THE INFLUENCE OF RELIGIOSITY ON TAXPAYERS' COMPLIANCE
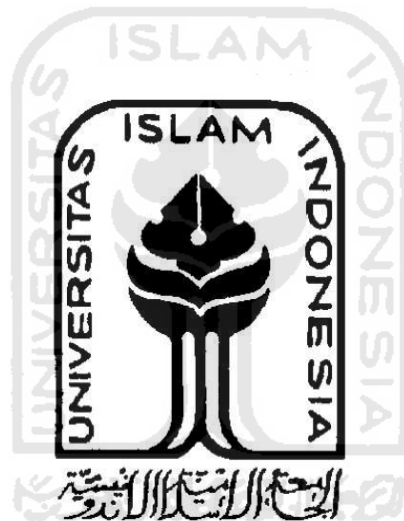
(Empirical Study on Personal Taxpayer Registered in Tax Service Office (KPP) Pratama Wonogiri)

A THESIS

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

By

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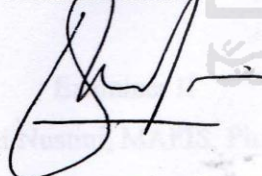**YOGYAKARTA**
2017

THE INFLUENCE OF RELIGIOSITY ON

TAXPAYERS' COMPLIANCE

Empirical Study on Personal Taxpayer Registered
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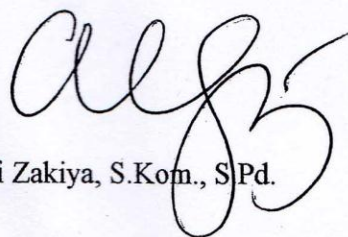Approved by

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THE INFLUENCE OF RELIGIOSITY ON
TAXPAYERS' COMPLIANCE
Empirical Study on Personal Taxpayer Registered
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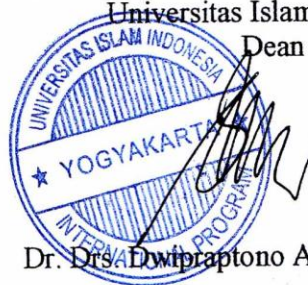
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DECLARATION OF AUTHENTICITY

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, January , 2017

Adi Pratama Nur Hidayat

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E. Multiple Regression Analysis Output

ABSTRACT

Adi Pratama Nur Hidayat (2017). The Influence of Religiosity on Taxpayers' Compliance: Empirical Study on Personal Taxpayer Registered in Tax Service Office (KPP) Pratama Wonogiri.

The objective of this research is to analyse the influence of religiosity on the compliance of taxpayer. The specific objective of this research is to analyse the influence of the intrapersonal and interpersonal religiosity partially and simultaneously on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

The population of this research were the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri. There were 100 respondents as the sample of the research. This research used non-probability and convenience sampling method. Questionnaire was used as the research instrument to collect the data. The methods of data analysis in this research consisted of descriptive statistics analysis and multiple linier regression analysis.

The result of the hypothesis testing showed that the intrapersonal and interpersonal religiosity partially and simulaneously had significant influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

Keyword: *Tax Compliance, Religiosity.*

ABSTRAK

Adi Pratama Nur Hidayat (2017). Pengaruh Religiusitas terhadap Kepatuhan Wajib Pajak: Studi Empiris pada Wajib Pajak Pribadi yang Terdaftar di Kantor Pelayanan Pajak (KPP) Pratama Wonogiri.

Penelitian ini bertujuan secara umum untuk menganalisis pengaruh religiusitas terhadap kepatuhan wajib pajak. Tujuan khusus penelitian ini adalah untuk menganalisis pengaruh secara parsial maupun simultan religiusitas intrapersonal dan interpersonal terhadap kepatuhan wajib pajak pribadi yang terdaftar di Kantor Pelayanan Pajak (KPP) Pratama Wonogiri.

Populasi yang diteliti dalam penelitian ini adalah wajib pajak pribadi yang terdaftar di Kantor Pelayanan Pajak (KPP) Pratama Wonogiri. Terdapat 100 responden yang digunakan sebagai sampel dalam penelitian ini. Teknik pengambilan sampel yang digunakan adalah teknik *non-probability* yaitu metode *convenience sampling*. Instrumen penelitian yang digunakan untuk mengumpulkan data adalah kuesioner. Teknik analisis data yang digunakan dalamn penelitian ini terdiri dari analisis statistik deskriptif dan analisis regresi linier berganda.

Hasil uji hipotesis penelitian menunjukkan bahwa religiusitas intrapersonal dan interpersonal memiliki pengaruh yang signifikan baik secara parsial maupun simultan terhadap kepatuhan wajib pajak pribadi yang terdaftar di Kantor Pelayanan Pajak (KPP) Pratama Wonogiri.

Keyword: Kepatuhan Wajib Pajak, Religiusitas.
.

RESEARCH REPORT

THE INFLUENCE OF RELIGIOSITY ON TAXPAYERS' COMPLIANCE

**(Empirical Study on Personal Taxpayer Registered
in Tax Service Office (KPP) Pratama Wonogiri)**

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YOGYAKARTA
2017**

The Research Entitled:

THE INFLUENCE OF RELIGIOSITY ON TAXPAYERS' COMPLIANCE
(Empirical Study on Personal Taxpayer Registered
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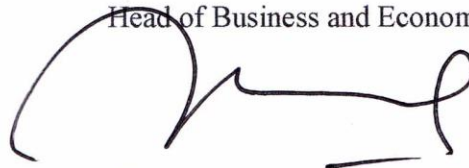
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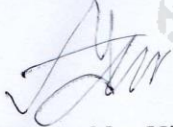
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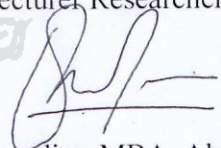
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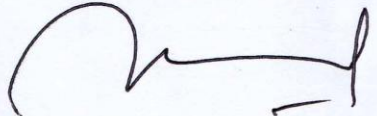
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DECLARATION OF AUTHENTICITY

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

Yogyakarta, February , 2017

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CHAPTER I

INTRODUCTION

1.1. Background of Study

Taxes are the most important revenue of a state, because taxes are main state's revenue which will be used as general expenses of the entire government activities. According to Soemitro in Waluyo and Wirawan (2001) tax is citizen's contribution to the state main revenue based on the law (to which can be enforced) with no direct reciprocal which can be shown and were used to pay the general expenses. So, without the financial support from the taxes, it is impossible for the government to run the national development program.

As one of the important expenditure source to fund the government expenditure, the income form taxes should be increased extensively. Therefore, increasing tax revenue are common objectives of the government. The Directorate General of Taxes (DJP) 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 account not only economics factor.

One of the non-economic factors that plausibly influence the taxpayer's compliance which has been neglected by most research is religiosity. Religiosity is one of the important aspect of tax morale, because it could be deepest motivation for tax payment. Religiosity has been gauge various way such as religious education, being an active member of a religious organization.

