

The Analysis of the Influence of Islamic Religiosity on Tax Morale Among Self-Employed Taxpayers in Indonesia

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Abstract

This study will extend the existing literature by investigating the influence of Islamic religiosity as a moderating variable on the relationship between the perceptions of government legitimacy and tax morale among self-employed taxpayers. The Islamic religiosity dimensions are adopted from the Glock and Stark typology. Data is collected through a survey. Survey method is employed on 424 self-employed taxpayers in 5 different cities in Indonesia. The result of this study showed that some dimensions of Islamic religiosity (experiential / spirituality and inter-consequential) have a significant positive correlation on the intrinsic motivation to pay tax. Specifically, the experiential / spirituality dimension has a moderating effect on the relationship between the perception of distributive fairness and the intrinsic motivation to pay tax. On the other hand, the support for the Islamic state ideology significantly strengthens the acceptance of tax evasion referring to the particular interpretation of the Islamic law. In contrast, the positive perception of democracy significantly weakens that acceptance of tax evasion.

Keywords

Islamic religiosity, government legitimacy, tax morale, self-employed

Indonesia is a developing country which faces challenges concerning requiring significant funds to finance all expenditures, with a considerable portion allocated for infrastructure development. This allocation is crucial since infrastructure development can encourage economic growth and increase the global competitiveness of a nation's goods and services in order to obtain increased benefits from international trade. As the contribution of tax revenues to the national budget has a significant role (i.e., over 70 per cent of total revenues), there exists a high concern from governments to increase tax revenues year by year.

Unfortunately, tax revenues in Indonesia primarily derive from large companies, which only represent approximately one per cent of total taxpayers. These tax revenues mainly consist of corporate income tax, value-added tax and withholding tax. The remaining tax revenues, from small-medium enterprises and personal taxpayers, make an insignificant contribution. Individual taxpayers, particularly self-employed taxpayers, only accounted for approximately 1-2 per cent of total income tax revenue during 2013 - 2015. This phenomenon requires greater attention to understand factors that may affect it. The fact that Indonesia has the most prominent Muslim population in the world, i.e., 87 per cent of 237 million people (Nafm and Syaputra, 2010), makes it important to analyse whether there potentially exists a correlation between Islamic religiosity and low tax contribution. The low level of tax contribution may provide two indications. Firstly, the evidence of low tax morale that leads to low tax compliance behaviour. Secondly, the indication of high tax morale but for some reasons, this factor fails to enhance tax compliance behaviour. The preference for selecting self-employed taxpayers as a sample in this study is because these taxpayers fulfil their tax obligation (calculating, paying and reporting) by themselves. Therefore, the assessment of self-determined willingness to pay tax is of more relevance for self-employed taxpayers than for employee taxpayers where the practical fulfilment of their tax calculation and payment is conducted through withholding by their employers.

There are some factors to consider when taking into account the issue of Islamic religiosity and its relationship to tax morale in this study. Firstly, there exists the desire to change the ideology of state from secular to the Islamic state in Indonesia. The survey from LSI Denny JA showed that there is 13.2 per cent of Indonesian citizen supporting the Islamic state of Indonesia.¹ Unfortunately, that percentage cannot be identified in what sectors or group of people. For those who advocate for the Islamic state may erode the current government legitimacy and may lead to neglect the existence of tax. It is acknowledged that there are many views in the Islamic jurisprudence relating to the Islamic legal base of taxation: prohibited (*haram*), lawful (*halal*), neutral (*mubah*), and abhorred (*makruh*).

Secondly, according to the Islamic sharia, Islam recognises another compulsory payment, i.e., *zakat*², which to some extent it has similar characteristics to tax. According to Indonesian Income Tax Law, *zakat* payment has just been accommodated as a deduction from taxable income. As a comparison, Malaysia treats *zakat* as a tax rebate. The treatment of *zakat* only as a taxable income deduction may also lead to a conflicting issue regarding the perception of tax fairness that possibly erodes the perception of government legitimacy and tax morale.

Based on the considerations above, perceptions of government legitimacy potentially influence the individuals' willingness to pay tax while the level of Islamic religiosity has a potential moderating variable towards the correlation between government legitimacy and tax morale. In this study, the perceptions of government legitimacy involve the perceptions of ideology (secular versus Islamic state), democracy, distributive and procedural fairness, legal and tax law enforcement, and tax administrative competence.

