
Religiosity, money ethics, materialism, and tax evasion: An exploratory study

Nur Jannah

Department of Sharia Accounting, Faculty of Islamic Economics and Business, Universitas Islam Negeri Raden Mas Said Surakarta, Indonesia

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ABSTRACT

Tax evasion remains a persistent concern that continues to captivate the attention of scholars and professionals alike, owing to its profound implications for a nation's economic landscape. The objective of this study is to assess the impact of money ethics, intrinsic religiosity, and extrinsic religiosity on tax evasion. Specifically, the study aims to examine the moderating effects of intrinsic religiosity, extrinsic religiosity, gender, and materialism on the relationship between money ethics and tax evasion. A purposive sampling technique is employed to select participants for this study, and primary data is collected through the direct distribution of questionnaires to respondents. The sample size consists of 100 participants. Structural Equation Modeling-Partial Least Squares (SEM-PLS) is utilized as the data analysis technique. The findings of the analysis reveal that money ethics and extrinsic religiosity positively influence tax evasion, while intrinsic religiosity has a negative impact on tax evasion. Moreover, the moderating effect of intrinsic religiosity weakens the relationship between money ethics and tax evasion, whereas the moderating variables of extrinsic religiosity, gender, and materialism do not demonstrate significant effects on the relationship between money ethics and tax evasion. This research provides practical contributions to the government in understanding the reasons behind taxpayers' behavior in engaging in tax evasion.

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* Corresponding Author:

Nur Jannah

Department of Sharia Accounting

Faculty of Islamic Economics and Business

Universitas Islam Negeri Raden Mas Said Surakarta, Indonesia

Email: jejeannah663@gmail.com

INTRODUCTION

Taxation serves as a crucial instrument for governments to ensure the effective functioning of their nations. Nuraprianti et al. (2019) contend that in Indonesia, the payment of taxes is a mandatory obligation imposed on all taxpayers, who are required to contribute a portion of their earnings to the state. Despite taxes being legally mandated and expected to be adhered to by the general public,

challenges related to tax compliance persist (Chan et al., 2023; Leenders et al., 2023). Scholars and professionals concur that issues of tax non-compliance persist across various countries worldwide. Prominent factors contributing to tax non-compliance encompass both tax evasion and tax avoidance (Kong et al., 2023). This study aims to delve into the ongoing prevalence of tax evasion and the underlying determinants that fuel its persistence as a significant concern in terms of tax compliance. Tax evasion fundamentally entails illicit actions undertaken by individuals or organizations to diminish the amount of taxes paid, thereby deviating from their original tax obligations (Ansar et al., 2018; Karlina, 2020). The matter of tax evasion has long garnered attention from academics, practitioners, and governmental bodies, owing to its substantial impact on the overall economy. Recent high-profile scandals, exemplified by the Panama and Paradise Papers, have cast light on the widespread involvement of affluent individuals worldwide in evading taxes (Cox, 2018; Kong et al., 2023). The practice of tax evasion has endured over time, as debates surrounding the ethicality of such behavior continue to unfold (Blesse, 2023; Lau et al., 2013).

Extensive research has been conducted on tax evasion, focusing on variables such as money ethics, religiosity, gender, and materialism (Hafizhah et al., 2016; Oktaviani et al., 2018; Wankhar & Diana, 2018), as well as tax justice and the taxation system (Karlina, 2020). However, there remains a scarcity of studies that specifically investigate religiosity as an independent variable, particularly with regards to its two dimensions: intrinsic religiosity and extrinsic religiosity. This is particularly significant in countries like Indonesia, where the majority of the population adheres to religious beliefs. Based on a comprehensive review of the literature, various factors have been identified as influencing tax evasion, and one such factor is money ethics (Hafizhah et al., 2016; Oktaviani et al., 2018, 2019; Silmi et al., 2020). Oktaviani et al. (2019) highlight money ethics as a significant motive for taxpayers engaging in tax evasion practices. Individuals who place a high emphasis on money are more inclined to partake in unethical actions driven by the desire to accumulate wealth, whereas those with a lower emphasis on money prioritize meeting their obligations, including tax payment (Atmoko, 2018). Previous research by Hafizhah et al. (2016), Nuraprianti et al. (2019), and Oktaviani et al. (2019) has indicated that money ethics exert a positive influence on tax evasion.

