
The Effect of Religiosity on Tax Evasion Behavior with Gender as a Moderating Variable

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ABSTRACT

Tax evasion is a form of non-compliance by taxpayers in paying taxes. Tax evasion behavior must be mitigated so that the country's economic growth can grow well. This study examines the effect of religiosity on tax evasion. To expand the test, the researcher included gender as a moderating variable. The object of this research is the students of the Islamic Economics and Business Faculty (FEBI) of IAIN Bukittinggi. The selection of this sample is based on the students of FEBI IAIN Bukittinggi who will enter the business world so that in the future they will become taxpayers. Through Moderated Regression Analysis (MRA) testing was conducted to see the effect of gender variables in moderating the relationship between tax evasion and religiosity. The results of this study found that the level of student religiosity had no impact on reducing tax evasion. However, this study supports the findings of previous studies where gender has different reactions to tax evasion, female students are more likely to avoid tax evasion than male students.

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1. INTRODUCTION

Tax evasion is a problem that is of concern to various countries, including Indonesia. This is because tax evasion will have an impact on the low level of taxpayer compliance which slows down economic growth due to low state revenues (Aligarh, 2017). Based on data on the level of tax compliance seen from the Tax Ratio, Indonesia still shows a low number. In addition to the low tax ratio, low tax compliance is indicated by the non-optimal performance

of tax revenues in the form of not achieving tax revenue targets for the last five years (Sungkono & Sugiyanti, 2018). The realization of tax revenues from 2010 to 2014 never reached the revenue target.

Taxpayer compliance will always be a problem in Indonesia, this is because taxpayers in making tax payments always weigh the advantages and disadvantages they get. If the profits they get are less than the taxes they pay, taxpayers try to make the taxes they pay less than they should be. Taxpayers can take this action through tax evasion. Tax evasion is part of illegal behavior that is against the law (Khlif & Achek, 2015). Tax evasion is an illegal effort by taxpayers to make them pay less tax than they should (Saavedra & Romero, 2021).

Tax evasion occurs because the taxpayer is not satisfied with the tax contributions paid to the state. Taxpayers will not carry out their obligations if the government does not use the tax revenues obtained to meet the needs of the community (McGee, 2005) for example the provision of public facilities, educational facilities, health facilities, road repairs, and others. Therefore, in increasing tax revenue, the government must use tax revenue for the benefit of the community and report its use transparently.

Although tax evasion cannot be eliminated for the various reasons above, some researchers reveal that tax evasion can be mitigated through religiosity. Research conducted by (Torgler, 2006) states that religiosity affects the internal motivation of taxpayers to pay taxes. Taxpayers who have a high level of religiosity have better tax morale so that it is realized in their tax payments. This means that taxpayers who have a good level of religiosity will not commit tax evasion but pay taxes as they should.

The positive effect of religiosity on taxpayers in paying taxes arises because religiosity affects a person's behavior in acting and acting. The result of religiosity will affect a person's habits. Tax evasion is not carried out by people who have high religiosity, because it is contrary to the religious values they believe in. Consequently, the level of religiosity in a person can determine the attitude of taxpayers towards tax evasion behavior.

Based on the explanation above, this study tries to test the influence of religiosity on taxpayer compliance behavior by using IAIN Bukittinggi students as research objects. The use of IAIN Bukittinggi students as research objects is because IAIN Bukittinggi is a campus that emphasizes the value of religiosity to its students. Students who experience knowledge at IAIN Bukittinggi, apart from being forged with knowledge, are also equipped with knowledge and understanding of religion. Students are expected after graduating to become academic and religious people so that with these values, the tax compliance behavior of IAIN Bukittinggi students is better.

The selection of IAIN Bukittinggi students is also based on the consideration that after students graduate, they work to earn an income. They can get this income because they work as employees, employees or have their own business (entrepreneurs). As for the professions they are involved in, the obligation to deposit taxes on the income earned and to report taxes will be attached to them. Therefore, the results of this study will later find out how students' attitudes towards tax evasion will be. If unsatisfactory results are found related to student attitudes towards tax evasion, this research can be input for the campus to provide tax literacy to students so that they are useful when they have become taxpayers

Literature Review

Religiosity

Morals and religiosity are two things that go hand in hand. Religiosity contains individual beliefs to behave properly or according to the rules (Gmbh, 1997). The results of individuals who have religiosity do not violate the rules because it is not part of right behavior. Religiosity is also defined as the level at which individuals carry out their religious (Aligarh et al., 2020). The religiosity of an individual will have a positive effect on life satisfaction (ten Kate et al., 2017). To get this satisfaction, individuals will guide their religious values so that the satisfaction does not conflict with their religion. In addition, the religiosity of an individual can shape ethics, behavior, and character (Mohdali & Pope, 2014). Sanctions and rules contained in religion will affect individuals in accepting the rules and laws that apply to their country (Abdullah & Sapiei, 2018). If the rules that apply in a country do not conflict with the religious values held by an individual, then the individual always obeys the rules applied by his country. Likewise with tax collection, as long as it does not conflict with religion, people will pay taxes on the income they earn to the state. Furthermore, individual religiosity can prevent criminal acts. Religiosity will encourage the individual to behave in accordance with ethical values (Abashah et al., 2018). This means that individuals who have a good level of religiosity will not commit tax evasion because tax evasion is a criminal act and not an ethical act.

