary calculate their internal income which become tax subject,understand and aware with tax. Religiosity has been gauged from variuos way in form of religious education, the example is being an active member of a religious organization as stated by Sennur Sezgin in Palil (2013).

Mokhlis (2008) stated that religion is something natural and very personal. Therefore, it has impact on one's behavior depend on the level of their commitment and obedient on rule of the religion, or of their significance on the life. Meanwhile, trustworthiness as the one of the element on moral and ethical value may explained what is tax morale position on religion side. Trustworthiness may drive moral judgements form the basis of the ethical aspects of non-compliance. Moral and trustworthiness may give proper explanation could be effective elements on attitudes towards compliance. This implies that moral commitments towards tax compliance originated and derived from the moral behaviour and ethical values of religion.

In terms of analyze and measure the religiosity commitment and give more generically and universally value of religiosity, the measurement were adapted to prevent the result from attached to specific religion teaching-based . Further, by removing the attendance of church rate for measuring the religiosity level and use multi-dimensional religiosity statements were adopted in this study. However, the religiosity dimensions in this study were based into two types of religiosity commitments, namely intrapersonal and interpersonal religiosity (Raihana, 2013).

Raihana (2013) carried out a research to explore the relationship between religiosity which he divided religiosity into two aspect, intrapersonal and interpersonal and search their influence with tax compliance components. This research showed that intrapersonal religiosity was found to have significant positive relationships with voluntary tax compliance. From the findings based on result of research, it can be concluded that religiosity may improve and boosted

motivation on taxpayer eagerness to fulfill the tax law. The relationships of religiosity was also found to have positive relationships with voluntary tax compliance although the degree of significant is weak compared to the other one Overall, voluntary tax compliance showed direct significant relationships with total religiosity.

On Tax sanction side, Hardinigsih (2011) found that tax sanction is included in his research as tax knowledge variable. She found that it has no relationship with tax compliance rate of tax payers because the subject of the research believe that their tax awarness of tax payer is the key to tax compliance.

Based on the explaination above, the model of the conceptual framework embedded in the research is as follow:
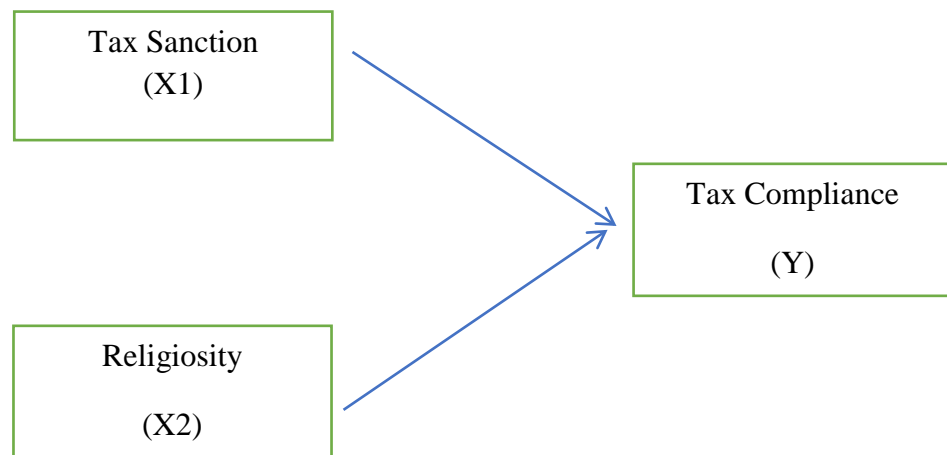
Figure 1. Conceptual Framework of the Influence of Tax Sanction and Religiosity on Taxpayers' Compliance

D.   Hypothesis Formulation

1. The Influence of Tax Sanction on Taxpayers' Compliance

Tax sanction made by the goverment can be considered as the act of state to force the tax burden to pay and follow the regulation. By enforcing the tax sanction, goverment can measure and analyse the pattern of tax compliance on tax payers. Hardiningsih (2011) defined that tax santion as one part of the tax regulation that become tax authorites regulation. to prevent tax evasion. Jatmiko (2006) explained that tax sanction prevents tax payers from tax evasion, the more tax's burden and sanction they have, the more unlikely tax will be paid by tax payers. Doran (2018) stated that tax sanction can give sight to tax authorites whether the regulation of tax need to redefined and measure the understanding and awareness of tax payer in fulfilling the self assesment is needed to fill the tax report. Thus, tax sanction may give influence on tax compliance.