Many prior studies have concluded that there is a correlation between people's level of religiosity and tax morale. However, these studies have failed to make distinctions between different religions in the measurement of religiosity. As a consequence, they may fail to measure the degree of specific religiosity among participants. Furthermore, prior studies have not considered the issue relating to the ideology of the Islamic state or the subject of the implementation of sharia law or Islamic law and Islamic legal base of taxation. To some extent, these issues may affect the perceptions of government legitimacy and tax morale, particularly for taxpayers in Muslim-majority countries, like Indonesia. This study aims to analyse the relationship between Islamic religiosity and tax morale. Specifically, this study will investigate whether the level of Islamic religiosity has a moderating variable on the relationship between perceptions of government legitimacy and tax morale. In terms of measuring the relationship among the variables, this study will utilize survey to 424 self-employed taxpayers. This group of taxpayers is selected as a sample because they are believed to expose more sacrificing a portion of their income rather than employed-taxpayers.

¹ See <https://nasional.kompas.com/read/2018/07/17/20541411/survei-publik-yang-pro-nkri-syariah-meningkat>

² *Zakat* as required payment enacted based on Islamic law. It is like the tax that levied of accumulated wealth on money, gold, silver, and commercial item.

See <http://www.bbc.co.uk/religion/religions/islam/practices/zakat.shtml> (retrieved on October 12, 2017);

Zakat has the provision of exemption, rule on payment, due date, and the threshold of a minimum of wealth. For those who exceed the threshold then *zakat* with the tariff of 2.5% would be applied. See <http://www.islamic-laws.com/zakat.htm> (retrieved on October 12, 2017).

LITERATURE REVIEW

The study of tax morale has emerged since the 1950s when a German scholar named Günter Schmolders (1951) stressed the importance of taxpayer psychology to raise tax compliance. The description is connected with the attitude of a group or of the entire population of taxpayers concerning the issue of the fulfilment or neglect of their tax duty. This attitude can be seen as a reflection of the tax mentality of citizens and their awareness to become good citizens, in forms of their inward acknowledgement of tax duty and the admission of the state authority (Sa, Martins and Gomes, 2015). Other terms to describe tax morale are “tax ethics” or “tax mentality” (Murphy and Torgler, 2004), and “intrinsic motivation to pay taxes” (Mohdali and Pope, 2014). The distinctive definition of tax morale is conducted by Kornhauser (2007), “the collective name for all non-rational factors and motivations - such as social norms, personal values and cognitive processes - that greatly affect individual voluntary compliance with the law.”

The studies concern more about what factors motivate people’s willingness to pay tax. Those factors sometimes relate to the external causality, which if it refers to the psychology studies, this causality looks to be not congruent with the concept of intrinsic motivation. Many tax studies have found that the willingness of individuals to pay tax (tax morale) has a potential causality with some extrinsic factors, such as the quality of public services provided by governments and legal system fairness. Therefore, the use of the term of intrinsic motivations to explain tax morale may not be appropriate. From the various descriptions of tax morale, it can be summarised that the bottom line of tax morale as the self-determined willingness of individuals to pay tax is driven by intrinsic and somewhat external motivation: identified, introjected and integrated motivation (Ryan and Deci, 1985; Ryan and Deci, 2000). The self-determined willingness to pay tax is not strongly associated with the presence of external rewards and punishments or other economic deterrence factors.

Generally speaking, tax morale is something abstract that is being constructed from many elements. The results of empirical studies highlight that tax morale is affected by a large number of behavioural, political and psychological factors. The trust in the legal system, trust in parliament and church attendance (Alm and Torgler, 2006) were examined to influence tax morale. Furthermore, other factors, such as direct democracy, national pride, trust in political institutions and government as well as attitudes toward democracy have been extensively found to be determinant variables of tax morale (Torgler and Schneider, 2005). Naturally, trust in legal systems and government institutions, as well as attitudes towards democracy, could be categorised as aspects of government legitimacy. Government legitimacy can be described as a mutual relationship between taxpayers and governments, which people will trust to governments, and then obey the government regulation if governments perform well in accordance with the needs and desires of citizens (Feld and Frey, 2007).

The study by Torgler (2006) found that tax morale is a significant factor affecting tax compliance. Furthermore, it is found that religiosity becomes a potential element of tax morale. The possible reason for this may be because religious persons are those who are regarded as having the capability of distinguishing between good and bad behaviour. Another reason is that religion teaches sacred prohibitions and recommendations that could often overlap with a secular law that leads people to comply with the legal order (Grasmick, Kinsey and Cochran, 1991). In the same area that underpinning religiosity as an independent variable, religiosity factor has a positive impact on tax compliance both in Malaysia and Turkey, even though it is likely not a significant factor in Malaysia, while intrapersonal religiosity has been found as a significant factor for voluntary tax compliance in Turkey (Benk et al., 2016).

The correlation between religiosity and tax morale can also appear from another perspective, which is the relationship between religiosity and tax fraud acceptance. It has been found that there is a negative correlation between religiosity and tax fraud; meaning that the higher degree of religiosity leads to a lower level of tax fraud acceptance. However, in the separate individual nation analysis, it seems to be a variation in the presence or the absence of the relationship between the degree of religiosity and tax fraud acceptance for certain religion-affiliated groups (Stack and Kposowa, 2006).