Another influential factor is religiosity, which encompasses an individual's belief in a higher power and their level of interest in expressing and incorporating religious guidance into their daily lives (Dharma, 2016). Religiosity is often divided into intrinsic religiosity and extrinsic religiosity, as proposed by Allport and Ross (1967). Findings from Singhapakdi et al. (2013) suggest that individuals with high levels of intrinsic religiosity are more inclined to exhibit ethical behavior, while those with low levels of intrinsic religiosity are more susceptible to engaging in unethical behavior.

Furthermore, the impact of money ethics and religiosity on tax evasion can be strengthened or weakened by variables such as intrinsic religiosity (Lau et al., 2013; Nuraprianti et al., 2019; Oktaviani et al., 2019; Silmi et al., 2020), extrinsic religiosity (Lau et al., 2013; Oktaviani et al., 2019; Wankhar & Diana, 2018), gender (Hafizhah et al., 2016; Hidayatulloh & Mutingatun, 2020; Oktaviani et al., 2019; Wankhar & Diana, 2018), and materialism (Hafizhah et al., 2016; Nuraprianti et al., 2019; Oktaviani et al., 2019). Intrinsic religiosity represents an individual's deep spiritual beliefs that can shape their behavior (Dewanta & Machmuddah, 2019). Taxpayers with high levels of intrinsic religiosity tend to view money as less important and not their primary focus (Hidayatulloh & Mutingatun, 2020). Studies by Lau et al. (2013) and Oktaviani et al. (2018, 2019) have revealed a negative correlation between intrinsic religiosity and tax evasion. Conversely, extrinsic religiosity pertains to the utilization of religious beliefs as a justification for worldly matters, such as business interests (Hafizhah et al., 2016). The third factor is gender. Gender is a social and cultural construct that influences individuals' daily activities across generations. Research by Hafizhah et al. (2016), Oktaviani et al. (2019), and Wankhar & Diana (2018) has revealed that men prioritize money more than women.

Materialism measures an individual's success by evaluating the quality and quantity of luxurious possessions they own. Materialistic individuals position their wealth as a central aspect of their daily lives, considering material possessions as a priority for achieving satisfaction and prosperity (Tanra et al., 2021). According to Atmoko (2018), individuals with high levels of materialism tend to hold onto their wealth and focus more on fulfilling tertiary needs or luxury goods. This is because they perceive that paying taxes would diminish their accumulated wealth. Research indicates that materialism has a positive relationship with both money ethics and tax evasion (Hafizhah et al., 2016; Tanra et al., 2021). Therefore, these findings suggest that individuals with high levels of materialism tend to have lower ethical standards, which may enable them to engage in tax evasion. In contrast, studies by Hidayatulloh & Mutingatun (2020), Nuraprianti et al. (2019), and Oktaviani et al. (2019) have found that materialism fails to moderate the positive relationship between money ethics and tax evasion.

Literature Review

Attribution Theory

This theory examines communication from individuals who attempt to analyze, evaluate, and formulate the root causes of an event or phenomenon based on each person's perspectives. Initially, attribution theory suggests that when individuals examine someone's behavior, they try to determine whether the behavior stems from internal or external factors (Christin & Tambun, 2018). Internally caused attitudes originate from within individuals, while externally caused attitudes are influenced by external factors. In conclusion, when someone wants to do something, it is not solely because they want to do it, but rather due to coercion or uncontrollable circumstances. This aligns with the components in this research that involve the variables of internal factors (religiosity and gender) and external factors (money ethics and materialism). Attribution theory is divided into dispositional and situational attributions, both of which collectively explain human behavior. The theory confirms whether behavior is caused by internal or external aspects based on three factors. The first factor is distinctiveness, which refers to an individual's behavior differing from what is expected in a given situation. The second factor is consensus, indicating whether everyone has a similar reaction to another person's behavior in similar situations. The final factor is consistency, which refers to an individual consistently providing the same response to different actions. These observations tend to attribute behavior to internal factors. The attribution theory serves as the foundation for the development of this research model. Furthermore, the proposed model is illustrated in Figure 1.