Based on the explaination above, the following hypothesis can be formulated:

H$_1$:   Tax sanction has influence on tax compliance of the taxpayer on Magelang.

2. The Influence of Religiosity on The Taxpayers' Compliance

Religiosity is defined by Alport and Ross (1967) as a self-conducted outlook and ritual that giving the believer goal to achieve salvation. According to Mokhlis (2008), religiosity is about religious affiliation, ritual practice, membership in religious community and attendance in religious occasions. Consequently, persons with high rate of religiosity based on explanation above, are most likely to give

greater effort, influence and contribution to their religious affiliation membership in religious community. This attachment relates to the tendency of individuals who have high commitment to their religious group to realize about their status and social concessions from other religion affiliation and society. Regnerusin in Stack (2006) stated that communities with a strong moral community such as religious organization may be expected to reduce the deviant attitudes and behavior of individuals (tax evasion). Social norms which are based on religion have potential influence on the individual's behavior because they include a set of rewards and sanctions that will inhibit unethical behavior. The violation of these norms will make negative feelings (e.g. shame or guilt) in the individual (Grasmick and Bursickin in Boone *et al.*, 2013). The individuals will show more ethical behavior by complying tax laws in order to avoid violating these religion-based social norms. Thus, it can be concluded that an increase in an individual's interpersonal religiosity level will increase the willingness of an individual to comply with tax laws.

Based on the explaination above, it can be formulated the following hypothesis:

H$_2$:   religiosity has significant influence on tax compliance of taxpayer in Magelang.

CHAPTER III

RESEARCH METHODOLOGY

A. Type of Study

This type of study can be classified as a causal study with quantitative approach. This research analyzed the causal relationship between religiosity and tax sanction on taxpayers' compliance among the personal taxpayer. Quantitate research were used on this research because the data was collected from primary source by giving them questionnaire to collect information from the respondent. As stated by Sekaran (2006), quantitative research is an effort of research to check and investigate an issue and convert it into numerical data and analyze in form of statistical analysis.

B. Population and Sample

Population is the whole or individual unit that become the research subject, which the characteristics will be determined (Sekaran,2006). In this research, the population will be all taxpayer on Magelang. Sample is a subset measurements selected from the population of interest (Sekaran, 2006). The samples of this research will be some of the taxpayer on Magelang the subject of the research were owner of traditional food and souvenir shops which have population around 30 alone in Magelang City and around 200 in Magelang district, For the purpose of this research, 35 respondents were going to be taken as the sample.

This research convenience sampling method. Convenience sampling is a non-probability sampling which drawn from population that easy to acquire by researcher (Sekaran, 2006).

C. Research Variables

Two categories of variables were used in this research. They are independent variable and dependent variable. According to Sekaran (2006), independent variable is a variable that influences the dependent variable both can be in negative and positive one . While dependent variable is a variable that become primary interest on research. In this research, the independent variables were tax sanction and religiosity, while the dependent variable was taxpayers' compliance.

1. religiosity is defined as an internalization of tax individual faith and motives beyond mere mosque/church attendance rate for pray. They believe religiosity will make them to have harmonical life between social life and faith. Religiosity is measured by using indicators based on Allport and Ross's Religious Orientation Scale (ROS) with some modification as follow:

   a) I try hard to carry my religion over into all my other dealings in life.

   b) It is important to me to spend periods of time in private religious thought and meditation.

   c) My religious beliefs are what really lie behind my whole approach to life.

   d) Religion is important to me because it answers many questions about the meaning of

2. Tax Sanction is defined by Mardiasmo (2009) as form of punishment that given by tax authority which is government to the tax payer if they don't fulfill the requirement of the their own tax charge. To measure the tax sanction perspective on the respondent, the questionnaire made are based on Lukmana (2016) and Nagac (2016) as follow:

   a) Tax sanction is needed to give proper punishment to tax compliance violation.

   b) Tax sanction will be fined to the violator without excuse.

   c) Strong tax sanction is one of the ways to educate tax compliance to tax payers.

   d) Tax sanction regulation does not contradict with other .