Tax Evasion

Tax evasion (tax evasion) is a form of violation of the rules (Sandmo, 2014). This is because taxpayers do not report their income in accordance with applicable tax rules. Tax evasion can cause a person to pay less than they should. This tax evasion is an illegal act that can make taxpayers receive legal sanctions if they do so (Ermasova et al., 2021). Although

various legal sanctions have been written, tax evasion still occurs. The occurrence of tax evasion is caused by several factors. The first factor relates to economic factors, taxpayers in paying taxes weigh the costs and benefits they get from the taxes paid (Kinsey, 1987). The second factor relates to Social Factors. Social factors explain that taxpayers must comply with tax rules after seeing the behavior of people and the social environment in which they are located (Torgler, 2006). If in the individual's environment, many do tax evasion and consider it a normal thing, it will affect the individual to do tax evasion. There are several theories that explain the occurrence of tax evasion. These theories include the general deterrence theory proposed by Stack (2010). The theory explains that the crime rate can decrease if there is punishment. Tax evasion committed by taxpayers will be suppressed by imposing strict sanctions for individuals who do so. The next theory is psychosocial fiscal (Hasseldine & Bebbington, 1991), this theory explains that tax evasion can be influenced by such as age, gender, level of education and occupation. These four factors will have different effects on tax avoidance. In this paper, the researcher did not examine the direct effect of the gender variable on tax evasion by placing gender as a moderating variable.

Gender

Some researchers found that women have different levels of tax compliance with men. This is evidenced by the research of D'attoma et al., (2020) which found that women are more obedient to their tax reporting than men. The study shows that women are more obedient in the tax payment process. In addition, research conducted by (Trivedi & Chung, 2003) states that ethical standards related to tax compliance between men and women have differences. The value of men's ethical standards on tax compliance is lower than women's. Women are more obedient in reporting taxes than men because women have higher ethical standards. In addition, the cause of women being more obedient in paying taxes is due to differences from the masculine side (Salwa et al., 2018). Women are more masculine than men. Women have a tendency to avoid actions that can harm others (Gilligan, 1991). Tax evasion is a form of harm to others because the taxes paid can be used by the state to build health facilities, finance education and build public facilities. If tax evasion is carried out, the process will

Hypothesis Development

Research conducted by Torgler, (2006) states that religiosity affects the internal motivation of taxpayers to pay taxes. Taxpayers who have a high level of religiosity have better tax morale so that it is realized in their tax payments. This means that taxpayers who have a good level of religiosity will not commit tax evasion but pay taxes as they should. The

positive effect of religiosity on taxpayers in paying taxes arises because religiosity affects a person's behavior in acting and acting. The result of religiosity will affect a person's habits (habit) (Heiner, 1983) Tax evasion is not carried out by people who have high religiosity, because it is contrary to the religious values they believe in. Consequently, the level of religiosity in a person can determine the attitude of taxpayers towards tax evasion behavior. This attitude is not doing tax evasion but paying taxes according to the actual calculation. This means that the level of religiosity can prevent someone from committing tax evasion. Based on the explanation above, the hypothesis 1 in this study is:

H1: The level of religiosity has a negative effect on tax evasion

Research conducted by (Torgler, 2006) states that religiosity affects the internal motivation of taxpayers to pay taxes. Taxpayers who have a high level of religiosity have better tax morale so that it is realized in their tax payments. This means that taxpayers who have a good level of religiosity will not commit tax evasion but pay taxes as they should. Furthermore, research conducted by (Trivedi & Chung, 2003) states that the level of tax compliance between men and women has differences. The value of men's ethical standards on tax compliance is lower than women's. This means that women have a tendency to avoid tax evasion because women have higher ethical standards than men. The high ethical standards that women have can have an impact on decreasing the level of tax evasion. When collaborated with the explanation of religiosity above, the researcher argues that women and religiosity together can have an effect on reducing the level of tax evasion. Based on the explanation above, the hypothesis 2 in this study is:

H2: Gender strengthens the relationship between levels of religiosity and tax evasion

2. RESEARCH METHOD

This study uses quantitative testing to examine the effect of religiosity on tax evasion. The data in the study were obtained by using a questionnaire. The religiosity variable was measured using an instrument developed by (Wan Ahmad, et al 2008) The instrument is used to capture the level of religiosity of the respondents. This instrument consists of 21 question items. The answers to each question are in the form of a Likert scale. The Likert scale used to capture the religiosity variable is a Likert scale with 5. In addition, the tax evasion variable is measured using the instrument developed by (McGee et al., 2008). The question items related to tax evasion developed by consist of 15 question items. 15 This question item is filled out by the respondent using a Likert scale 5.