Even though some studies have found a positive correlation between religiosity and tax morale, other studies have found opposing evidence. Welch et al. claimed that tax compliance is mainly influenced by the conscious perception of how significant is the impact of tax sanctions. It is found that the trend of tax compliance is equal in its degree among both highly religious individuals and those who are regarded as less religious individuals (Welch et al., 2005). Another perspective coming from an Islamic study suggests that there seems to be no influence of Islamic religiosity in determining the preference of whether people are ethical or unethical towards committing tax evasion. The most important factor affecting tax compliance is how positive perception of government legitimacy is held by people, seen in terms of establishing and implementing Islamic law as part of the state law (Jalili cited in McGee, 2006). If governments are regarded as not legitimate, tax evasion might not be perceived as an immoral action.

Additionally, there appears to be a view in Islam that a person is not always obliged to pay income taxes, depending on the circumstances. For instance, when governments impose income tax unfairly, either in stipulating tax rate or tax base. Islamic teaching considers that tax that is calculated from incomes multiplied by a progressive tax rate is more unfair than the tax that is calculated from accumulated wealth multiplied by a proportion tax rate (Ross and McGee, 2012). The foundation of imposing a proportional rate from accumulated wealth is coming from the primary rule in *zakat* payment. As a comparison, evading *zakat* becomes strictly classified as immoral action (McGee, 2006). The study in Indonesia by Parlaungan (2017) found that most Muslim participants expressed a view that taxpayers pay *zakat* more voluntarily than they pay tax. People perceived that paying *zakat* would contribute more to community or individuals. Taxpayers claimed that they are likely to be more willing to comply with *zakat* regulations.

The study of religiosity about tax morale raises an issue dealing with the measurement of religiosity. The measurement may cause validity issues if the religiosity value is too complicated a construction, although some dimensions should be incorporated. It is not easy to say that high tax morale is explained by the high level of religiosity if the measurement of religiosity is too simple. Additionally, measurement of the degree of religiosity that does not distinguish among different religions may not be valid as, to some extent; each religion has unique beliefs and practices. Therefore, it requires specific variables for how to measure religiosity in each religion (Albelaikhi, 1997).

In order to measure religiosity, there have been some studies which may be of assistance. Most of them are in the discipline of psychology studies. One of them is the study by Glock and Stark (1965). They defined religion as a system symbol, belief systems, value systems, and systems of behavior that are institutionalized, which centred on issues that are lived out as the most essential (ultimate meaning). A new scale to assess religiosity derived from multi-dimensions of religiosity was developed by Glock and Stark. The measurement of Islamic religiosity in this study is adopted from Glock and Stark's scale. The scales consist of: ideological (dogmatic and fundamental belief in Islam, such as believe to god, the Qurán, and angels), ritualistic (worship practice to show the commitment to religious teachings, such as praying, fasting, and paying *zakat*), experiential /

spiritual (the spiritual experience involved the feeling and sense to close to god), gaining Islamic knowledge (attending Islamic class in the mosque or watching Islamic program on TV), intra-consequential (the implementation of the values and Islamic dogma in the real world that has a consequence only for him or herself, such as eating *halal* food, avoiding *riba* (usury), and inter-consequential (the implementation of the values and Islamic dogma in the real world in the context of the relationship to others, such as avoiding lying, avoiding bribery). These dimensions are formulations of theories that are very excellent because they are capable explaining the concept of worship as a whole where in Islamic teachings, Muslims are taught to involve all aspects of life in worshipping God.

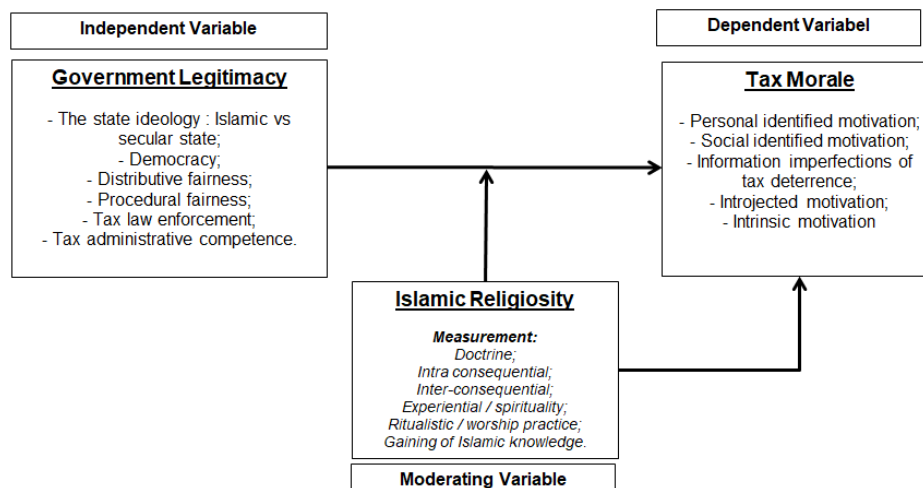


Figure 1 – Research Model

METHODS OF RESEARCH

The quantitative method by collecting data through the survey is employed in this study. There are 424 participants involved in this survey. The purposive sampling uses judgements based on the following criteria:

- The number of distribution of samples is anticipated in five different big cities in Indonesia where most self-employed taxpayers live and, they run the business.
- The participants are Muslim self-employed taxpayers, not employee taxpayers. The preference to choose self-employed taxpayers rather than employed taxpayers because those group taxpayers in the fulfilment of their tax obligation conduct a self-assessment system, meaning that they calculate, pay, and report taxes by themselves. The self-assessment system has a strong correlation with the taxpayers' willingness to pay taxes, and this seems to be in line with the purpose of this study to analyse tax morale.

This research used a survey technique in collecting the data. Then, it was processed using SPSS and Partial Least Square (PLS) statistical analysis. The ANOVA analysis of SPSS is utilised to analyse the differential influence of demographic factors on tax evasion and tax morale. On the other hand, the PLS is utilised to analyse the structural model among independent variables and tax morale and tax evasion.

The indicators of government legitimacy consist of the state ideology (Islamic versus secular state), democracy, distributive and procedural fairness, tax law enforcement and tax administrative competence. Islamic religiosity as a moderating variable used Glock and Stark indicator. The tax morale variable was adopted from the concept of self-determined motivation which differentiates motivation: mostly external, somewhat internal, and mostly internal. The identified motivation is mostly external motivation when individuals identify particular outputs importantly and encourage

them to act. On the other hand, introjected motivation is the somewhat internal motivation when individuals to move as a result of social pressure or the inward reward and punishment. Finally, the intrinsic motivation that there is a limitation separable outcome interfere individuals to work, which the motive is mostly from self-interest and enjoyment. Apart from that, this study also elaborates the perception of tax evasion acceptance refers to Islamic law. In survey, the respondents will be asked to provide an approval response on a scale of 1 for strongly disagree up to 7 for strongly agree.

RESULTS AND DISCUSSION

The number of questionnaires distributed was 440 questionnaires. The number of questionnaires that were not returned was five questionnaires and not-filled in completely was eleven. Total questionnaires returned of 424 were processed entirely. Based on the survey results, the description of respondents is as follows:

Table 1 – the description of respondents

Gender	Male (54.4%), female (45.5%)
Age	<30 yo (35.2%), 30-49 yo (51.7%), 50-64 yo (12.5%) and >64 yo (0.4%)
Marital status	Married (68.6%), not married (31.3%)
Educational background	Primary school (0.9%), Junior High School (3.8%), Senior High School (51.1%), Diploma I/III (13.2%), Bachelor (29.8%), Postgraduate (1.2%)
Ethnicity	Minangkabau (37.3%), Javanese (25.7%), Betawi (4.2%), Sundanese (21.9%), Aceh (5.2%), Batakese (1.4%), Malay (2.6%), others (0.9%)
The affiliation for Islamic organisations or Islamic communities	NU (40.1%), Muhammadiyah (32.3%), Salafi (7.5%), Front of Islamic Defender (6.4%), Persis (4.7%), Hizbut Tahrir (1.4%), Not affiliated (7.1%)
The preference of the ideology of the political party	Islamic ideology (75.4%), nationalism / secular ideology (24.5%)
Business size	Micro (58%), small (35.3%), medium (6.3%) and large (0.2%)

The loading factor value of all constructs was more than 0.6, while the Average Variance Extracted (AVE) value was more than 0.5. Therefore, it can be concluded that all indicators in the instrument of this study were valid and reliable, so that the analysis can be done.

The quantitative analysis shows that the level of tax morale in Indonesia is positive. By considering the types of tax morale, the personal identified-tax morale seems to be the highest; the agreement scale is 79.2%. Unfortunately, the perception upon the identification factors (satisfaction on tax law enforcement and the management of tax money) is only 51.5%, meaning that there is a gap between the ideal and real willingness to pay tax.