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According to Daradjat (2006), religiosity is defined as ones belief that become the integral part of their personality and behavior. The belief will guide each action, speech even their feeling. Ancok and Nashori (2008) mentioned that religiosity is actualized in every aspects of life though some activities, both visible activities and invisible activities.

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, 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.

Religious values can supposedly provide moral control to choose between good and bad behavior. This concept is important as much of the tax literature investigates the role of moral values held by individuals towards tax compliance. The religious values held by most individuals are generally expected to effectively prevent negative attitudes and encourage positive attitudes in an individual's daily life and, hence, religiosity is presumed to positively motivate taxpayers to voluntarily comply with tax laws. Prior research by Raihana Mohd Ali (2013) explained that the strong religious values held by many Malaysians as well as the

concept of giving which has been emphasized in almost all religions. For example, Muslims are obliged to pay 'zakat' and Christians are encouraged to pay tithing to help the needy and the poor. Possibly, the sense of giving to their religion has driven the same sense to fulfill their obligations to the government.

From the prior literature, it can be seen that religiosity might provide a possible explanation for the observation of most taxpayers' strong positive compliance attitudes. Religiosity may be simply viewed as a belief in God in determining the extent to which people fully meet their legal tax obligations. Therefore, this paper examines the impact of individuals' religiosity based on intrapersonal and interpersonal religiosity in affecting taxpayers' compliance. So, the research title is "The Influence of Religiosity on Taxpayers' Compliance", with an empirical study on personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

1.2. Research Questions

Based on the defined problems above, this research focused to identify the influence of religiosity on the taxpayers' compliance. Therefore, the problems could be formulated into this following question:

a. Does the intrapersonal religiosity partially have significant influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri?

b. Does the interpersonal religiosity partially have significant influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri?

c. Do the intrapersonal and interpersonal religiosity simultaneously have significant influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri?

1.3. Research Objectives

The objective of this study is to analyze the influence of religiosity on the compliance of taxpayer. The specific objectives of this research study are:

a. To identify the influence of the intrapersonal religiosity partially on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

b. To identify the influence of the interpersonal religiosity partially on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

c. To identify the influence of the intrapersonal and interpersonal religiosity simultaneously on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

1.4. Research Contributions

The writer would like to contribute the study for both theoretical use and practical use. Those benefits may be useful for the following parties:

a. The government

   The result of this research will be useful as the evaluation of the self assessment system implementation among the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

b. The other researchers

The result of this research may contribute a literature work to expand the study of the influence of religiosity on the compliance of the taxpayer.

1.5. Writing Systematic

The writing systematic of this research consisted of five chapters, they are:

CHAPTER I INTRODUCTION

The first chapter includes the introduction which explained the background of study, research questions, research objective, research contribution and the writing systematic of this research.

CHAPTER II LITERATURE REVIEW

The second chapter includes the literature review which explained the theoretical framework, previous research, conceptual framework and the formulation of hypothesis.

CHAPTER III RESEARCH METHODOLOGY

The third chapter includes the research methodology which explained the type of the study, the population and sample of the research, research variables, data collection method and research instrument, the test of validity and reliability and the data analysis methods.

CHAPTER IV RESEARCH FINDINGS AND DISCUSSION

The fourth chapter includes the research findings which explained the result of validity and reliability test, the description of respondents demographic characteristics, and the result of the data analysis. This chapter also includes the discussion of the research findings.

CHAPTER V CONCLUSIONS AND RECOMMENDATIONS

The fifth chapter is the last chapter which consisted of the conclusions of the research and the recommendations based on the research findings.

CHAPTER II

LITERATURE REVIEW

2.1. Theoretical Framework

2.1.1. Taxation

Mardiasmo (2009) defined tax as a people's dues to the State Treasury under law (which may be forced) and do not get the reciprocal services (contra-achievement) that can be shown directly and used to pay for public expenditure. According to the law No. 28 of 2007, tax is the contribution of personal taxpayer or corporation which is forced under the law and not get rewarded directly used for State purposes for people's prosperity". Other than KUP definition, many experts give the limitation or an opinion regarding the meaning of taxation, but essentially has the same goal and purpose. Feldman in Rapina and Yenni (2011) defined tax as an imposed unilateral merit by and payable to the ruler (according to the norms established in general), without any contra-achievement, and used only to cover the expenses of public-expenditure.

From some definition of taxes by the experts, it can be concluded that taxes are the citizen's contributions that can be withheld under tax laws as well as implementation, based on rules and can be forced. Taxes are withheld by the central government and local government as one of the sources of revenue of the State. Taxes are used for government expenditures, when there is a surplus it can be used to finance Public Investment. Thus, state asset will be growing.

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

a. Function Acceptance (Budgetary)

This function serves as a source of tax funds designed for financing expenditures.

b. Function Set (Regulator)

The regulatory function of taxation was initiated as soon as the state started to take active part in the economic set-up of the society. This function is aimed at achieving special goals of the taxation policy through the taxation mechanism. Taxation regulation entails three sub-functions:

1) The stimulating sub-function is aimed at the development of special socio-economic processes, and is implemented through a system of allowances, exemptions and preference arrangements. The legislation stipulates the stimulation of a number of taxpayer categories such as the owners of small enterprises, the agricultural producers, capital investors, or charities.

2) The de-stimulating sub-function inhibits some socio-economic processes through the conscious exaggeration of the taxation burden. As a rule, the effect of this sub-function is related to the introduction of excessive tax rates. These are, for example, the protectionist measurement of the state, aimed at supporting local producers through restricted import custom duties. It is important to keep in mind, nevertheless, that taxation relations,

as any other relations, must replicate continuously. Taxes must be collected today, tomorrow and always. This is why the utilization of the de-stimulating sub-function should not lead to the weakening of the taxation basis, 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.

3) The replication (regeneration) function is explained as follows: by taxing the utilization of natural resources, roads, mineral, and primary resources, the state uses these proceeds in order to regenerate the exploited resources.

In executing tax payment, both Government and taxpayer must have the knowledge about types of system in collecting taxes which is applied in Indonesia. According to Muqodim (2002), there are three types of tax collection system which are:

a. Official Assessment System

Official assessment system is the system that fiscus has the obligation to calculate indebted tax. In the system, the taxpayer is passive. It means that a taxpayer always wait for tax collection letter (or tax assessment letter) from the fiscus. He or she doesn't pay indebted tax before receiving the letter. Conversely, the fiscus (tax department) has active role. Tax office or fiscus has to calculate indebted tax and inform it to taxpayer by publishing collection letter and/or assessment letter. Implementation of the official assessment system is suitable with the formal theory because indebted tax exist if there is collection letter/assessment letter from tax office.

b. Self-Assessment System

Self assessment system is the system that the taxpayers have the obligation to calculate indebted tax, pay it then report the obligation through tax return. Therefore, in the system, a taxpayer is active, while the fiscus will monitor, guide, and control the taxpayer in fulfilling the obligation.

c. Withholding System

A withholding system is a tax collection system in which the taxpayer gives a trust to the third party neither the taxpayer nor the fiscus to determine the amount of indebted tax of the taxpayer. Commonly, the taxpayer hires the third party to calculate their income tax because the taxpayer lacks of the understanding of the self-assessment system on income tax collection.