3. Taxpayers' compliance is defined as a condition where the taxpayer follow the regulation in form of fulfill tax obligation and obtain tax rights. Taxpayers' compliance is measured by using the following indicators:

   a) Taxpayers understanding on tax legislation.

   b) Complete filling of the tax forms.

   c) Correct calculation and amount of tax pay by taxpayer.

   d) Punctual tax payment.

D. Data Collection Method and Research Instrument

The research instrument were designed in form of questionnaire which were used to collect the data. Research questionnaire was distributed directly to the subject of the research which are taxpayers who work as owner of the souvenir shop in Magelang. The questionnaire used to collect data for religiosity is developed based on Allport and Ross's Religious Orientation Scale (ROS) and questionnaire for tax sanction is developed based on Nagac (2016). Likert scale was used to measure the subject perception and opinion into data needed for research. According to Sekaran (2006), Likert measurement is based on the rating of the statements given by respondents by giving the score of 1 that represents "strongly disagree" and 5 represents "strongly agree".

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

E. Validity and Reliability Test

1. Validity Test

Validity test was conducted to test and check whether all instrument needed and used could measure the variable observed with considerable effectiveness rate.Questionnaire effectiveness need to be measured because they are one of the important factor for defining quality of the research. With good score of validity

test, the quality of data obtained from questionnaires can describe as the valid one The validity of the instrument is shown in form of validity coefficient. The critical value for the validity coefficient is depend on the result of analyze the compared to the table, if the p value of an item is less than the level of significance of 5% (0.05), it means the item can included as valid. Otherwise, if the p value of an item is more than the level of significance of 5% (0.05), the item is invalid (Sugiyono, 2004).

2. Reliability Test

Reliability test is also designed to find out whether the instrument measurement tools show acceptable degree of reliability ratio. It has the result of relatively consistent if there is re-measurement in the same subject. The reliability measurement result can be considered as good one if it is indicating the extent to which the tools give result free error violation, and provide consistent measurement across time and type of instrument (Sekaran, 2006). A reliable measurement tool may result a reliable data that relevant to any variable used in research, and if the data gathered is relevant to the real condition on field, the result of any measurement conducted in the future will likely same and close to former one. The validitiy tes were used Cronbach alpha method to find the value of alpha Cronbach (α). if the result of Cronbach alpha ratio were more than ≥ 0.5 which considered as critical point of validity Thus, the measurement tool in form of questionnaire can described as reliable one.

F. Data Analysis Methods

Data analysis method in this research consisted of descriptive statistics analysis and multiple linier regression analysis.

1. Descriptive Statistics Analysis

Descriptive statistics analysis was conducted to summarize, gather and convert the measures of the observed data from primary source into numerical description. The measurements used in this research were mean, deviation standard, minimum, and maximum value of each variable used, i.e. intrapersonal religiosity, interpersonal religiosity, and taxpayers' compliance.

2. Multiple Regression Analysis

The research used multiple regression analysis to test the hypothesis. Multiple regression analysis was used to predict and give insight on the coefficient values generated from two or more independent variable on dependent variable if the variables involved on the research have causal or functional relationship between them. According to Sekaran (2006), the following step is required to do multiple regression analysis:

Regression Model

The regression model equation represent the causal relationship between the independent variables and the dependent variable is as follow:

$$Y = a + b_1X_1 + b_2 X_2 + e$$

Where:

Y	= Taxpayers' compliance
a	= Constant value
b_1 & b_2	= Coefficient of regression
X_1	= Tax Sanction
X_2	= religiosity
e	= standard error

3. **Statistical Test**

The statistical test was arranged and conducted to examine the significance of the coefficientsand hypothesis based on the collected data and give the result and conclusion based on the processed analysis daTA. The statistical test was done by using t-test and the coefficient of determination (R square).

a) T-test

The t-test was conducted to compare and find the differences between each variable included on research and to show the effect of independent variable to dependent one. T test can be said as passed one after comparing after that compare value of p with t statistic in 5% significant value:

If the p value < 0.05, H0 is rejected. Thus, Ha is accepted.