Tax Evasion

Academics and practitioners have reached a consensus that tax evasion is an unethical act and tends to violate existing rules. Tax evasion is defined as an activity carried out by taxpayers to minimize or even eliminate tax expenses that should be submitted but are not in line with established regulations (Tanra et al., 2021). Meanwhile, according to Dewanta & Machmuddah (2019), tax evasion is defined as an activity carried out by taxpayers where they intentionally violate existing regulations, do not comply and violate. Tax evasion occurs when taxpayers manipulate reported income or revenue that does not reflect the actual condition, resulting in the payment of taxes that do not comply with the regulations (Atmoko, 2018).

Money Ethics

Money ethics is composed of two words, namely "ethics" and "money", so the meaning of both needs to be understood first. Ethics comes from the Greek "ethos" with the plural form (taetha) which means "customs" or "customs". The term ethics can refer to the philosophical study of the concept of

moral right or wrong, moral good or bad, and is a system, code of rules, principles, or values. Money is some of the most important things in everyone's life and is also always used as a benchmark to assess a person's level of success (Oktaviani et al., 2019). Money ethics or money ethics itself is defined as the different perceptions of each individual in assessing the meaning of money in his life. Therefore, money can also trigger a person's ethical perception related to ethical violations (Dewanta & Machmuddah, 2019).

Intrinsic and Extrinsic Religiosity

According to Atmoko (2018), intrinsic religiosity is a belief from within a person that other people will not know except that person. Meanwhile, according to Nuraprianti et al. (2019) intrinsic religiosity is an internal or dispositional attribution, because intrinsic religiosity comes from within every human being who has reached the level of personal maturity and unity. The extrinsic role is an exterior function of religion in order to get social encouragement and also fulfill satisfaction for someone. Individuals with extrinsic religiosity will be more easily influenced by worldly benefits. Worldly factors affect extrinsic religiosity so that it makes a person see religion from various perspectives, among others, to get self-justification, medicine, security and comfort in dealing with realities in life.

Materialism

Materialism is a material factor that is closely related to prosperity, so material will always be the main priority sought by every human being (Ansar et al., 2018). Furthermore, Hidayatulloh & Mutingatun (2020) stated that individuals who have materialism are more inclined to defend their property, some of the ways that can be done are reluctantly to deposit taxes.

Hypotheses Development

Money Ethics and Tax Evasion

Attribution theory argues that if someone examines individual behavior, they will ascertain if the behavior comes from internal or external factors. Money ethics are external factors that create different interests or priorities for money from each taxpayer. Someone who is highly motivated by money will assume that tax avoidance is an ethical action so that it can be done. The higher the individual's love for money, the greater the opportunity for individuals to commit tax evasion. These results are in line with research that was also (Nugroho et al., 2020; Oktaviani et al., 2019; Silmi et al., 2020) which stated that money ethics had a positive effect on tax evasion.

H1: Money ethics has a significant positive effect on tax evasion.

Intrinsic Religion and Tax Evasion

Based on attribution theory, intrinsic religiosity is an internal or dispositional factor that comes from within every human being who has reached the level of personal maturity and unity (Nuraprianti et al., 2019). In the research of Lau et al. (2013) it is explained that if someone who has a high level of intrinsic religiosity is more able to control their personality so as not to take advantage of the benefits of tax evasion practices.

H2: Intrinsic religiosity has a negative effect on tax evasion.

Extrinsic Religion and Tax Evasion

Based on the attribution theory, extrinsic religiosity is an external or situational factor because it is influenced by factors from outside every human being who are pressing so that it fosters certain attitudes or behaviors. Singhapakdi et al. (2013) explains if someone with an extrinsic religiosity

personality becomes more enthusiastic when they find something that can benefit them in worldly matters including doing unethical actions.

H3: Extrinsic religiosity has a positive effect on tax evasion.

Intrinsic Religiosity, Money Ethics and Tax Evasion

Based on attribution theory, intrinsic religiosity is an internal or dispositional factor that comes from within every human being who has reached the level of personal maturity and unity. [Nuraprianti et al. \(2019\)](#). Someone with an intrinsic religious orientation does not want to harm others, so they will not make actions that can harm others. Research conducted ([Atmoko, 2018](#); [Lau et al., 2013](#); [Wankhar & Diana, 2018](#)) states that money ethics affects tax evasion through intrinsic religiosity.

H4: Intrinsic religiosity weakens the positive influence of money ethics on tax evasion.

