



Does Religiosity Moderate Personal Tax Compliance? A Study Involving In-House Tax Professionals of Malaysian Businesses

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ABSTRACT

This study limns the moderating impact of religiosity made on the in-house tax professionals who deal with tax affairs in the corporate sectors in Malaysia. Therefore, we intend to produce a seminal article, wherein religiosity is tested for its moderating effect between the determinants such as peers' tax compliance, tax audit, service quality of tax authority, satisfaction with government spending, and the level of tax compliance among the tax affairs officers. Purposive and snowball sampling techniques have been chosen to collect data from the tax professionals of the Malaysian businesses. A total of 392 respondents have managed to participate in this survey questionnaire to disclose their opinion. "SmartPLS" is used to analyse the data. The finding reveals that religiosity does not moderate the relationship between the determinants and the level of tax compliance among the Malaysian tax professionals. The interpretation of the relationship between the "Factors of Personal tax compliance" (Independent variables) among the tax affairs officers of the Malaysian businesses and the "Personal tax compliance behaviour" (Dependent variable) can be explained by 83.9 percent by the variance studied. To produce an extensive and expeditious report of exploration on the said nexus of personal tax compliance and the taxpayers' decision on the corporate tax compliance, the selection of one type of data collection approach is not sufficient. Therefore, the future researchers are advised to make research with the collection of supplementary data, such as interviews, as their primary data collection so that the robustness of their findings could be strengthened.

KEYWORDS

religiosity, personal tax compliance, structural equation modelling, tax professionals

JEL H24, H25, H26

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Влияет ли религиозность на персонифицированное соблюдение налогового законодательства? Исследование с участием штатных налоговых специалистов малайзийских предприятий

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АННОТАЦИЯ

В данном исследовании показано сдерживающее влияние религиозности на деятельность профессиональных налоговых специалистов, которые занимаются налоговыми делами в корпоративном секторе Малайзии. Религиозность про-

верялась в разрезе ее сдерживающего эффекта по таким детерминантам как соблюдение налоговых требований коллегами, налоговый аудит, качество услуг налоговых органов, удовлетворенность государственными расходами и уровень соблюдения налоговых требований среди налоговых инспекторов. Сбор данных от налоговых специалистов малайзийских предприятий производился посредством целенаправленной выборки и методом «снежного кома». В общей сложности 392 респондента смогли принять участие в этом опросе-анкете, чтобы выразить свое мнение. Анализ данных производился методом «SmartPLS». Результаты исследования показывают, что религиозность не смягчает взаимосвязь между детерминантами и уровнем соблюдения налоговых требований малайзийскими налоговыми специалистами. Интерпретация взаимосвязи между «Факторами соблюдения налоговых требований физическими лицами» (независимые переменные) среди налоговых инспекторов малайзийских предприятий и «Поведением соблюдения налоговых требований физическими лицами» (зависимая переменная) может быть объяснено на 83,9% изученной дисперсией. Для подготовки обширного и оперативного отчета об изучении указанной взаимосвязи соблюдения налоговых требований физических лиц и решения налогоплательщиков о соблюдении налоговых требований корпораций выбора одного типа подхода к сбору данных недостаточно. Поэтому будущим исследователям рекомендуется проводить исследования со сбором дополнительных данных, таких как интервью, в качестве сбора первичных данных, чтобы можно было повысить надежность их выводов.

КЛЮЧЕВЫЕ СЛОВА

религиозность, соблюдение налогового законодательства, моделирование структурными уравнениями, налоговые специалисты

1. Introduction

Taxation is a mechanism established as a mandatory law by the constitution of a country [1]. Malaysia's financial sustainability is primarily derived from the collection of direct tax revenue from the corporate taxes, individual taxes, real estate taxes, petroleum taxes, and stamp duties, all of which account for nearly 65 percent of the national cumulative economy as stated in the annual Budget 2020 [2]. The Malaysian government plays a vital role in raising money from the above-mentioned sources to provide socio-economic benefits to the nation by means of the statutory income tax act (Tax Act No. 47 of 1967, and amended Act No. 53 of 1971, section 103) of its constitution [3].

Failure to comply with any of the taxes causes societal devastation, jeopardising and weakening the stability of Malaysia's national revenue and its economy by encouraging cheating and fraud to take place in the country [4; 5]. This study is concerned with the system of taxation practiced in Malaysia.

The International Monetary Fund [6] alerts that severe tax gaps may lead to

the prevalence of a shadow economy in the country. According to the Malaysian Inland Revenue Board, a tax gap of RM13 billion has been noted in 2018 [7]. The non-compliance behaviour of taxpayers is one of the primary reasons for the tax gap. Even though the corporate income tax remains the most significant source of contribution of income to the Government of Malaysia, of all the other sources of income, the tax planning of a corporate business is done by an individual on behalf of the business or a firm [8]. It is noted that when an individual has a proclivity not to comply with the said tax system, a corporate business also follows suit [9; 10].

The basis of the tax gap, resident non-compliance, resists the government's commitments to the people such as completing developments, providing services, etc. to the people of the country, thereby forcing the government to borrow more and more money from other sources [11]. As a result, a need to study the link between the personal tax compliance and the corporate tax compliance has arisen [12].

When looking at the literature that is related to tax compliance, it is clearly