If the p value > 0.05, H0 is accepted. Thus, Ha is rejected.

b) R Square test (The Coefficient of Determination)

The coefficient of determination or R square (R^2) is a ratio, which is presented in percentage. It represents the ratio of the amount of the

32

variance which shows how much independent variable give influence towards dependent variable. Thus, the independent variable can explain the dependent variable, while the rest is explained by the other variable outside the model. The R square ranges between 0 to 1. The larger R square (close to 1) indicates good fit between both variables.

c) F Test

F test is test to determine and check whether statistical model or variable are fitted into data set and later the result of f test will be compared to f table based on the size of the subject and variables, if the significant level of is <0.05it can be conclude that each independent variable give significant towards dependent variable

33

CHAPTER 4

RESEARCH FINDINGS AND DISCUSSION

This research was conducted to analyze the influence of religiosity on the tax compliance of the tax payer . The first section is descriptive analysis. It describes the respondents' demographic characteristics which is religion, minimum and maximum value of scale choosen by subject and standard deviation of each varible. The statistical analysis tools and measurement used in this research was multiple regression analysis conducted with SPSS 16.0 for Windows. The next section discusses the reliability and validity test followed by classical asumption test to check whether .

As mentioned in the previous chapter, questionares were used to be spread and filled for data gathering to the primary source which is the owner of the souvenir shops in Magelang. Based on observation of researcher, there were around 30 souvenir shops on Magelang city and 85 souvenis shops in Magelang regency because of that, 35 respondents to which the questionnaire were given, and all questionnaires were properly and fully filled out.

4.1.1. Descriptive Statistics

Descriptive statistics was needed to observe the sample characteristics that were used in this research. From the tables below, it can be found that the minimum and maximum value, mean, and the standard deviation of each variable

used, i.e. , Religiosity and taxpayers' compliance. The concise results of the descriptive statistics is presented in Table 4.1.

Table 4.1 Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
Tax Sanction	3	5	4.14	0.652
Religiosity	3	5	4.24	0.531
Taxpayer's Compliance	3	5	4.04	0.708

Source: Primary data processed, 2018

From the result of the descriptive statistics analysis as showed in the Table 4.1, it can be found out that the variable had the minimum value of 3, maximum value of 5.00, mean value of 6.52 and standard deviation value of 0.589. The variable of Religiosity had the minimum value of 3, maximum value of 5, mean value of 4.24 and standard deviation value of 0.531. The variable taxpayers' compliance had the minimum value of 2.25, maximum value of 5.00, mean value of 4.24 and standard deviation value of 0.708

4.2. Respondents Characteristics

Respondent Characteristic provide some information about ther characteristic needed for research. Respondents of this research were the owner of

the souvenirs shops in Magelang. From the questionnaires, the respondent filled out the questionare and giving their personal information.

4.2.1. Respondents' Religion

The respondents of this research were not only Muslim but selected from various religion background, though most of them were Muslim. The results of the proccesed data based on the respondents' religion was shown in Table 4.2.

Table 4.2 Respondents Characteristics Based on Religion

Religion	Count	Percentage
Islam	15	43%
Christian (Protestant)	10	29%
Catholic	8	23%
Hindu	0	0%
Buddha	2	6%
Total	35	100.0%

Source: primary data processed, 2018

Table 4.2 describes that most of the respondent were Muslim (43.0%). There were 29.0% of Christian (Protestant) respondents, 23.0% respondents were Catholic respondents, and 6% respondents were Buddhist.

4.3. Data Analysis

4.3. Validity and Reliability Test

4.3.1. Validity Test

Validity test showed how accurat an qustionare point and instrument measures the particular concept which will be calculated and presented in further analysis. Validity test conducted for this research was processed by using SPSS 16.0 for Windows, with the level of confidence of 0.05 or 5% and one tailed. If the p-value of the validity coefficients is less than the significant level of 5% (0.05), it means the item can be included on research and become valid and vice cersa. The results of validity test show that 3 of 4 of the statements employed in the questionnaire distributed to respondents are valid. The rest of the result which are not valid directly rejected and didn't included on research Accordingly, all points which give valid result of the questions can be included for the next step of research test. Validity test are presented in Table 4.3

Table 4.3 Validity Test Results

Variables	Items	Validity Coefficients	Notes
Tax Sanction	X1_1	0.447	Invalid
	X1_2	0.536	Valid
	X1_3	0.628	Valid

Variables	Items	Validity Coefficients	Notes
	X1_4	0.287	Valid
Religiosity	X2_1	0.561	Valid
	X2_2	0.380	Valid
	X2_3	0.220	Valid
	X2_4	0.583	Valid
Taxpayer's Compliance	Y1	0.228	Invalid
	Y2	0.419	Valid
	Y3	0.554	Valid
	Y4	0.562	Valid

Source: primary data processed, 2018

Table 4.3 showed the invalid variables that were excluded from data processing, leaving the valid to be processed further.