Tax reform in Indonesia 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 by 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 a payment for the tax liability computed in said return. Basic law in filling the SPT is in chapter 3 verse 1 and (1a) UU KUP which said 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 basic feature of a SAS is that it is the taxpayer rather than the tax authority that is responsible for the assessment of tax liability. From the positive

perspectives, these should encourage taxpayers to become more responsible, honest and up to date with current tax regulations by forcing them to directly engage more with their tax computations process. In contrast, 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 likely to implement an enhanced investigation policy such as increasing tax audits and tax assessments. These actions if applied extensively, will eventually effect and turn the SAS back into the old official assessment system. The more tax assessment required by the tax authorities, the less benefit results from a move to self-assessed for tax return. Therefore, the tax authorities have to determine the appropriate operation of SAS and exercise the principles of SAS by ensuring the taxpayers' and tax authority's responsibilities are balanced. Thus minimizing any tax assessment, they have to perform well so that SAS can genuinely reduce tax compliance costs and increase administrative efficiency as well as developing public voluntary compliance (Devano and Rahayu, 2006).

2.1.2. Taxpayers' Compliance

Taxpayer as an individual is qualified subjectively in paying taxes if he/she fulfils any of these conditions: he/she resides in Indonesia; he/she resides in Indonesia for more than 183 days in any 12-month period; he/she resides in Indonesia during a fiscal year and intends to reside in Indonesia. NPWP (Nomor Pokok Wajib Pajak) is a number given to the taxpayer (WP) as a self-identification/identity number which will be used in tax administration. According

to General Indonesia Dictionary, compliance means submission or obedience to the teachings or rules. Meanwhile, according to Gibson in Jatmiko (2006), compliance is the motivation of a person, group or organization to act or not act in accordance with the rules set. In the tax rules that apply are Tax Law. Thus, tax compliance is a compliance of person, in this case is the taxpayers, toward regulation or taxation laws.

According to James et al. in Gunadi (2005), the notion of tax compliance is having the willingness of taxpayers to meet 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. Brotodiharjo (2008) defined tax compliance as a situation where the taxpayer meets all tax obligations and enforce rights of taxation.

According 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. Compliance was said by Novak in Devano and Rahayu (2006) as "a climate" awareness and compliance of tax obligations that are reflected in the situation taxpayers understanding or trying to understand all of the provisions of the tax legislation, filling out tax forms completely and clearly, calculate the amount of tax payable correctly, pay the tax on time.

Tax compliance is divided into two kinds, namely formal compliance and material compliance. Formal compliance is a situation where the taxpayer has formal obligations in accordance with the provisions of the tax laws. Material compliance is a condition in which the taxpayer meets all of the material terms of

taxation, 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 keys as follow:

a. Public Relations

The purpose of public relations is to build a tax conscious environment not only among taxpayers but also among the public including latent taxpayers, and can be categorized as:

1) Enhance tax compliance;

2) Diffuse and enhance public knowledge of taxation;

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

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

These activities can be carried out through the internet and media including regular television and radio programs/spots that provide current tax information, 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 can play important role in creating tax awareness. The target audience is primarily students, who are recognized as future taxpayers. As the next generation of taxpayers, the students need to be provided with an understanding of the significance and role of taxes in financing the government budget and also of their duty as citizens to file accurate returns and pay taxes. This can be done by issuing supplementary textbooks for the purpose of tax education, conducting classes on taxes, sponsoring high school essay contests on tax topics, etc.

c. Tax Counseling

The objective of tax counseling is to assist taxpayers in matters related to tax and encourage the voluntary submission of accurate tax returns and payment of taxes. Generally, tax counseling offices provide advice on the interpretation and application of tax laws, procedures for filing returns and applications, etc.

d. Guidance and Examination

In order to enhance taxpayer compliance so that they voluntarily file tax returns and pay taxes appropriately, the guidance of the tax administration on

how to improve bookkeeping 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.

From some explanations above it can be concluded that understanding tax compliance is an abiding taxpayer to implement and fulfill tax obligations in accordance with the provisions of tax laws and also taxpayer who fulfills compliance is a taxpayer who fills SPT with honest, good and correct that SPT accordance with the provisions of the tax laws and submit it to the tax office before the deadline. It implies that tax revenues will go fluently because tax compliance showed that the taxpayer has properly implement tax obligations. Tax compliance is defined as a situation where the taxpayer meets all tax obligations and implements rights of taxation in accordance with the provisions of applicable legislation. In order to achieve tax target, it is needed to develop continuously the public's consciousness and compliance to fulfill tax obligations. Consciousness of taxation is arising from its own taxpayers without regarding to any tax sanction. While tax compliance is arising due to aware of any tax sanction.

2.1.3. Religiosity

According to Ghozali (2002), religiosity is more related to the appreciation of the quality and attitude of a person's life based on religious values that become beliefs. Religiosity emphasizes more on the substance of the noble values of religious and tends to turn away from religious formalities. Hidayat (2012) stated

that religiosity tends to appreciative noble values of religion even to other religions. Even though, it will feel disturbed by various forms of religious formalities excessive, since it would eliminate the development of moral values and religious spiritual.

Mokhlis (2008) defined a person's religiosity is the level of commitment to his religion. While Ancok and Nashori (2008) explained religiosity is one's attitude toward religion in general, not just one aspect only of religion, but also the intensity of one's way to become a religious. More specifically, religiosity is individual to live, internalize and integrate the religious norms into him/herself so that it becomes part of the conscience and personality. Thus, religiosity includes circumstances on someone who encouraged him to think, behave and act in accordance with the teachings of his religion.

Religiosity is an aspect that has been internalized by individuals in the heart, vibration personal conscience and personal attitudes. It is also disclosed about the religiosity on religious attitudes which means there is an element of religious internalization on oneself, where religiosity is a systems, values, beliefs and behaviors are institutionalized systems that are all focused on the problems experienced as the most meaningful. According to Glock and Stark in Ancok and Nashori (2008), there are five dimensions of religiosity, they are:

a. Ideological or religious belief.

Ideological or religious belief dimension refers to the degree of belief or faith of someone on their religion, particularly against religion that are fundamental and dogmatic.

b. Ritualistic or religious practice.

Ritualistic dimension or worship refers to how a person's level of compliance on working activities which are ordered by their religious rituals. Ritualistic or religious practices by individuals include two things: (1) ritual is where a religious person would perform religious activities ordered by the religion which he believed to carry it out, and (2) loyalty is where someone who inwardly has provisions to always execute predetermined rules in religion by increasing the frequency and intensity of the worship.

c. Experiential or religious feeling.

Dimensional experience shows how far a person's level of sensitivity in feeling and experiencing feelings or religious experiences. This dimension relates to the experience gained and the individual felt about their religion. Spiritual experiences will enrich someone's mind that is able to strengthen themselves when dealing with various kinds of challenge in life.

d. Intellectual or religious knowledge.