Table 2 – Types of tax morale

Types of Tax Morale	Questions	Mean-7 scale	Standard Deviation	The Agreement Scale (%)
Personal identified motivation- tax morale	I will pay taxes if the government has enacted fair tax law enforcement	5.347	1.478	76.4%
	I will pay taxes if the government manages tax money in a proper way	5.738	1.215	82.0%
		5.542	1.346	79.2%
Social identified motivation- tax morale	If all taxpayers comply with paying tax, the citizens will enjoy more public services	5.597	1.285	80.0%
	All citizens are responsible for paying tax for financing the running of government and the national development	5.285	1.388	75.5%
	Paying tax is a means of patriotic	5.151	1.355	73.6%
		5.344	1.342	76.3%

Types of Tax Morale	Questions	Mean-7 scale	Standard Deviation	The Agreement Scale (%)
Information imperfections of tax deterrence – tax morale	I pay tax because I do not want to get involved in a tax audit	4.960	1.236	70.9%
	I pay tax because I do not want to get a penalty	5.182	1.223	74.0%
		5.071	1.230	72.4%
Introjected motivation-tax morale	I feel proud to give the contribution to the nation by paying tax	5.000	1.226	71.4%
	I do not feel ashamed when other people notice that I do not pay tax	4.167	1.498	59.5%
	I do not feel relaxed when I do not pay tax	4.392	1.373	62.7%
		4.520	1.366	64.6%
Intrinsic motivation – tax morale	I sincerely give a portion of my income to the government in the form of paying tax	4.075	1.618	58.2%
	I object to paying tax	3.946	1.520	56.4%
		4.011	1.569	57.3%

On the other hand, the acceptance of tax evasion under the belief on the Islamic law is quite high (60.42%). This variable is measured by questions:

Table 3 – Tax Evasion

Tax Evasion	Questions	Mean	Standard Deviation	The Agreement Scale (%)
The acceptance of tax evasion referring to particular interpretation towards the Islamic law	It is common for people not to pay taxes if the government does not apply the Islamic sharia law;	4.375	1.566	62.50%
	It is common for people not to pay taxes because the tax is not compulsory to pay according to the Islamic law	4.210	1.548	60.14%
	It is common for people not to pay taxes if taxpayers already pay <i>zakat</i>	4.10	1.606	58.63%
		4.30	1.574	60.42%

With regard to the demographic analysis towards either tax morale or the acceptance of tax evasion, it can be seen that to some extent age, gender, location, affiliation to Islamic organisation or Islamic community, ethnicity and education have an impact on tax morale and the acceptance of tax evasion.

In terms of the affiliation on Islamic organisation or Islamic community, statistically, there is no significant difference amongst the members of Islamic organisation on their perspective towards tax evasion and tax morale. However, taxpayers who affiliate to the Front of Islamic Defender (FPI), Islamic Unity (Persis) and Salafi indicate to have higher acceptance on tax evasion under the belief of the Islamic law than Nahdhatul Ulama (NU) and Muhammadiyah. This is also in line with the indication that taxpayers who support NU and Muhammadiyah tend to have the intrinsic motivation to pay tax.

Table – 4 The perspective of the members of Islamic organisation towards tax morale and tax evasion

Islamic Organisations / Communities	Mean q1 (tax morale) ³	Mean q2 (tax morale)	Mean q1 (tax evasion)	Mean q2 (tax evasion)	Mean q3 (tax evasion)	Mean (tax morale)	Mean (tax evasion)
Muhammadiyah	4.1460	4.0730	4.2555	4.0657	4.0292	4.1095	4.1168
NU	4.1353	4.0647	4.3824	4.1118	3.9588	4.1000	4.1510
FPI	4.3333	3.7037	4.6296	4.5556	4.7778	4.0185	4.6543
Persis	4.1000	3.8500	4.7000	4.4500	4.3500	3.9750	4.5000
Salafi	3.2813	3.2188	4.4688	4.5313	4.4063	3.2500	4.4688

³ It is mean of the response from taxpayers through a survey by using seven Likert scales.

By looking at the influence of Islamic religiosity on tax evasion, it can be seen that overall Islamic religiosity affects weakening the acceptance of tax evasion by referring to the particular interpretation of the Islamic law. Specifically, inter-consequential and experiential (spirituality) have a significant influence on diminishing tax evasion acceptance. It is only the dimension of gaining of Islamic knowledge that strengthens tax evasion. It means that the more frequently people attend Islamic class in the mosque or watch Islamic program on TV, the more they accept tax evasion. This is probably because of the contents of Islamic class or Islamic program on TV less concern on both experiential / spirituality and inter-consequential. This relates to the finding of the Association of Islamic Boarding School and Society Development (P3M) that 41 of the 100 mosques in government ministry, state agency and state-owned corporation (BUMN) complexes in Jakarta have spread hate speech and radical ideas, including the creation of *Khilafah* (caliphate) and against to the government, espoused during Friday sermons⁴. If the mosques managed by the government institutions indicate radical ideas, then the private mosques may be more intensive in spreading the radical ideas.