4.3.2. Reliability Test

The reliability of a measurement was conducted to check and show the stability and consistency with which the tools is measuring the concept and helps to assess the goodness of a measurement. The analysis tool for calculation of the

coefficient correlation is conducted by using SPPS 16 for Windows, Cronbach alpha method is used to calculate the reliability test. If the Cronbach's alpha (α) is around 0.5, the tool which used to measure the data on research can be accepted and used. The results of reliability test show the questionnaire distributed and filled by respondents were reliable. The concise results of the reliability test is presented in Table 4.4.

Table 4.4 Reliability Test Results

Variable	Cronbach's Alpha	Notes
Tax Sanction	0.578	Reliable
Religiosity	0.534	Reliable
Taxpayer's Compliance	0.548	Reliable

Source: primary data processed, 2018

4.3.3. Classical Assumption

1. Classical Assumptions Test

To move further into next analysis, classical assumption test must be conducted. The research model must fulfill the classical assumptions requirement for the linear regression, which consists of four tests. They are autocorrelation, heteroscedasticity, multicollinearity and normality. The four

39

test of classical asumptions result of each assumption tests are described below:

a. Autocorrelation Test

Autocorrelation test was conducted to check if there is correlation between an error in t period with an error in t-1 period. Durbin –Watson were used as the test tools. The result of the autocorrelation test by using SPSS 16.0 for Windows showed the Durbin-Watson statistic show the result with 1.862 .based on the Durbin-Watson table, following the result of Durbin-Wastson table with 35 samples and 2 dependent variables, it can be concluded that the lower limit (dL) = 1.343 and the upper limit (dU) = 1.584. A regression model was concluded as free from autocorrelation if the value of Durbin-Watson test met with the condition DW > Du and lower than 4-DL :

Table 4.5 The Autocorrelation Test Output

Durbin Watson
1.892

Source: primary data processed, 2018

From the data above, it can be concluded that there was no autocoorealtion because DW>Du (upper limit) and it was lower than 4-dL= 2.416

b. Multicollinearity Test

Multicollinearity test was conducted to check Independet variable has coorelation to each other. The multicollinearity presences test was detected by analyzing the Variance Inflation Factor (VIF) and the tolerance.

Table 4.6 The Multicollinearity Test Output

Tolerance	VIF
.944	**1.060**
.944	**1.060**

Source: primary data processed, 2018

Since the values of VIF in the Table 4.6 do not show value more than 10 and the values of tolerance is < 0.1. the result of this test can be concluded that independent variable didn't multicollinearity among each other in the regression model.

c. Heteroscedasticity Test

Heteroscedasticity test is conducted to check and detect variance imbalance from the error of one observation to other observations on the distribution value from dependent variable on independent variable of

41

regression model. The scatter plot between the predicted value of independent variable (ZPRED) and its residual (ZRESID) was used to detect the existence of heteroscedasticity. The result of scatter plot for the heteroscedasticity as follow
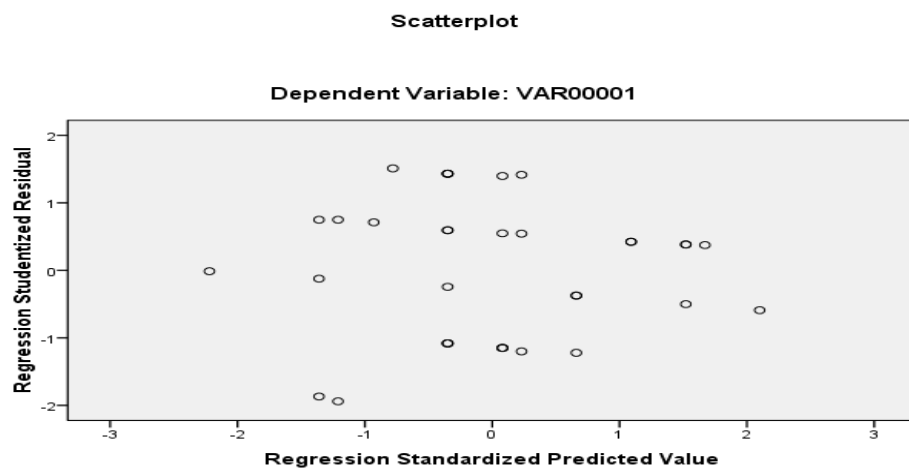
Source: primary data processed, 2018