This dimension indicates a person's level of knowledge and understanding about religion, especially which is contained in the scriptures or guidelines of religion.

e. Consequential or religious effect.

Consequential dimension refers to the level of someone in the act that is motivated by the religion or how a person is able to apply the guidelines of religion in everyday life. This dimension shows the effects of one's spiritual significance. If one's level of the faith and devotion is high, it will affect a person in dealing with his problems in life.

Fukuyama in Holdcroft (2006) examined four dimensions of religiosity that he identified as cognitive, cultic, creedal, and devotional. Cardwell in Holdcroft (2006) stated that the cognitive dimension is concerned with what individuals know about religion, i.e., religious knowledge. The cultic dimension makes reference to the individual's religious practices, i.e., ritualistic behavior. The creedal dimension is concerned with a personal religious belief, and the devotional dimension refers to a person's religious feelings and experiences, i.e., the experiential dimension.

Allport and Ross in Holdcroft (2006) identified two basic dimensions of religiosity: extrinsic or interpersonal and intrinsic or intrapersonal. They interpreted extrinsic or interpersonal religiosity as a self-serving and utilitarian outlook on religion that provides the believer with comfort in salvation. These individuals are disposed to use religion for their own ends, such as status, sociability, and self-justification, and often selectively shape a creed to fit their own ends. A person with intrinsic or intrapersonal religiosity is one who internalizes the total creed of his or her faith and moves beyond mere church attendance. These individuals find their master motive for life in religion, and their other needs are brought into harmony with their religious beliefs that the extrinsically motivated person uses his religion, whereas the intrinsically motivated person lives his religion.

The dimension of religiosity stated by Allport and Ross in Holdcroft (2006) above is 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 explanation above, it can be concluded that the writer will use religiosity dimensions as proposed by Mokhlis (2008) which consisted of interpersonal and interpersonal religiosity. Because according to the writer's opinion, these dimensions of religiosity are better measurements for the individual's commitment on religion that will lead to certain behavior, that is tax compliance.

2.2. Previous Research

This research on the influence of religiosity on the taxpayers' compliance has been done by previous research with variable and different analysis methods. The previous results from previous studies on topics related to this research can be seen as follow:

a. Research by Raihana (2013) aimed to explore the role of religiosity in encouraging taxpayers' positive attitudes toward tax compliance and to provide appropriate explanations for this trend. Religiosity was found to have a statistically significant positive impact on voluntary tax compliance but not on enforced tax compliance. This probably could be explained by the strong religious values held by many Malaysians as well as the concept of giving which had been emphasized in almost all religions. Hence, their positive

compliance attitudes may be either because the amount of tax owed to the government was reduced or they wanted to claim their tax refund.

b. Research by Palil et al. (2013) intended to study the role of religiosity in the relationship between tax education and tax knowledge toward tax compliance. Three variables were used in these research: 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 were religious people. From the analysis, it could be found that the respondents tax compliance were lower compared to their education and knowledge toward tax. The results of the research suggested that religious values had a very important role to make the taxpayers liable for tax compliance.

c. Research by Jatmiko (2006) aimed to analyze the impact of attitude on fine sanction, attitude on service of fiscus and attitude on tax awareness toward tax compliance. The populations in this research were personal tax payers in the city of Semarang. Multiple regression analysis technique was used to analyze data. Results showed that attitude on fine sanction, attitude on service of fiscus and attitude on tax awareness had positive and significant impact toward tax compliance.

2.3. Conceptual Framework

The relationship between religiosity and taxpayer compliance can be analyzed from many different perspectives. Religions in many countries, whether

with secular or religious constitutions, have a certain degree of influence on the cultural characteristics of people and institutions. For instance, Reckers et. al. in Palil et al. (2013) investigated the influence of religious ethics on tax compliance decisions. They used ethics, tax rates and withholding as an independent variable. The results suggested that moral issues are highly significant in tax compliance decisions.

Furthermore, Islamic work ethics is one of the ways to conclude it. Saiyyidah (2010) in Palil et al. (2013) defined Islamic work ethics as the idea that by working hard you fulfill your duty to God, and by watching how you spend your salary as a way to seek salvation from your Lord. It means that the work as productive use of time, doing something that will benefit the world or the hereafter. Religion is seen as an important tool to develop the attitude, behavior and character of the people. Therefore, a strong belief form the ethics is needed in daily life as well as work ethics.

Religiosity is one of the important aspect of tax morale because it could be the motivation for tax payment, voluntary recognized the income, aware with tax system and the likes. Religiosity has been gauged in the various ways such as religious education, being an active member of a religious organization (Sezgin et. al. in Palil et al., 2013).

Mokhlis (2008) stated that religion is something natural and very personal. Therefore, it influence someone's behavior depend on the level of their commitment on the religion, or of their significance on the life. Meanwhile, trustworthiness might explained what tax morale is all about. Moral judgments

form the basis of the ethical aspects of non-compliance. Moral appeal might be feasible and could effective on attitudes toward compliance. This imply that moral commitments on tax compliance would depend on the moral behavior and ethical values of religion.

Tax morale does not only belong to certain religion or belief. Zakat, kharaj, jizya and others were considered as the basic tax revenue for the early Islamic state and were collected by the Bayt al-Mal (public treasury). In Islam, tax evasion is an illegal and unethical act because it is not only harmful to the economy, but it also derailed from its purpose in helping the poor. Allah said in the Holy Quran Surah At-Tawbah verse 103: "Take, (O, Muhammad), from their wealth a charity by which you purify them and cause them increase, and invoke (Allah's blessings) upon them. Indeed, your invocations are reassurance for them. And Allah is Hearing and Knowing".

The Bible also endorses the right of governments to tax citizens. Jesus paid taxes and called on His disciples to do so, as well (Matthew 17:24-27). Paul the apostle also discussed taxation, "For because of this you also pay taxes, for rulers are servants of God, devoting themselves to this very thing. Render to all what is due them: tax to whom tax is due; custom to whom custom; fear to whom fear; honor to whom honor" (Romans 13:6-7).