The respondents to the questionnaire in this study were IAIN Bukittinggi students. The use of IAIN Bukittinggi students as research objects because IAIN Bukittinggi is a campus that emphasizes the value of religiosity to its students. Students who experience knowledge at IAIN Bukittinggi, apart from being forged with knowledge, are also equipped with knowledge and understanding of religion. Another reason is that IAIN Bukittinggi students will become taxpayers when they have earned income either as employees, employees or have their own business (entrepreneurs). If they already have their own income, of course they have to pay and report taxes on the income they earn. Regarding filling out the questionnaire, the questionnaire will be sent to respondents online. Respondents will open a link to the questionnaire that the researcher sent to be filled in. Respondents in this study were students of FEBI IAIN Bukittinggi. The number of questionnaires distributed was 841. The questionnaires that could be tested in this study were 754.

Data Analysis

This test uses Moderated Regression Analysis (MRA) to examine the effect of gender variables in moderating the relationship between tax evasion and religiosity. The equation model in this study is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_1X_2 + e$$

Namely:

Y = Tax Evasion

a = Constanta

X1 = Religiosity

X2 = Gender

e = Error

3. RESULTS AND ANALYSIS

Results

Hypothesis Result

The test results show the X1 coefficient value of 0.011 with a significance level of 0.00. This study does not prove that religiosity has a negative effect on tax evasion. On the basis of the results of the tests carried out, hypothesis 1 is rejected. The coefficient of X₁ X₂ is -0.012 with a significance level of 0.002. These results indicate that the interaction between variables X₁ and X₂ is able to reduce the level of tax evasion so that the hypothesis for H₂ is accepted.

Tabel 6 Result Test

Hypothesis	B	Std. Error	Beta	T	Sig.
Religiosity-→ Tax Evasion	,011	,003	,265	4,142	,000
Gender-→ Tax Evasion	,924	,299	1,913	3,085	,002
Religiosity*Gender → Tax Evasuon	-,012	,003	-2,449	-3,953	,000

Coefficient of Determination

The coefficient of determination R² to determine the contribution of the independent variable to the dependent variable is seen from the adjusted R square, the selection of the adjusted R square value because this study uses multiple regression analysis with more than one variable number. The coefficient of determination (R²) essentially measures how far the model's ability to explain variations in the dependent variable is. Adjusted R² means that R² has been adjusted to the degrees of freedom of each of the sums of squares included in the calculation of Adjusted R². The amount of Adjusted R Square is 0.356. This identifies that the contribution of the independent variable and moderating variable to the dependent variable is 35.6%, while the other 64.4% is determined by other factors outside the model that were not detected in this study.

Discussion

The Effect of Religiosity on Tax Avoidance

Based on the results of the tests that have been carried out, it was found that religiosity has no effect on tax evasion. This refers to the test results where the X₁ coefficient value is 0.011 with a significance value of 0.03. The results of this study are not in accordance with the statement (Boone et al., 2013) which argues that the level of religiosity affects the reduction of tax evasion. This study actually found something different where religiosity had an effect on increasing tax evasion. The lack of religiosity on tax evasion can be caused by reduced public trust in the government. The anticipation of this condition is that the government enforces the rules and provides strict sanctions for violations that occur related to the management of state finances. High integrity needs to be attached to all government officials so that state money is used properly so that taxpayers' trust in the government will increase.

The Effect of Religiosity on Tax Avoidance With Gender as a Moderating Variable

The results of testing the data in this study the gender variable proved to moderate the relationship between religiosity and tax evasion. This is supported, it can be seen from the interaction coefficient value of $X_1 X_2$ which is -0.012 with a significance level of 0.00. Referring to social role theory (social role) where women have a better social orientation than men (Nguyen et al., 2008). The social benefits that can be felt by the community from the taxes paid such as the construction of schools, hospitals, places of worship, and other public facilities are a consideration for women not to commit tax evasion. Meanwhile, men in carrying out an activity consider themselves more concerned with achieving success (Eagly, 1987).

4. CONCLUSION

The test results regarding the relationship between the level of religiosity and tax evasion, it was found that the level of religiosity did not have a negative effect on tax avoidance. This happens because of the reduced public trust in the government. The existence of acts of corruption that occur in the government which makes taxpayer compliance decrease. The government prevents corruption in the use of the budget so that public trust in the government will increase. The gender variable in this study proved to have a relationship in moderating the variables of religiosity and tax evasion. This supports the finding that women are more likely to comply tax reporting than men. For further research, we suggest using respondents from different majors and faculties. This study only uses students from the Islamic Economics and Business Faculty (FEBI) so that the generalization level of this research is still low. To improve the results of generalization, further research can compare the effect of religiosity on tax avoidance between students from the economics faculty and non-economics faculty.

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