Figure 4.1. The Scatter Plot **for the** Heteroscedasticity **Test**

The Figure 4.1 illustrates the dots on the scatter plot that showed no certain pattern and the points were scatter above and below zero (0) on the Y axis. It indicated that the model met the assumption of heteroscedasticity.

d. Normality Test

Normality test was conducted to test the regression model whether the model are distributed normally and how random variable affect to the distribution the data, the residual variable had normal distribution. On the

42

detection of normality, if the dots on the normal P-P plot were spread close to the diagonal line and follow the direction of the diagonal line, then the regression model met the requirement of normality measurement.

Normal P-P Plot of Regression Standardized Residual
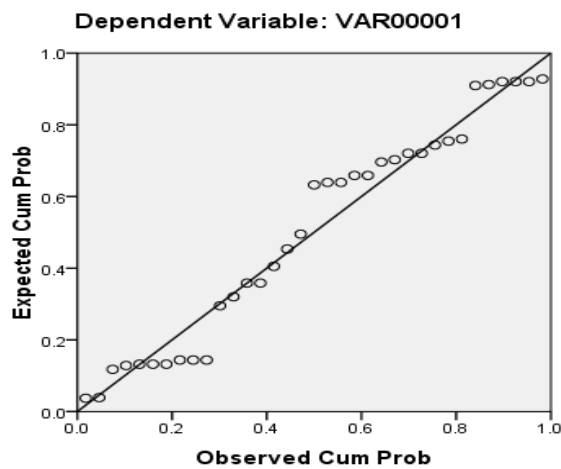
Source: primary data processed, 2018.

Figure 4.2. The Normal P-P Plot **for the Normality Test**

The normality test as shown in figure 4.2, giving image that dots is spread and have position closely to diagonal line. And also follow the track of diagonal line. From the explanation and figure above, it can be concluded that this research regression model distributed normaly.

4.4.1. Multiple Regression Analysis

This research used multiple regression analysis as the statistical tool for hypothesis testing. Multiple regression analysis was used to give insight and prediction for the coefficient values of two independet variable towards dependent variable. This method was used to find out the influence of religiosity and tax sanction on the tax compliance. The result of multiple regression analysis are summarized in the Table below.

Table 4.7 The Regression Analysis Output

Model	Unstandardized Coefficients		Sig.
	B	Std. Error	
1 (Constant)	13.468	4.738	.008
X1sanction	-.149	.272	.587
x2religiosity	.064	.207	.761

a. Dependent Variable: Ycomplinace

source: primary data processed, 2018

From the result of the multiple regression analysis on table 4.7 which proccesed using SPSS 16.0 for Windows, it can be interpretated as follow:

1) Regression Model

Based of the result on the analysis of regression shown in the Table 4.7, the regression result value can be acquired and used to represents the causal relationship between the independent variables and the dependent variable as follow:

$$Y = 13.468 + -0.149X_1 + 0.64X_2$$

Whereas:

Y   = Taxpayers' compliance

X_1 = Tax Sanction

X_2 = Religiosity

2) Statistical Test

The statistical test was done by using t-test, and the coefficient of determination (R square).

1)   T-test

The purpose of the t-test conducted in this research is to determine whether the independent variable have influence on dependent variable.or not. The t test was conducted by examining the calculation of two coefficients of each independet variable from the regression coefficient output. If the regression coefficient shows significant results, then the

hypothesis of the research is accepted and vice versa. The results of t test by using SPSS 16.0 for Windows is presented in Table 4.8.

Table 4.8 The t Test Output

| Model | Unstandardized Coefficients | | Sig. |
	B	Std. Error	
1 (Constant)	13.468	4.738	.008
X1sanction	-.149	.272	.587
x2religiosity	.064	.207	.761

a. Dependent Variable: Ycomplinace

Source: primary data processed (2018)

According to the results of the regression coefficient as presented in the Table 4.8, the hypothesis testing can be interpreted as follow:

a)   The coefficient of Tax Sanction variable (X_1) as shown in the table stated that tax sanction have no influence on the taxpayer's compliance.

b) The coefficient of Religiosity variable (X_2) as shown in table states that religiosity has influence on the taxpayer's compliance.