In terms of the measurement of religiosity commitments, the universal religiosity statements were adapted in the present survey to minimize their association with a specific religion as discussed previously. Further, in order to avoid the use of church attendance to measure respondents' religiosity levels,

multi-dimensional religiosity statements were adopted in this research as in some other researches. However, the religiosity dimensions in this research were divided 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 (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 indicated that an increase in an individual's intrapersonal 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

Based on the explanation above, it can be proposed that the model of the conceptual framework embedded in the research is shown in the figure below.
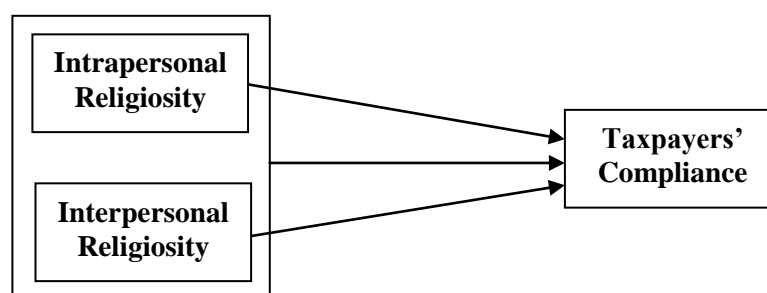
Figure 1. Conceptual Framework of the Influence of Religiosity on the Taxpayers' Compliance

2.4. Hypothesis Formulation

2.4.1. The Influence of Intrapersonal Religiosity on the Taxpayers' Compliance

Intrapersonal religiosity refers to an expression of religious identity, religious attitudes and religious values (Mokhlis, 2008). These individuals find their master motive for life in religion, and their other needs are brought into harmony with their religious beliefs. It makes individuals more cautious in decision making. He or she will deeply think or consider every acts in their life from the consequence. The higher intrapersonal religious persons are likely to experience fear from the eternal damnation as the result of their acts. Because persons with these type of religiosity consider tax evasion as a law disobedience is a deviant or sinful act that will bring punishment from God. As Raihana (2013) stated that an increase in an individual's intrapersonal religiosity level will increase the willingness of an individual to comply tax laws.

Based on the explanation above, the first hypothesis can be formulated as follows:

H_1: Intrapersonal religiosity has partial influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

2.4.2. The Influence of Interpersonal Religiosity on the Taxpayers' Compliance

Interpersonal religiosity is defined as a self-serving and utilitarian outlook on religion that provides the believer with comfort in salvation. According to

Mokhlis (2008), interpersonal religiosity explains about religious affiliation, ritual practice, membership in religious community and attendance in religious occasions. Consequently, persons with higher interpersonal religiosity are most likely to attach greater importance to their religious affiliation or their membership in religious community. This attachment relates to the tendency of individuals who are highly committed to their religious group to be more status-conscious to their need for social recognition from others affiliated with the same religious organization. Regnerus in Stack and Kposowa (2006) stated that communities with a strong moral community as like religious organization is 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 Bursick, in Boone *et al*., 2013). The individuals will show more ethical behavior by complying with 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 explanation above, the second hypothesis can be formulated as follows:

H_2: Interpersonal religiosity has partial influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

2.4.3. The Influence of Intrapersonal and Interpersonal Religiosity on the Taxpayers' Compliance

Religiosity, both intrapersonal and interpersonal may contribute to lower risk for deviant behavior and attitudes. First, religions socialize people in such a way to discourage deviant beliefs and behavior. They provide negative definitions of deviance. Religion includes the obligation to follow particular rules that define what is good and bad. It coordinates behavior by enforcing rules allowing to form more stable expectations about individuals' behavior (Togler, 2003). Furthermore, they often deter deviance and promote anti-deviant attitudes through threats of eternal damnation, misfortune and so forth. Highly religious persons both intrapersonally and interpersonally are likely to experience fear from deviant acts (tax evasion) and those involved in religious networks or community are more likely than others to experience embarrassment when involved in tax evasion. These two psychological consequences, fear and embarrassment is linked to higher tax compliance. Boone *et al*. (2013) stated that religious norms may be expected to influence personal decision making including tax avoidance. Thus, it can be concluded that an increase in an individual's intrapersonal and interpersonal religiosity level will increase the willingness of an individual to comply tax laws. Based on the explanation above, the third hypothesis can be formulated as follows:

H_3: Intrapersonal and interpersonal religiosity have simultaneous influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri.

CHAPTER III

RESEARCH METHODOLOGY

3.1. Type of Study

This type of study can be classified as a causal study with quantitative approach because this research analyzed the causal relationship between religiosity and taxpayers' compliance among the personal taxpayers. This research used quantitative approach because the data analysis technique used numerical data and statistical processing. As stated by Sekaran (2006) that a quantitative research is an attempt to investigate an issue by using numerical data and statistical processing.

3.2. Population and Sample

Population is a set of individuals or objects known to have similar characteristics from which a sample will be drawn (Sugiyono, 2009). In this research, the populations were all the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri. Sample is a subset measurements selected from the population of interest. The samples of this research were some of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri. For the purpose of this research, 100 respondents were taken as the sample.

This study used non-probability and convenience sampling method. Non-probability sampling is a sampling design in which the elements in the population have not known yet that they will be selected as sample subjects (Sekaran, 2006).

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Convenience sampling is a non-probability sampling design by which information and data for the research are gained from members of the population who are conveniently accessible to the researcher (Sekaran, 2006).

3.3. Research Variables

Two categories of variables were used for this research. They were independent variable and dependent variable. According to Sekaran (2006), independent variable is a variable that influences the dependent variable in either a positive or a negative direction. While dependent variable is a variable that was influenced by the dependent variable. The independent variables in this research were intrapersonal religiosity and interpersonal religiosity, while the dependent variable was the taxpayers' compliance.

a. Intrapersonal religiosity is defined as the internalization of the total creed of his or her faith and moves beyond mere mosque/church attendance. These individuals find their master motive for life in religion, and their other needs are brought into harmony with their religious beliefs (Allport and Ross in Holdcroft, 2006). Intrapersonal religiosity is measured by using indicators based on Allport and Ross's Religious Orientation Scale (ROS) as follow:

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

2) Quite often I have been keenly aware of the presence of God.

3) The prayers I say when I am alone have much meaning and personal emotion to me.

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

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

6) Religion is especially important to me because it answers many questions about the meaning of life.

7) I read literature about faith (or religion).

8) If I joined an organization, I would prefer to join a religious organization.

9) If not prevented by unavoidable circumstances, I attend the religious occasions.

b. Interpersonal religiosity is defined as a self-serving and utilitarian outlook on religion that provides the believer with comfort in salvation. These individuals are disposed to use religion for their own ends, such as status, sociability, and self-justification, and often selectively shape a creed to fit their own ends (Allport and Ross in Holdcroft, 2006). Interpersonal religiosity is also measured by using indicators based on Allport and Ross's Religious Orientation Scale (ROS) as follow:

1) The place of worship (mosque, church, temple etc.) is most important as a place to formulate good social relationships.

2) The purpose of prayer is to secure a happy and peaceful life.

3) What religion offers me most is comfort when sorrows and misfortune strike.

4) It doesn't matter so much what I believe as long as I lead a moral life.

5) Although I am a religious person, I refuse to let religious considerations influence my everyday affairs.

6) I pray chiefly because I have been taught to pray.

7) A primary reason for my interest in religion is that my religious beliefs is a congenial social activity.

8) Occasionally, I find it necessary to compromise my religious beliefs in order to protect my social and economic well-being.

9) The primary purpose of prayer is to gain relief and protection.

10) Although I believe in my religion, I feel there are many more important things in my life.

11) Religion helps to keep my life balanced and steady in exactly the same way as my citizenship, friendships, and other memberships do.

