The Role of Religiosity and Patriotism in Improving Taxpayer Compliance

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ABSTRACT: The purpose of this study is to examine the direct effect of religiosity on taxpayer compliance. In addition, this study also examines the indirect effect of religiosity on taxpayer compliance using the mediation variables of taxpayer patriotism. The data were gathered survey method that was able to collect as much 78 data that can be used for analysis. The validity, reliability of instruments and classical assumptions test were conducted before testing the hypotheses. Simple and multiple regression were used to test the relationship between variables. The indirect influence was tested using Hayes's bootstrapping method. The results showed that the level of religiosity had a positive effect on patriotism and taxpayer compliance. High patriotism would increase taxpayer compliance. The results also provided empirical evidence that there was an indirect influence of religiosity on taxpayer compliance through the mediation of patriotism.

KEYWORDS: religiosity; taxpayer compliance; patriotism

Introduction

Sustainable national development will able to improve people's welfare. Financing for national development can be obtained from tax revenues and non-tax revenues (Alabede, 2011). Tax is a contribution to the state treasury regulated by law but does not get lead services directly. Taxes are used to finance general expenses. Various policies are issued by the government as an effort to increase tax revenues.

In 2017 the total tax revenue reached IDR. 1,147.5 billion, which is 89.4 percent of those targeted in the 2017 income and expenditure budget (Kementerian Keuangan Republik Indonesia, 2017). However, the achievement of state revenues from taxes is not in accordance with what the government has targeted. In addition, based on tax.go.id site data, it is stated that up to the peak of the annual personal income tax return report in 2018, compliance with report submissions has not reached the specified target of 64.5% for quarter 1. Based on existing phenomena, there is a gap between the target and the actual achievement of tax revenue. This phenomenon shows that taxpayers non-compliance is an important thing to be elaborated in this study.

Achieving tax revenue targets requires the role of tax authorities as well as the active role of taxpayers. The role of the taxpayer itself is very important, especially with the existence of a taxation system that was initially official assessment now has turned into a self assessment. The self-assessment system gives trust to taxpayers to register, calculate, pay, and report their own tax obligations. Awareness of taxpayers is one form of implementation of tax compliance. Taxpayer compliance can directly increase state tax revenues.