2) The Coefficient of Determination (R squared)

R squared (R^2) test or determination of coefficient test result shows the how much and ratio of variance that indicated how strong the influence of the relationship between the independent variables and the dependent variable. The results of the coefficient R Square Determiniation are calculated by using SPSS 16.0 for Windows which is presented in Table 4.9.

Table 4.9 The R Squared Output

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.124[a]	.015	-.046	1.214

a. Predictors: (Constant), x2religiosity, X1sanction

Source: primary data processed, 2018

The result of the coefficient of determination in Table 4.9 shows that the R square output of the model was 0.015 or 1.5%. It can be concluded that

47

1.5% of the dependent variable was influenced by the independent variable, while the rest of 98.5% was explained by the other variable outside the model. The R square close to 0.15 indicated fairly good fit between the independent variables and dependent variable.

3) F test

The test was conducted to determine whether the 2 independent variable have influence towards dependent variable. The result shown below

Table 4.10

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.742	2	.371	.252	.779^a
Residual	47.144	32	1.473		
Total	47.886	34			

a. Predictors: (Constant), x2, x1

b. Dependent Variable: y

source: primary data processed

From the table 4.10 it can be shown that the f is .252 with significant degree of .779. it can be concluded that there is no influence from indepedence toward dependent variable

4.5.Discussion

Based on the result found on the research, the researcher

48

H_1:   Tax sanction has influence on tax compliance of the taxpayer on Magelang.

 Based on result found with x1 have .587 significant degree on T test and F test with .779 degree and R squared test .15. it can be concluded that H_1 is rejected, accept H_0

H_2:   Religiosity has influence on tax compliance of the taxpayer on Magelang.

Based on result on with x2 have .761 on T test and F test with .779 degree and R squared test with .15, it can be concluded that H_2 is rejected, accept H_0

From the result above, that researcher found that both of the independent variables which were tax sanction and religiosity had no effect on tax compliance as explained by the result found that independent variable only gave affection by 1.5 % percent on the dependent variable. It showed that two independent variables used in this research gave only 1.5% percent on tax compliance rate. Former research conducted by Lukaman (2016) showed that tax sanction had positive effect on tax compliance, while in this research, tax sanction had no effect on tax compliance. It had the same result with Hardiningsih (2011). In religiosity, former researchers found that religiosity had significant influence on tax compliance. It is in line with the research conducted by Raihana (2013), Nagac (2016) and Torgler (2006). While in this research, it was found that religiosity had no influence on tax compliance. The explanation of why the tax sanction and religiosity did not

have influence on tax compliance was because the tax payer believed that religiosity and tax sanction did not have influence on other tax compliance pattern. They just follow and obey govermnet tax regulation to pay their tax. Beside that, it appeared when the goverment had good services and trustworthiness rate, taxpayers tend to believe that the amount of tax they had paid were distributed and used as it should be for the social and general purpose by their local government. Thus, tax compliance improved autonomously. This result was explained by Nagac (2016) which had the result of although general religiosity had positive influence on the tax compliance in this research, the result found that on special case of this subject especially at evangelical, the religiosity resulted a very low affection on tax compliance. The cause of such result can be explained by the other trait as the subject of research such as goverment trustworthiness, age, education level, races and political view. I believed that social trait may affect our subject which resulting both of our independent variables that had no influence on tax compliance.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

The conclusion is a brief and precise statement drawn from the findings of the research and discussion of the findings. There are several conclusions taken from this research, which are derived from the data analysis results.

1. Tax Sanction had no influence on the compliance of taxpayers.

2. Religiosity had no influence on the compliance of taxpayers

.

5.2. Limitation

The limitation are made based on the research findings and writer's opinion while conducting this research as follow:

1.   Because the subject of this research was focused on the souvenir shop in specific region, the result on other region may have different result from the research region picked and relative small subject size compared to all .

2.   The time when researched gathered the data was the peak season of holiday, the result could have different result when data collected and conducted in all season.

3.   The qustionare questions of this research are relative simpel which may not catch some data needed fully.

5.3   Suggestion

1. In order to achieve increased domestic revenues, the writer suggests the government to improve the taxpayers' compliance through many approaches such as religious approach and door to door approach to taxpayers.

2. The writer suggests for the future research to add more sample such as size. The writer used 35 samples which could be concluded as small scale sample size.