Extrinsic Religiosity, Money Ethics, and Tax Evasion

Extrinsic religiosity is an external factor that motivates a person to obtain his personal needs which are seen as being able to provide benefits based on religion which are often shown in every activity of their life. Furthermore, [Wankhar and Diana \(2018\)](#) explain that someone with extrinsic religiosity, activities in religion are only done to find more friends, gain social status in their environment, provide expertise to solve social problems, attend religious activities only as a spare time filler. These results are supported by research by [Hidayatulloh & Mutingatun \(2020\)](#) which shows that extrinsic religiosity has succeeded in strengthening the positive relationship of money ethics with tax evasion.

H5: Extrinsic religiosity strengthens the positive influence of money ethics on tax evasion.

Gender, Money Ethics, and Tax Evasion

Attribution theory has a relationship in observing the behavior of a person, both male and female, who have different personalities and attitudes either from the point of view of the background or encouragement from the surrounding environment. Internally, men tend to view achievement as competition, so they are more likely to act ethically, while women are more focused on carrying out their duties properly and maintaining harmony in the work environment, so that women are more obedient to existing regulations. Research ([Atmoko, 2018](#); [Hafizhah et al., 2016](#)) also states that men tend to behave more unethically, compared to women.

H6: Gender strengthens the positive influence of money ethics on tax evasion.

Materialism, Money Ethics, and Tax Evasion

Materialism is an external or situational factor that can influence individuals to make both rational and irrational decisions. Materialism refers to individuals who prioritize worldly possessions in order to attain happiness in their daily lives, considering material possessions as the ultimate goal ([Wankhar & Diana, 2018](#)). Additionally, materialism is a material-related factor closely associated with contentment, where material possessions continue to be the primary priority sought by individuals ([Ansar et al., 2018](#)). In relation to tax evasion and the love of money, materialism can be interpreted as an individual's inclination towards the material world. According to [Hafizhah et al. \(2016\)](#), individuals with materialistic traits tend to exhibit extravagant behavior and constantly desire to purchase luxury goods. The desire to accumulate wealth characterizes individuals with high materialism. This implies that the higher an individual's materialistic tendencies, the lower their ethical standards, while a decrease in materialistic tendencies can lead to an increase in an individual's ethical behavior.

H7: Materialism strengthens the positive effect of money ethics on tax evasion.