12) One reason for my being a religious organization member is that such membership helps to establish a person in the community.

c. Taxpayers' compliance is defined as a condition where the taxpayer meets all tax obligations and implement rights of taxation in accordance with the provisions of applicable legislation. Taxpayers' compliance is measured by using the following indicators:

1) Taxpayers understanding on the provisions of tax legislation.

2) Complete and clear filling of the tax forms.

3) Correct calculation of tax payable.

4) On-time tax payment.

3.4. Data Collection Method and Research Instrument

The research instrument that was used to collect the data for this research was the distribution of questionnaire directly to the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri. The questionnaire used to collect

the data was developed based on Allport and Ross's Religious Orientation Scale (ROS). In questionnaire method, the researcher used Likert scale to examine how strong respondents agree or disagree with statements. According to Sekaran (2006), measurement can be based on the rating of the statements given by respondents by giving score 1 represents "strongly disagree" and 5 represents "strongly agree".

> 1 = Strongly Disagree
>
> 2 = Disagree
>
> 3 = Not sure
>
> 4 = Agree
>
> 5 = Strongly Agree

3.5. The Test of Validity and Reliability

3.5.1. Validity Test

The purpose of validity test is to measure and analyze whether each item of instrument could explain the variable observed or not. The effectiveness of the questionnaire as a measurement tool is the most important factor in determining the quality of the research result. This is because the result of this research is fully dependent on the quality of the data obtained. The validity of the instrument is measured by using validity coefficients. The critical value for the validity coefficient is, if the p value of an item is less than the level of significance 5% (0.05), the item can be considered as valid. Otherwise, if the p value of an item is more than the level of significance at 5% (0.05), the item is invalid (Sugiyono, 2009).

3.5.2. Reliability Test

Reliability test is also designed to find out the consistency of the measurement tools. It could give the result which is relatively consistent if there is re-measurement in the same subject. The reliability of a measurement indicated the extent to which the measurement is without bias or error free, and hence, offers consistent measurement across time and across the various items in the instrument (Sekaran, 2006). A reliable measurement tool will provide a reliable result that is also relevant to the variable used. If the data is really relevant to the real condition, the result of any measurement conducted in the next period will always be the same. It uses alpha coefficient from Cronbach to find the value of alpha Cronbach (α) $\geq$ 0.6. Thus, the measurement tool of the research is claimed reliable to be used.

3.6. Data Analysis Methods

The methods of data analysis in this research consisted of descriptive statistics analysis and multiple linier regression analysis.

3.6.1. Descriptive Statistics Analysis

Descriptive statistics analysis is conducted to summarize the measurement of the observed data with numerical description. The measurements used in this research are mean, deviation standard, minimum, and maximum value of each variable used, i.e. intrapersonal religiosity, interpersonal religiosity, and taxpayers' compliance.

3.6.2. Multiple Regression Analysis

The research is employed multiple regression analysis to test the hypothesis. Multiple regression analysis is used to estimate the coefficient values generated from the linear model which involve independent variables to predict the value of the dependent variable (Santoso, 2007). According to Sekaran (2006) the process of multiple regression analysis consists of the following step:

a. Regression Model

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

$$Y = a + b_1X_1 + b_2X_2 + e$$

Where:

Y	= Taxpayers' compliance
a	= Constant value
b_1 & b_2	= Regression coefficients
X_1	= Intrapersonal religiosity
X_2	= Interpersonal religiosity
e	= Error term

b. Statistical Test

The statistical test is conducted to examine whether the significance of the coefficients and to determine the level of significance in regression analysis. The statistical test is done by using F-test, t-test and the coefficient of determination (R square).

1) T-test

   The t-test is performed to determine the effect of each independent variable partially on the dependent variable. The decision making was obtained by comparing the p value of the t statistics with the significance level at 0.05 (Santoso, 2007):

   a) If the p value < 0.05, Ho is rejected and Ha is accepted.

   b) If the p value ≥ 0.05, Ho is accepted and Ha is rejected.

2) F-test

   F-test is used to identify the model that best fits the population from which the data were sampled. The result of the F test also indicates the significant effect of all independent variables simultaneously to the dependent variable. The decision making was obtained by comparing the p value of the F statistics with the significance level at 0.05 (Santoso, 2007):

   a) If the p value < 0.05, Ho is rejected and Ha is accepted.

   b) If the p value ≥ 0.05, Ho is accepted and Ha is rejected.

3) The Coefficient of Determination (R square)

   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 variance that can be explained by the relationship between the independent variables and the dependent variable. Thus, the amount of the dependent variable would be explained by the independent variable, while the rest is explained by the other reasons outside the model. The R square ranges between 0 to 1. The larger R square (close to 1) indicates good fit between both variables (Santoso, 2007).

CHAPTER 4

RESEARCH FINDINGS AND DISCUSSION

This research was conducted to analyze the influence of religiosity on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri. The first section discussed the validity and reliability test to determine whether the data was valid, reliable and meets the requirements of further analysis. The next section was descriptive analysis. It described the respondents' demographic characteristics which included gender, religion, education level and personal income per year. The statistical analysis used in this research was multiple regression analysis which was conducted with SPSS 15.0 for Windows. As mentioned in the previous chapter, to collect the data for this research the writer distributed the questionnaire directly to the respondents, i.e. the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri. For the purpose of the research, 130 sheets of questionnaire were distributed to the respondents. From the overall distributed questionnaire, there were only 105 sheets of questionnaire that could be recollected, and only 100 sheets of questionnaire were properly and fully filled out. Afterward, the data were edited, coded and tabulated for further analysis. The complete data tabulation were displayed in the appendix for detail.

4.1. Validity and Reliability Test

4.1.1. Validity Test

Validity test shows well an instrument that is developed to measure the particular concept which is supposed to be measured. Validity test in this research

was conducted by using SPSS 15.0 for Windows, with the level of confidence 5%
and one tailed test used. If the p-value of the validity coefficients is less than the
level of significance 5% (0.05), the item can be considered as valid. The results of
the validity test are presented in Table 4.1.

Table 4.1. Validity Test Results

Variables	Items	Validity Coefficients	P-Value	Notes
Intrapersonal Religiosity	X1_1	0.762	0.000	Valid
	X1_2	0.793	0.000	Valid
	X1_3	0.683	0.000	Valid
	X1_4	0.728	0.000	Valid
	X1_5	0.883	0.000	Valid
	X1_6	0.702	0.000	Valid
	X1_7	0.777	0.000	Valid
	X1_8	0.844	0.000	Valid
	X1_9	0.703	0.000	Valid
Interpersonal Religiosity	X2_1	0.866	0.000	Valid
	X2_2	0.769	0.000	Valid
	X2_3	0.887	0.000	Valid
	X2_4	0.763	0.000	Valid
	X2_5	0.674	0.000	Valid
	X2_6	0.703	0.000	Valid
	X2_7	0.706	0.000	Valid
	X2_8	0.791	0.000	Valid
	X2_9	0.790	0.000	Valid
	X2_10	0.799	0.000	Valid
	X2_11	0.767	0.000	Valid
	X2_12	0.767	0.000	Valid
Taxpayer's Compliance	Y1	0.784	0.000	Valid
	Y2	0.842	0.000	Valid
	Y3	0.737	0.000	Valid
	Y4	0.747	0.000	Valid

Source: primary data (2016).