Table 5- The results of path analysis – the acceptance of tax evasion

Construct	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Islamic religiosity-intra-consequential -> the acceptance of tax evasion	-0.053	-0.064	0.055	0.961	0.337
Islamic religiosity-inter-consequential -> the acceptance of tax evasion	-0.193	-0.189	0.049	3.979	0.000
Islamic religiosity-experiential / spirituality -> the acceptance of tax evasion	-0.112	-0.102	0.053	2.099	0.036
Islamic religiosity-ritualistic -> the acceptance of tax evasion	-0.087	-0.089	0.050	1.748	0.081
Islamic religiosity-doctrine -> the acceptance of tax evasion	-0.040	-0.029	0.052	0.761	0.447
Islamic religiosity-gain of Islamic knowledge -> the acceptance of tax evasion	0.133	0.135	0.059	2.258	0.024
Government legitimacy-democracy -> the acceptance of tax evasion	-0.150	-0.151	0.059	2.563	0.011
Government legitimacy-distributive fairness -> the acceptance of tax evasion	0.160	0.171	0.060	2.687	0.007
Government legitimacy-Islamic state ideology -> the acceptance of tax evasion	-0.224	-0.227	0.059	3.806	0.000
Government legitimacy-tax law enforcement -> the acceptance of tax evasion	-0.031	-0.027	0.054	0.566	0.572
Government legitimacy-procedural fairness -> the acceptance of tax evasion	-0.086	-0.090	0.057	1.505	0.133
Government legitimacy-tax administrative competence -> the acceptance of tax evasion	-0.127	-0.130	0.053	2.386	0.017
Government legitimacy-preference of tax and zakat -> the acceptance of tax evasion	-0.213	-0.212	0.054	3.934	0.000

Source: primary data processed

Furthermore, the positive perception of Islamic state ideology as well as the preference between *zakat* and tax strengthens the acceptance of tax evasion by referring to the particular interpretation of the Islamic law. The perception of Islamic state ideology is not included in the dimension of Islamic religiosity. This is based on the fact that there is no general agreement upon Muslim people towards this idea. Therefore, it cannot be said that an individual who supports Islamic state ideology has a high degree of Islamic religiosity and vice versa. The agreement or disagreement towards Islamic state ideology only indicates the preference of conservative or moderate Islamic view.

The positive perception of democracy also affects diminishing the acceptance of tax evasion. It means that when people perceive democracy run well, they tend to reject the idea of tax evasion under the belief of Islamic law. Another factor affecting the acceptance of tax evasion is the tax administrative competence. This competence can be measured from the competence of tax authority to provide the ease of payment and report the tax. Surprisingly, the distributive fairness also influences on the increase of the acceptance of tax evasion. It is because individuals do not link the success of the government in providing the public facility with its financing source, which is the tax.

⁴ See <http://www.thejakartapost.com/news/2018/07/09/radical-sermons-widespread-in-government-offices.html>

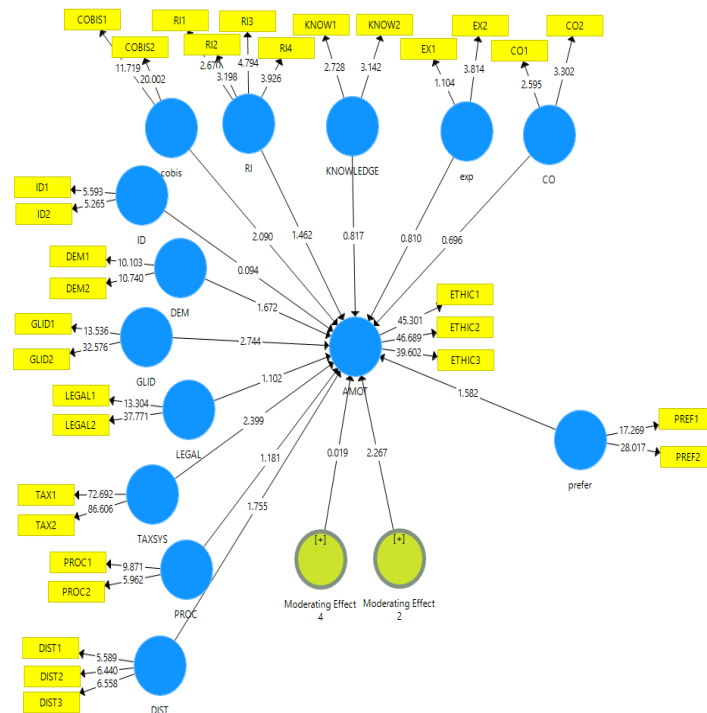


Figure 2 – Structural model – tax evasion

Overall, the correlation between Islamic religiosity and the intrinsic motivation to pay tax is positive. This supports the previous finding that Islamic religiosity has a negative impact on the acceptance of tax evasion under the belief of Islamic law. From the dimensions of Islamic religiosity, there are experiential / spirituality and inter-consequential that significantly influence the tax morale. It perhaps individuals who expose spiritual experience tend to have sincerity in their social contribution. Furthermore, inter-consequential dimension becomes significant to influence the intrinsic motivation to pay tax because this dimension relates to the application of the Islamic principles and values in terms of building harmonization in the society.