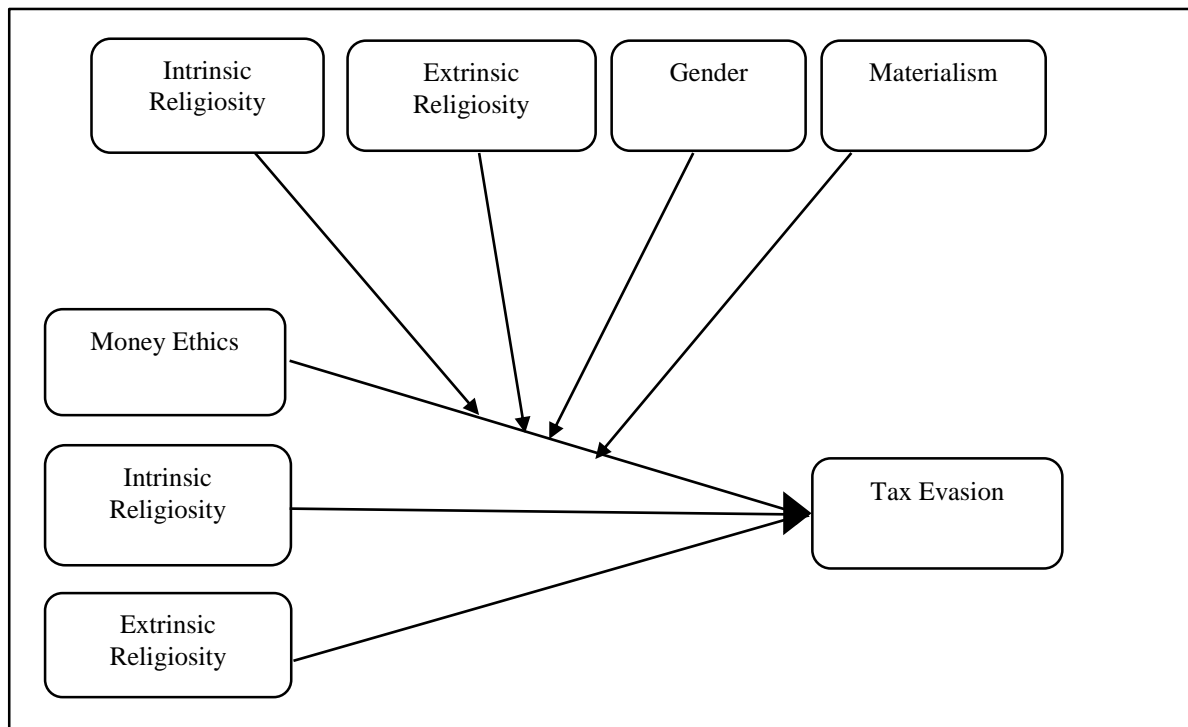


Figure 1. Research Model

METHOD

The object of this research is non-sharia and sharia life insurance companies registered in the Financial Services Authority (OJK) from 2016 to 2020. The data used in this study were in the form of annual financial reports of the non-sharia and sharia life insurance companies. This study used secondary data. The data used in this study is the annual report from non-sharia and sharia life insurance companies from 2016 to 2020. This data was obtained from the official website of the Financial Services Authority (OJK) and the official website of the Indonesian Life Insurance Association (AAJI). It was followed by access to the official websites of non-sharia and sharia life insurance companies. A discrimination test was used for data analysis to determine the differences in financial performance using the Early Warning System based on the capital adequacy ratio, the claim expense ratio, the liquidity ratio, and own retention ratio and using the Risk-based Capital based on the solvency ratio. Table 1 describes the operational definitions of each ratio used.

RESULTS AND DISCUSSION

Results

Descriptive statistics on the data offer an overview of the study data in general. They are presented in terms of mean, standard deviation, minimum, and maximum values to describe the research variables. The characteristics used in this study were grouped by gender, age, last education, and occupation.

Table 1. Respondent Profile

Characteristics	Category	Number of Respondents	Percentage (%)
Gender	Female	47	47%
	Male	53	53%
Age	21-30	35	35%
	31-40	26	26%

Characteristics	Category	Number of Respondents	Percentage (%)
Education	41-50	19	19%
	>51	20	20%
	Junior High School	3	3%
	Senior High School	24	24%
	Diploma	13	13%
	Bachelor	57	57%
Work	Masters	3	3%
	Employee	36	36%
	Entrepreneur	27	27%
	Civil Servant	15	15%
	Freelance	8	8%
	Others	14	14%

Table 1 reveals the percentage of female taxpayers is 47% while the percentage of male taxpayers is 53%. Based on age, taxpayers aged 20-10 years are 35%, taxpayers aged 31-40 years are 26%, taxpayers aged 41-50 years are 19%, and >51 years are 20% from the education category, respondents with undergraduate graduates are 57%, Diploma graduates are 13%, SMA graduates are 24%, then SMP and Master graduates are 3% each. Based on occupation category, respondents with jobs as employees are 36%, followed by entrepreneurs with 27%, Civil Servants with 15%, other workers (eg retirees) with the number is 14%, the last is casual workers (market workers, parking workers) with a total of 8%.

Validity and Reliability

Convergent validity can be assessed by examining the loading factor values and average variance inflation factor (AVE). Loading factor values and AVE are considered valid if they are greater than 0.7 and 0.5, respectively. Based on the presentation of Table 2 below, it can be concluded that the indicators for each questionnaire item are valid because they have loading factor values > 0.7 and AVE values > 0.5.

Table 2. Factor loading and AVE

Construct	Code	Loading Factor	AVE
Money Ethics	ME1	0,818	0,740
	ME2	0,841	
	ME3	0,869	
	ME4	0,886	
	ME5	0,847	
	ME6	0,907	
	ME7	0,849	
Intrinsic Religiosity	IR1	0,828	0,705
	IR2	0,873	
	IR3	0,802	
	IR4	0,811	
	IR5	0,857	
	IR6	0,861	
Extrinsic Religiosity	ER1	0,743	0,652
	ER2	0,858	
	ER3	0,817	
Materialism	MAT1	0,824	0,603
	MAT2	0,723	
	MAT3	0,833	
	MAT4	0,719	
Tax Evasion	TEV1	0,752	0,674

Construct	Code	Loading Factor	AVE
	TEV2	0,757	
	TEV3	0,828	
	TEV4	0,852	
	TEV5	0,800	
	TEV6	0,785	
	TEV7	0,867	
	TEV8	0,869	
	TEV9	0,869	
	TEV10	0,842	

Based on the results of the reliability test described in Table 3, it can be seen if the indicators of each question item are valid/legitimate because they already have a loading factor value > 0.7 . In addition, all the instruments used in the study already had values above the established criteria, namely Cronbach alpha > 0.70 and composite reliability > 0.70 .