The results of validity test in the Table 4.1 showed that the p-value of the
validity coefficients was less than 0.05. Therefore, it can be said that all of the
statements employed in the questionnaire distributed to respondents were valid.
Accordingly, all of the questions could be included for the next step of research.

4.1.2. Reliability Test

The reliability test indicated the stability and consistency in which the instrument measured the concept and helped to assess the goodness of a measurement. The calculation of the coefficient correlation was conducted by using SPPS 16 for Windows, using Cronbach's alpha technique. If the Cronbach's alpha (α) $\geq$ 0.6, the measurement tool of the research was claimed reliable to be used. The concise results of the reliability test was presented in Table 4.2.

Table 4.2. Reliability Test Results

Variable	Cronbach's Alpha	Critical Value	Notes
Intrapersonal Religiosity	0.910	0.6	Reliable
Interpersonal Religiosity	0.939	0.6	Reliable
Taxpayer's Compliance	0.780	0.6	Reliable

Source: primary data (2016).

The results of reliability test in the Table 4.2 showed that the value of Cronbach's alpha (α) for all variables were above 0.6. Thus, it can be concluded that the questionnaire used in this research were reliable.

4.2. Respondents Characteristics

As already mentioned before, the respondents of this research were the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri. From the questionnaires, the respondent filled out their personal information about gender, religion, education level and personal income per year.

4.2.1. Respondents' Gender

The analysis data result based on respondents' gender were shown in the Table 4.3.

Table 4.3. Respondents Characteristics Based on Gender

Gender	Count	Percentage
Male	61	61.0%
Female	39	39.0%
Total	100	100.0%

Source: primary data (2016).

Table 4.3 described that the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri were mostly male (61.0%) and the rest were female (39.0%).

4.2.2. 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 data analysis based on the respondents' religion were shown in Table 4.4.

Table 4.4. Respondents Characteristics Based on Religion

Religion	Count	Percentage
Islam	87	87.0%
Christian (Protestant)	8	8.0%
Catholic	3	3.0%
Hindu	1	1.0%
Buddha	1	1.0%
Konghuchu	0	0.0%
Total	100	100.0%

Source: primary data (2016).

Table 4.4 described that the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri were mostly Muslim (87.0%). There were 8.0% of the respondents that were Christian (Protestant), 3.0% of the respondents were Catholic, 1.0% of the respondents that were Hinduist, and 1.0% of the respondents were Buddhist. There were no respondents from Konghuchu (0.0%).

4.2.3. Respondents' Education Level

The respondents of this research were randomly selected from various educational background. The results of the data analysis based on the respondents' eductional level were shown in Table 4.5.

Table 4.5. Respondents Characteristics Based on Education

Education Level	Count	Percentage
High School	35	35.0%
Diploma	22	22.0%
Under-graduate	36	36.0%
Post-graduate	7	7.0%
Total	100	100.0%

Source: primary data (2016).

Table 4.5 described that the educational level of the personal taxpayers registered in Tax Service Office (KPP) Pratama Wonogiri were mostly Under-graduate (36.0%). Thirty five point zero percent were High School, 22.0% were Diploma and the rest 7.0% were Post-graduate.

4.2.4. Respondents' Income per Year

The respondents of this research were randomly selected from various social and economical background. The results of the data analysis based on the respondents' personal income per year were shown in Table 4.6.

Table 4.6. Respondents Characteristics Based on Income

Income	Count	Percentage
< 50 million	13	13.0%
50 - 100 million	17	17.0%
100 - 150 million	30	30.0%
150 - 200 million	21	21.0%
> 200 million	19	19.0%
Total	100	100.0%

Source: primary data (2016).

Table 4.6 described the personal taxpayers registered in Tax Service Office (KPP) Pratama Wonogiri which mostly respondents with personal income per year of between Rp 100,000,000 – Rp 150,000,000 (30.0%). There were 21.0% of the respondents with personal income per year of between Rp 150,000,000 – Rp 200,000,000, 19.0% of the respondents with personal income per year were above Rp 200,000,000. 17.0% of the respondents with personal income per year were between Rp 50,000,000 – Rp 100,000,.000 and the rest 13.0% were the respondents with personal income per year of below Rp 50,000,000.

4.3. Data Analysis

4.3.1. Descriptive Statistics

Descriptive statistics was needed to observe the sample characteristics that were used in this research. From the descriptive statistics, the minimum and maximum value, mean, and the standard deviation of each variable used, i.e. intrapersonal religiosity, interpersonal religiosity and taxpayers' compliance could be found. The concise results of the descriptive statistics was presented in Table 4.7.

Table 4.7. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Standard Deviation
Intrapersonal Religiosity	1.67	5.00	3.68	0.589
Interpersonal Religiosity	2.58	4.83	3.83	0.560
Taxpayer's Compliance	2.25	5.00	3.79	0.567

Source: primary data (2016).

From the result of the descriptive statistics analysis as showed in Table 4.7 it could be found that variable intrapersonal religiosity had the minimum value of 1.67, maximum value of 5.00, mean value of 3.68 and standard deviation value of 0.589. The variable interpersonal religiosity had the minimum value of 2.58, maximum value of 4.83, mean value of 3.83 and standard deviation value of 0.560. The variable taxpayers' compliance had the minimum value of 2.25, maximum value of 5.00, mean value of 3.79 and standard deviation value of 0.567.

4.3.2. Multiple Regression Analysis

This research used multiple regression analysis as the statistical tool for hypothesis testing. Multiple regression analysis was used to estimate the coefficient values generated from the linear model which involve independent variables to predict the value of the dependent variable. This statistic method was used to find out the influence of religiosity on the tax compliance. The result of multiple regression analysis were summarized in Table 4.8 below.

Table 4.8. The Regression Analysis Output

Variables	Coefficient	t statistics	p value
Constant	0.946		
Intrapersonal religiosity (X_1)	0.309	3.537	0.001
Interpersonal religiosity (X_2)	0.446	4.852	0.000
	$R^2 = 0.456$	F statistic = 40.685	
		F Sig. = 0.000	

Source: primary data (2016).

Based on the result of the multiple regression analysis by using SPSS 15.0 for Windows, it can be interpreted as follow:

a. **Regression Model**

According to result of the regression analysis in Table 4.8, it could be generated that the regression equation which represented the causal relationship between the independent variables and the dependent variable was as follow:

$$Y = 0.946 + 0.309X_1 + 0.446X_2$$

Where:

Y   = Taxpayers' compliance

X_1 = Intrapersonal religiosity

X_2 = Interpersonal religiosity

b. **Statistical Test**

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

1) T-test

The t-test was performed to determine the effect of each independent variable partially on the dependent variable. The t test was conducted by examining the coefficients in the model which were presented in regression output. If the regression coefficient was significant, the hypothesis of the research was accepted. The results of t test by using SPSS 15.0 for Windows was presented in Table 4.9.