Furthermore, distributive fairness as one of the dimensions of the government legitimacy has a significant positive impact on tax morale. In terms of Islamic religiosity's moderation variable, it can be seen that experiential / spirituality has a moderating effect of increasing the correlation between distributive fairness and tax morale. It means that more spiritual of individuals, the correlation between distributive fairness and intrinsic motivation to pay tax to become stronger.

Table 6- The results of path analysis (the intrinsic motivation to pay tax)

Construct	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STD)	P Values
Islamic religiosity-intra-consequential -> intrinsic motivation to pay tax	0.043	0.048	0.047	0.919	0.359
Islamic religiosity-doctrine -> intrinsic motivation to pay tax	0.028	0.040	0.057	0.494	0.621
Islamic religiosity-gaining of Islamic knowledge -> intrinsic motivation to pay tax	0.055	0.049	0.054	1.013	0.312
Islamic religiosity-ritualistic -> intrinsic motivation to pay tax	-0.012	0.002	0.047	0.256	0.798
Islamic religiosity-inter-consequential -> intrinsic motivation to pay tax	0.150	0.153	0.050	3.017	0.003
Islamic religiosity-experiential/ spirituality -> intrinsic motivation to pay tax	0.255	0.246	0.057	4.451	0.000
Government legitimacy-democracy -> intrinsic motivation to pay tax	0.033	0.031	0.056	0.594	0.553
Government legitimacy-distributive fairness -> intrinsic motivation to pay tax	0.187	0.189	0.064	2.930	0.004
Government legitimacy-Islamic state ideology -> intrinsic motivation to pay tax	-0.032	-0.031	0.064	0.502	0.616
Government legitimacy-tax law enforcement -> intrinsic motivation to pay tax	-0.082	-0.086	0.061	1.358	0.175
Moderating Effect :inter-consequential*distributive fairness -> intrinsic motivation to pay tax	-0.008	-0.014	0.045	0.172	0.863
Moderating Effect :experiential*distributive fairness -> intrinsic motivation to pay tax	0.065	0.064	0.031	2.072	0.039
Government legitimacy-preference of tax and zakat -> intrinsic motivation to pay tax	0.017	0.018	0.055	0.300	0.764
Government legitimacy-procedural fairness -> intrinsic motivation to pay tax	0.052	0.053	0.068	0.764	0.445
Government legitimacy-tax administrative competence -> intrinsic motivation to pay tax	0.068	0.065	0.060	1.122	0.262

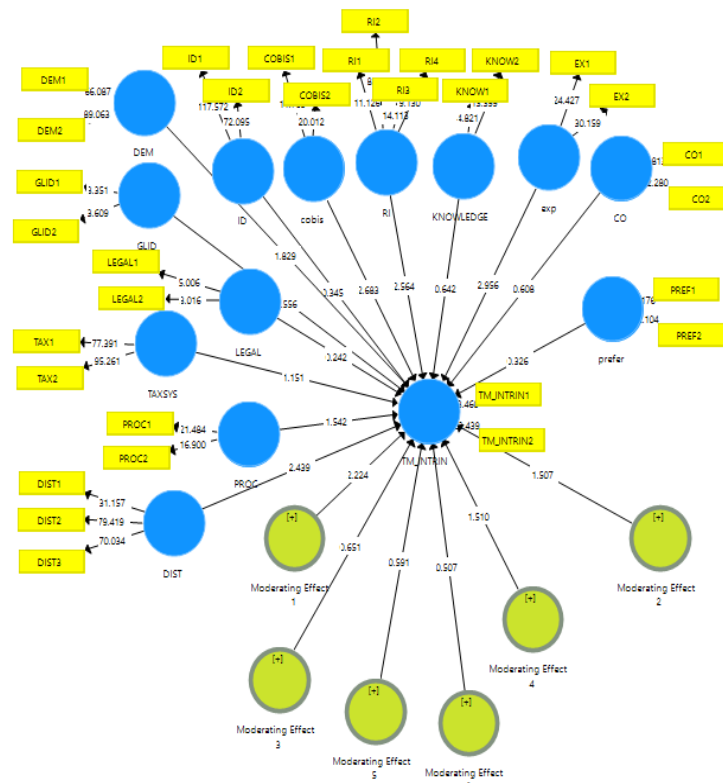


Figure 3 – Structural model – tax morale

Besides the intrinsic motivation to pay tax and the acceptance of tax evasion, there is another type of tax morale, the introjected motivation to pay tax. Since this motivation based on social pressure and the inward reward and punishment, therefore, the creating of transparency, appreciation and fairness will effectively increase this introjected motivation. It can be seen that democracy, distributive and procedural fairness have a significant factor in this tax morale. Furthermore, democracy and tax law enforcement effectively diminish the personally identified tax morale. It can be understood that identified tax morale, as well as information imperfections of tax deterrence, basically relies on certain unsatisfied and uncontrollable external conditionals. For example, when individuals perceive that there exists of low tax enforcement, such as they believe that many rich people do not pay taxes, and then psychologically they would tend to say that they will pay if there

is high tax law enforcement. In fact, when those certain conditions are improved or taxpayers can access new valid and trusted information about the identified issue, the identified motivation to pay tax may find the new balance point. Therefore, the score of identified tax morale as well as information imperfections of tax deterrence is higher than introjected and intrinsic tax morale.