Table 3. Reliabilty Test

Variable	Cronbach's Alpha	Composite Reliability
Materialism	0,784	0,858
Money Ethics	0,942	0,952
Extrinsic Religiosity	0,730	0,848
Intrinsic Religiosity	0,916	0,935
Tax Evasion	0,951	0,958

Discriminant validity testing can be conducted using several methods, including fornell-larcker criterion, heterotrait-monotrait ratio, and cross-loading analysis. Discriminant validity is a measure of the degree to which constructs are distinct from one another, and it can be assessed through cross-loading factor values. The purpose is to determine whether there is adequate discrimination within a construct. This can be achieved by comparing the loading values of each item with the construct it is intended to measure and ensuring that they are higher than the loading values with other constructs. In this measurement, the standard threshold value for each construct should be > 0.7 . Refer to the Table 4 of cross-loading values below:

Table 4. Cross Loading

Indicator	MAT	ME	RE	IR	TEV
MAT1	0,824	0,184	0,204	-0,324	0,309
MAT2	0,723	0,034	0,431	-0,256	0,283
MAT3	0,833	0,124	0,235	-0,294	0,320
MAT4	0,719	0,167	0,192	-0,135	0,167
ME1	0,063	0,818	0,153	-0,030	0,227
ME2	0,056	0,841	-0,003	0,052	0,128
ME3	0,215	0,869	0,041	0,037	0,179
ME4	0,126	0,886	0,003	0,089	0,185
ME5	0,199	0,847	0,032	0,017	0,187
ME6	0,147	0,907	0,114	0,112	0,224
ME7	0,137	0,849	0,117	0,063	0,247
ER1	0,174	-0,068	0,743	0,062	0,287

Indicator	MAT	ME	RE	IR	TEV
ER2	0,309	0,124	0,858	-0,242	0,265
ER3	0,352	0,157	0,817	-0,264	0,291
IR1	-0,280	0,095	-0,108	0,828	-0,286
IR2	-0,271	0,093	-0,196	0,873	-0,316
IR3	-0,288	0,118	-0,170	0,802	-0,283
IR4	-0,257	0,076	-0,157	0,811	-0,241
IR5	-0,270	-0,036	-0,169	0,857	-0,330
IR6	-0,349	-0,032	-0,118	0,861	-0,347
TEV1	0,302	0,182	0,363	-0,298	0,752
TEV2	0,343	0,132	0,435	-0,330	0,757
TEV3	0,224	0,260	0,298	-0,257	0,828
TEV4	0,329	0,152	0,366	-0,348	0,852
TEV5	0,331	0,203	0,317	-0,337	0,800
TEV6	0,245	0,201	0,287	-0,321	0,785
TEV7	0,345	0,199	0,192	-0,296	0,867
TEV8	0,276	0,232	0,161	-0,289	0,869
TEV9	0,277	0,197	0,169	-0,280	0,869
TEV10	0,242	0,222	0,233	-0,214	0,842

From Table 5, it is concluded that the R-Square value of the tax evasion variable is 0.346. This value indicates that the exogenous variables, namely money ethics, intrinsic religiosity, and extrinsic religiosity, can explain 34.6% of the variability in the tax evasion construct, while the remaining 65.4% is influenced by other variables outside the scope of this study. R-Square represents the percentage of the total variance in the endogenous variable that is simultaneously explained by the exogenous variables, thus indicating the ability of money ethics, intrinsic religiosity, and extrinsic religiosity to explain 34.6% of the variance.