Table 4.9. The t Test Output

	Coefficients[a]				
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	,946	,318		2,977	,004
Intrapersonal Religiosity	,309	,087	,321	3,537	,001
Interpersonal Religiosity	,446	,092	,440	4,852	,000
a. Dependent Variable: Tax Compliance					

Source: primary data (2016).

According to the results of the regression coefficient as presented in the Table 4.9, it could be interpretated the hypothesis testing as follow:

a) The estimation of the coefficient of intrapersonal religiosity variable (X_1) was 0.309 with p value of 0.001. Since the regression coefficient of intrapersonal religiosity variable (X_1) was significant $(p < 0.05)$, the hypothesis 1 which stated that the intrapersonal religiosity had significant influence on the taxpayer's compliance was accepted.

b) The estimation of the coefficient of interpersonal religiosity variable (X_2) was 0.309 with p value of 0.001. Since the regression coefficient of interpersonal religiosity variable (X_2) was significant $(p < 0.05)$, the hypothesis 2 which stated that the interpersonal religiosity had significant influence on the taxpayer's compliance was accepted.

2) F-test

F-test was used to identify the model that best fits the population from which the data were sampled. The result of the F test also indicated the significant effect of all independent variables simultaneously to the

dependent variables. The results of F test by using SPSS 15.0 for Windows was presented in Table 4.10.

Table 4.10. The F Test Output

	ANOVA[b]					
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14,505	2	7,253	40,685	,000[a]
	Residual	17,291	97	,178		
	Total	31,797	99			

a. Predictors: (Constant), Interpersonal Religiosity , Intrapersonal Religiosity

b. Dependent Variable: Tax Compliance

Source: primary data (2016).

The result of F test by using SPSS 15.0 for Windows in Table 4.10 showed that the F statistic was 40.685 with the probability value of 0.000. Since the probability value $0.000 < 0.05$, it can be concluded that the regression model used in this research fitted the population from which the data were sampled. In the other word, the independent variables simultaneously had significant effect on the dependent variables. Hence the hypothesis 3 which states that the intrapersonal and interpersonal religiosity had simultaneous influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri was accepted.

3) The Coefficient of Determination (R square)

The coefficient of determination or R square (R^2) represented the ratio of the amount of the variance that could be explained by the relationship between the independent variables and the dependent variable. The results of the coefficient of determination by using SPSS 15.0 for Windows was presented in Table 4.11.

Table 4.11. The R Square Output

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,675[a]	,456	,445	,42221

a. Predictors: (Constant), Interpersonal Religiosity, Intrapersonal Religiosity

Source: primary data (2016).

The result of the coefficient of determination in Table 4.11 showed that the R square of the model was 0.456 or 45.6%. It could be said that 45.6% of the dependent variable was explained by the independent variable, while the rest 54.4% was explained by the other reasons outside the model. The R square close to 0.5 indicated fairly good fit between the independent variables and dependent variable.

4.4. Discussion

The results of multiple regression analysis showed that intrapersonal and interpersonal religiosity partially and simultaneously had significant influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri. This implied that if intrapersonal and interpersonal religiosity partially and simultaneously increased, the attitude of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri toward tax compliance would be increased. As mentioned by Togler (2003) that both intrapersonal and interpersonal religiosity may contribute to lower risk for deviant behavior and attitudes. Intrapersonal religiosity explains about religious identity,

religious goal, attitude toward religion, about values and beliefs. While interpersonal religiosity explains about religious affiliation, ritual practice, membership in religious community and attendance in religious occasions. According to Anderson and Tollison in Togler (2003), religion provides a certain level of enforcement to act in the lines of accepted rules and acts as a "supernatural police". While religious organizations provide moral constitutions for a society.

The results of this research support previous research by Raihana Mohd Ali (2013) which stated that an increase in an individual's intrapersonal and interpersonal religiosity level will increase the willingness of an individual to comply with tax laws. The findings also supported by Boone *et al.* (2013) which stated that religious norms may be expected to influence personal decision making including tax avoidance. In accordance with the finding of Regnerus (in Stack and Kposowa, 2006) which stated that communities with a strong moral community as like religious organization may be expected to reduce the deviant attitudes and behavior of individuals (tax evasion). According to Sezgin, et al. (2011), religiosity is one of the important aspects of tax morale because it could be one of the motivation for tax payments. Religiosity had been measured in various ways such as religious education, being an active member of a religious organization.

The subjects of this research were mostly Muslim. According to Yusuf in McGee (1998a), Muslims have a moral obligation to pay whatever taxes the government demands and any forms of tax evasions are illegitimate. Thus, a case

can be made that some forms of tax evasion, under certain conditions, may not be immoral. However, tax morale does not only belong to certain religion or belief. Discourse about tax morale is also available in the various religious perspectives. According to McGee (1998b), based on the Christian belief, tax evasion is not moral in any event and condition. Beside that McGee and Cohn (2008) evolved Jewish perspective on the ethics of tax evasion. They found that although some cases of tax evasion can be tolerable, tax evasion generally are not welcome.

CHAPTER 5

# CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

There are several conclusions taken from this research, which are derived from the data analysis results, as follow:

1. The intrapersonal religiosity had significant influence on the compliance of taxpayers. This indicated that if the intrapersonal religiosity increased, the attitude of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri toward tax compliance would also increase.

2. The interpersonal religiosity had significant influence on the compliance of taxpayers. This indicated that if the interpersonal religiosity increased, then the attitude of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri toward tax compliance would also increase.

3. The intrapersonal and interpersonal religiosity had simultaneous influence on the tax compliance of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri. This indicated that if both the intrapersonal and interpersonal religiosity increased, the attitude of the personal taxpayer registered in Tax Service Office (KPP) Pratama Wonogiri toward tax compliance would also increase.

5.2. Recommendations

The recommendations were made based on the research findings and the writer's opinion while conducting this research, and were aimed at writers in a similar field wishing to develop a further research.

1. In order to achieve increased domestic revenues, the writer suggested the government to improve the taxpayers' compliance through religious approaches, such as using popular religious figures, citing religious texts, etc.

2. The writer suggested for the future research to use other variables in analyzing the compliance of taxpayer and to enlarge the research object in order to present the more generalized research result.
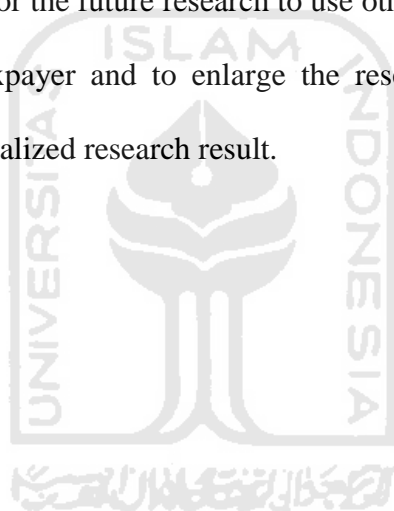
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APPENDICES