3. Increase more variable if needed. As shown in previous research, many non-economic factors can affect tax compliance such as tax awareness, government trustworthy, and fiscus service.

4. Increase questionaire question to improve the data collection.

References

Ajzen, I. (1991). The theory of planned behavior. *Organizational behavior and human decision processes*, *50*(2), 179-211.

Ancok, D. and Suroso, F. N. (2005). *Psikologi Islami.* Yogyakarta: Pustaka

Boone, Jeff P., Inder K. Khurana & K.K. Raman, (2013), Religiosity and Tax Avoidance Journal of American Taxation Association, Spring 2013, 35(1): 53-84.. Available at SSRN: https://ssrn.com/abstract=2164433

Bobek, D. D., & Hatfield, R. C. (2014). An Investigation of the Theory of Planned Behavior and the Role of Moral Obligation in Tax Compliance, (February 2003). https://doi.org/10.2308/bria.2003.15.1.13

Devano, S. and S.K. Rahayu. (2006). *Perpajakan: Konsep, Teori dan Isu.* Jakarta: PT. Kencana.

Doran, M. (2008). Tax Penalties and Tax Compliance. *Harvard Journal on Legislation,* 46. Retrieved from https://ssrn.com/abstract=1314401.

Gunadi. (2005). *Akuntansi Pajak*. Jakarta: PT Gramedia Widiasrana Indonesia.

Ghozali, I. (2002). Pengaruh Religiusitas Terhadap Komitmen Organisasi, Kepuasan Kerja dan Produktivitas. *Jurnal Bisnis Strategi*, 9(7).

Hardiningsih, P. and Yulianwati, N. (2011). *The Factors That Influence The Willingness To Pay The Tax.* Dinamika Keuangan dan Perbankan,. Vol. 3, No. 1 , pp 126 – 142, ISSN :1979-4878.

Holdcroft, B. (2006). What is Religiosity?. *Journal of Inquiry and Practice*, 10(1), 89-103

Jatmiko, A. N. (2006). *Pengaruh Sikap Wajib Pajak Pada Pelaksanaan Sanksi Denda, Pelayanan Fiskus dan Kesadaran Perpajakan Terhadap Kepathun wajib Pajak (Studi Empiris TerhadapWajib Pajak Orang Pribadi di Kota Semarang).* Unpublished Master Thesis, Program Sarjana Undip

Lukmana, R. (2016). Pengaruh Motivasi Membayar Pajak dan Tingkat Pendidikan terhadap Kepatuhan Wajib Pajak Orang Pribadi pada Kantor Wilayah

Direktorat Jenderal Pajak Daerah Istimewa Yogyakarta Tahun 2015. Unpublished Undergraduate Thesis, Program Sarjana UNY.

Mokhlis, S. (2008). Consumer Religiosity and the Importance of Store Attributes. *The Journal of Human Resource and Adult Learning*, 4(2).

Mardiasmo. (2009). *Perpajakan Edisi Revisi*. Yogyakarta:Andi

Nagac, K. (2016). Religiosity and Tax Compliance. Retrieved from https://ssrn.com/abstract=2715508orhttp://dx.doi.org/10.2139/ssrn.2715508

Palil, M.R., Mohd Rusyidi Md Akir & Wan Fadillah Bin Wan Ahmad. (2013). The Perception of Tax Payers on Tax Knowledge and Tax Education with Level of Tax Compliance: A Study the Influences of Religiosity. *ASEAN Journal of Economics, Management and Accounting,* 1(1): 118-129.

Raihana, M. A. (2013). *The Influence of Religiosity on Taxpayers' Compliance Attitudes: Empirical Evidence from a Mixed-Methods Study.* Paper presented at the 25th Australian Tax Teachers Association (ATTA) Conference, Auckland.

Sekaran, U., (2006), *Research Methods for Business.* New York: John Wiley & Sons.

Sugiyono. (2004). *Metode Penelitian Bisnis.* Bandung: Alfabeta.

Stack, S., and A. Kposowa, (2006), The Effect of Religiosity on Tax Fraud Acceptability: A Cross-National Analysis. *Journal for the Scientific Study of Religion,* 45(3):325–351.

Togler, B. (2003). The Importance of Faith: Tax Morale and Religiosity. *Working Paper* No. 2003 – 08, Center for Research in Economics, Management and the Arts.