Table 5. R-Square

Construct	R Square	Adjusted R Square
Tax Evasion	0,346	0,280

Hypotheses Testing Results

Table 6. reveals hypothesis result, the first hypothesis in this study tested whether money ethics positively influences tax evasion. The resampling bootstrapping results using SmartPLS 3.0 showed a coefficient beta value of 0.217 for money ethics on tax evasion, with a t-statistic of 2.144. The significant t-statistic (> 1.96) and a p-value of $0.032 < 0.05$ indicate that the first hypothesis in this study is accepted. This provides evidence that money ethics has a significant positive influence on tax evasion. The second hypothesis in this study examined whether intrinsic religiosity negatively influences tax evasion. The resampling bootstrapping results using SmartPLS 3.0 revealed a coefficient beta value of -0.282 for intrinsic religiosity on tax evasion, with a t-statistic of 3.357. The significant t-statistic (> 1.96) and a p-value of $0.001 < 0.05$ indicate that the second hypothesis in this study is accepted. This demonstrates that intrinsic religiosity has a significant negative influence on tax evasion. The third hypothesis in this study tested whether extrinsic religiosity positively influences tax evasion. The resampling bootstrapping results using SmartPLS 3.0 showed a coefficient beta value

of 0.233 for extrinsic religiosity on tax evasion, with a t-statistic of 2.451. The significant t-statistic (> 1.96) and a p-value of $0.015 < 0.05$ indicate that the third hypothesis in this study is accepted. This provides evidence that extrinsic religiosity has a significant positive influence on tax evasion.

Table 6. Hypothesis Result

Code	Hypothesis	Original Sampel	T Statistics	P Value	Note
H1	Money ethics has a positive influence on tax evasion.	0,217	2,144	0,032	Supported
H2	Intrinsic religiosity has a negative influence on tax evasion.	-0,282	3,357	0,001	Supported
H3	Extrinsic religiosity has a negative influence on tax evasion.	0,233	2,451	0,015	Supported
H4	Intrinsic religiosity weakens the positive influence of money ethics on tax evasion.	-0,204	2,143	0,033	Supported
H5	Extrinsic religiosity strengthens the positive influence of money ethics on tax evasion.	0,012	0,098	0,922	Not Supported
H6	Gender strengthens the positive influence of money ethics on tax evasion.	-0,071	0,595	0,552	Not Supported
H7	Materialism strengthens the positive influence of money ethics on tax evasion.	-0,034	0,331	0,741	Not Supported

The fourth hypothesis in this study examined whether Intrinsic Religiosity weakens the positive relationship between Money Ethics and Tax Evasion. The resampling bootstrapping results using SmartPLS 3.0 revealed a coefficient beta value of -0.204 for Intrinsic Religiosity on Tax Evasion, with a t-statistic of 2.143. The significant t-statistic (> 1.96) and a p-value of $0.033 < 0.05$ indicate that the fourth hypothesis in this study is accepted. This indicates that Intrinsic Religiosity successfully weakens the positive relationship between Money Ethics and Tax Evasion. The fifth hypothesis in this study tested whether Extrinsic Religiosity strengthens the positive relationship between Money Ethics and Tax Evasion. The resampling bootstrapping results using SmartPLS 3.0 showed a coefficient beta value of 0.012 for Extrinsic Religiosity on Tax Evasion, with a t-statistic of 0.098. The non-significant t-statistic (< 1.96) and a p-value of $0.922 > 0.05$ indicate that the fifth hypothesis in this study is rejected. This provides evidence that Extrinsic Religiosity as a moderating variable fails to strengthen the positive relationship between Money Ethics and Tax Evasion. The sixth hypothesis in this study examined whether Gender strengthens the positive relationship between Money Ethics and Tax Evasion. The resampling bootstrapping results using SmartPLS 3.0 revealed a coefficient beta value of -0.071 for Gender on Tax Evasion, with a t-statistic of 0.595. The non-significant t-statistic (< 1.96) and a p-value of $0.552 > 0.05$ indicate that the sixth hypothesis in this study is rejected. This demonstrates that Gender as a moderating variable fails to strengthen the positive relationship between Money Ethics and Tax Evasion.

Discussion

The research findings indicate that money ethics has a significant positive impact on tax evasion behavior. These results support the attribution theory, which suggests that money ethics, as an external factor, influences individuals' assessments of the importance of money in their lives. When individuals prioritize money as their primary focus, they may engage in various means, including tax evasion, to accumulate more wealth. These findings align with previous research studies (Aligarh, 2017; Beebeejaun, 2023; Nugroho et al., 2020; Dumiter, 2023; Nuraprianti et al., 2019; Oktaviani et al., 2019; Silmi et al., 2020) that have also established a positive relationship between money ethics and tax evasion practices.