Table 7- The results of path analysis (the external, identified and introjected motivation to pay tax)

Construct	Type of Tax Morale	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Islamic religiosity-inter consequential -> information imperfection of tax deterrence	External TM	-0.110	-0.110	0.054	2.021	0.044
Government legitimacy-distributive fairness -> information imperfection of tax deterrence	External TM	0.257	0.252	0.070	3.678	0.000
Islamic religiosity-inter consequential -> personal identified motivation to pay tax	Personal Identified TM	-0.127	-0.130	0.041	3.114	0.002
Government legitimacy-democracy -> personal identified motivation to pay tax	Personal Identified TM	-0.130	-0.123	0.055	2.365	0.018
Government legitimacy-tax law enforcement -> personal identified motivation to pay tax	Personal Identified TM	-0.286	-0.288	0.053	5.441	0.000
Government legitimacy-tax administrative competence -> personal identified motivation to pay tax	Personal Identified TM	0.156	0.156	0.056	2.803	0.005
Government legitimacy-preference of tax and zakat ->personal identified motivation to pay tax	Personal Identified TM	-0.210	-0.214	0.066	3.187	0.002
Islamic religiosity-experiential /spirituality -> social identified motivation to pay tax	Social Identified TM	0.137	0.137	0.052	2.653	0.008
Government legitimacy-tax law enforcement -> social identified motivation to pay tax	Social Identified TM	-0.144	-0.141	0.056	2.569	0.010
Government legitimacy-tax administrative competence -> social identified motivation to pay tax	Social Identified TM	0.414	0.413	0.052	8.011	0.000
Government legitimacy-democracy -> introjected motivation to pay tax	Introjected TM	0.170	0.168	0.054	3.134	0.002
Government legitimacy-distributive fairness -> introjected motivation to pay tax	Introjected TM	0.155	0.159	0.057	2.731	0.007
Government legitimacy-tax law enforcement -> introjected motivation to pay tax	Introjected TM	-0.123	-0.124	0.055	2.247	0.025
Government legitimacy-procedural fairness -> introjected motivation to pay tax	Introjected TM	0.137	0.136	0.059	2.343	0.020
Government legitimacy-tax administrative competence -> introjected motivation to pay tax	Introjected TM	0.217	0.219	0.055	3.923	0.000

CONCLUSION

This research aims to examine the dimensions of government legitimacy toward tax morale and the acceptance of tax evasion under the belief of the Islamic law. In this study, Islamic religiosity is a moderating variable. The research methodology utilizes survey to self-employed individual taxpayers in different cities in Indonesia. There are 424 taxpayers participated in this survey.

The result shows that attribution of external factors holds a significant role in increasing the willingness to pay tax. Personal and social identified motivation to pay tax is the highest one amongst the motivation to pay tax. Unfortunately, there is a gap between positive perception on identified factors and psychological-identified motivation. In contrast, the willingness to pay the tax that is influenced by mostly intrinsic factors becomes the least.

This study found that overall Islamic religiosity has a positive influence on the intrinsic motivation to pay tax and a negative impact on the acceptance of tax evasion referring to the particular interpretation of Islamic law. Specifically, the dimensions of Islamic religiosity (inter-consequential and experiential / spirituality) statistically have a significant impact on the intrinsic motivation to pay tax. The inter-consequential also deteriorates the acceptance of tax evasion. Furthermore, taxpayers who affiliate to conservative Islamic organisations or particular conservative Islamic communities seem to be having less intrinsic motivation to pay tax and more resistance to pay the tax than taxpayers who support moderate Islamic organisations.

With regards to the role of the dimensions of government legitimacy, it can be found that the state ideology, democracy, distributive fairness and tax administrative competence have an impact on the motivation to pay tax and the acceptance of tax evasion referring to the particular interpretation from the Islamic law. The preference of the Islamic state ideology strengthens the acceptance of tax evasion. On the other hand, the positive perception of democracy encourages taxpayers to weaken the acceptance of tax evasion and strengthen the introjected motivation to pay tax. Moreover, the positive perceptions of the distributive fairness influence taxpayers to have more intrinsic motivation to pay tax.

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