Furthermore, the research demonstrates a significant negative effect of intrinsic religiosity on tax evasion behavior. This suggests that individuals with high levels of intrinsic religiosity tend to avoid unethical actions, including tax evasion. These findings are consistent with previous studies (Ben Othman, 2023; Oktaviani et al., 2019; Singhapakdi et al., 2013) that have highlighted the negative impact of intrinsic religiosity on tax evasion practices. In contrast, the research reveals a significant positive effect of extrinsic religiosity on tax evasion behavior. According to the attribution theory, extrinsic religiosity is an external factor influenced by external circumstances. When individuals perceive worldly factors that align with their business interests, they may seek justifications or reasons to engage in tax evasion practices. These findings align with previous research (Singhapakdi et al., 2013; Hidayatulloh & Mutingatun, 2020) that have also established a positive relationship between extrinsic religiosity and tax evasion practices.

Intrinsic religiosity weakens the positive influence of money ethics on tax evasion behavior. In other words, if someone has intrinsic religiosity within them, then it is able to minimize or even eliminate their inclination towards the nature of money ethics. Thus, indirectly, this will reduce the practice of tax evasion, because in religion it is explained that the nature of money ethics is prohibited because it is unethical and tax evasion is an act that deviates and makes sin. The results of this study are in line with research conducted by (Atmoko, 2018; Illahi & Sumari, 2021; Oktaviani et al., 2019; Silmi et al., 2020) which states that the results if the intrinsic religiosity variable weakens the positive influence of money ethics on tax evasion. The extrinsic religiosity does not succeed in strengthening the positive influence of money ethics on tax evasion behavior. Thus, individuals with high money will not be shaken in their way of assessing or responding to tax evasion even though there is an extrinsic religious orientation in them. In other words, that extrinsic religiosity is not able to work as a moderating variable in the relationship between money ethics and tax evasion. The results of this study are in line with research conducted by (Hafizhah et al., 2016; Lau et al., 2013; Oktaviani et al., 2019) which showed that the extrinsic religiosity variable did not succeed in strengthening the positive effect. money ethics against tax evasion.

The gender does not succeed in strengthening the positive influence of money ethics on tax evasion behavior. Thus, the existence of the practice of tax evasion is not based on differences in behavior or a person's perspective, but purely because of their own desire regardless of gender status. The results of this study are in line with research conducted by (Hidayatulloh & Mutingatun, 2020; Nurjannah & Aligarh, 2022) which shows the results if the gender variable does not succeed in strengthening the positive influence of money ethics on tax evasion. The materialism does not moderate the positive effect of money ethics on tax evasion behavior. In attribution theory, materialism is an external factor that makes a person able to make reasonable or unreasonable decisions. Although most individuals with materialism have a tendency to be more extravagant in terms of spending the money they have on the need for luxury goods just to achieve satisfaction. However, most of the respondents think that tax evasion is an unreasonable act to do, so that the higher the materialism of

taxpayers does not necessarily succeed in strengthening the positive relationship of money ethics to tax evasion. The results of this study are in line with research that has been carried out by (Hafizhah et al., 2016; Lau et al., 2013; Oktaviani et al., 2019) which states that the results if the extrinsic religiosity variable does not succeed in strengthening the positive influence money ethics against tax evasion.

CONCLUSION

This study presents a conclusion that religiosity plays a significant role in shaping individuals' behavior. Through the differentiation between extrinsic and intrinsic religiosity, the research offers a comprehensive understanding of the influence of religiosity on tax evasion. A noteworthy finding is the moderating effect of intrinsic religiosity. The study makes a theoretical contribution by not only examining direct effects but also exploring the role of moderation, resulting in more precise insights into the context of tax evasion. Moreover, the findings have practical implications for governments, highlighting the importance of comprehending the ethical dimensions of taxpayers, particularly in relation to religiosity, given the high value placed on religiosity in Indonesia.

Nevertheless, this study has certain limitations. These include a limited sample size and a narrow geographical scope. Furthermore, the study solely utilizes variance-based structural equation modeling (SEM), suggesting the need for future research to adopt covariance-based SEM for a more comprehensive analysis. Additionally, the reliance on survey data might diminish the internal validity of the study, especially considering the behavioral context. Therefore, it is recommended for future studies to evaluate the internal validity of taxpayers' behavior, enabling the exploration of behavioral aspects through experimental methodologies to yield more accurate outcomes.

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