



The Influence of Nationalism's Attitude and Tax Morale on Taxpayer Compliance Through Tax Awareness

Sihar Tambun¹

Ani Haryati^{2*}

^{1,2}Accounting Study Program at Universitas 17 Agustus' 1945, Jakarta, Indonesia.

*Email: aniharyati1697@gmail.com

Abstract

The purpose of this study is to examine the direct effect of nationalism and tax morale on tax awareness. The effect of the two independent variables on taxpayer compliance through tax awareness is also tested. A quantitative research method was used, and the data was collected via questionnaires. The sample comprises 180 taxpayers. The sample was tested for validity and reliability, and the hypothesis was tested through the SmartPLS software application. The results of hypothesis testing prove that there is a significant direct effect of nationalism and tax morale on tax awareness, a significant direct effect of tax awareness on taxpayer compliance, and a significant indirect effect of nationalism and tax morale attitudes on taxpayer compliance. From this research, it can be concluded that the government should increase tax awareness by first improving tax morale, then address the attitude toward nationalism.

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Nationalism attitude
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1. Introduction

The Covid-19 pandemic, which has been running for approximately one year to date, has had a significant, negative impact on countries around the world, especially Indonesia. The impact of the pandemic has made the economy in Indonesia very weak due to restrictions on economic activities, such as trade. The Indonesian government implemented micro PPKM (micro-scale public activity restriction), which has been extended 10 times since it was first set (January 11–25, 2021) in Java and Bali. With this application, trade sector tax revenues have decreased, even though trade provides the second largest contribution to tax revenues (Nasution, Erlina, & Muda, 2020). A weak economy will affect the state budget deficit. Indonesia experienced sharp fluctuations and a deficit in 2020 of IDR 1,039 trillion. This sharp increase in the deficit was caused by a decrease in tax revenues as the main source of the APBN (state budget).

Idrus, Lalo, Tenreng, and Badruddin (2020) explained that high nationalism among society affects awareness around paying taxes. Kemme, Parikh, and Steigner (2020) found that the impact of a low tax morale leads to taxpayers engaging in varying methods of tax avoidance, which means that tax morale has a direct

effect on tax awareness. Subsequent research suggests that tax awareness encourages taxpayer compliance (Yuli & Nofiana, 2021). Lisa and Hermanto (2018) show that taxpayer awareness has a significant effect on taxpayer compliance. Furthermore, Idrus et al. (2020) prove that the existence of tax awareness has an impact on taxpayer compliance. However, no previous researchers have tested the effect of nationalism on taxpayer compliance through tax awareness, or the effect of tax morale on taxpayer compliance through tax awareness.

2. Literature Review

2.1. The Theory of Planned Behavior

According to Ajzen (1991), the theory of planned behavior is well supported by empiricists who explain that intentions to exhibit different types of behavior can predict attitudes toward behavior, subjective norms, and perceived behavioral control with high accuracy, and this intention, together with perceived behavioral control, explains the considerable variation in actual behavior. Broadly speaking, the theory of planned behavior is described in Figure 1 below.

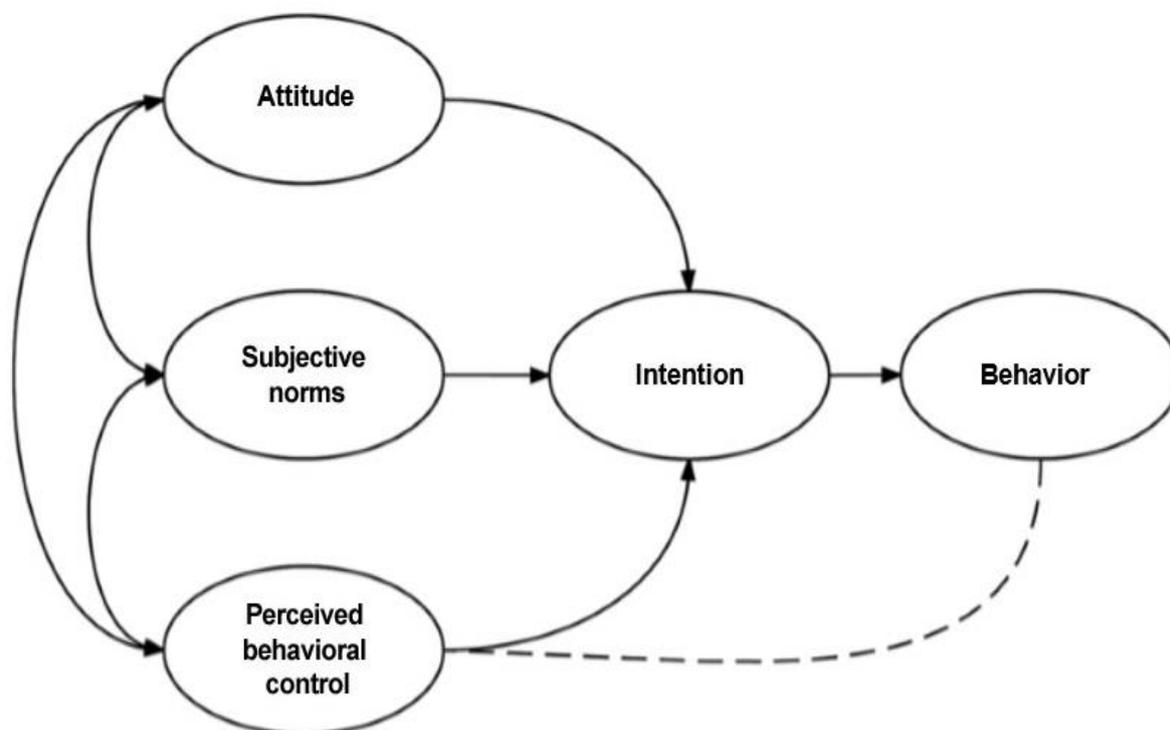


Figure 1. Theory of Planned Behavior.

The theory of planned behavior describes an attitude related to the level of satisfaction with public services and trust in the government. Subjective norms indicate tax morale, and perceived behavioral control shows an individual's intention related to tax awareness. These merge to form an intention, leading to a certain behavior, which in this case is taxpayer compliance.

In this research model, it is explained that if tax morale and nationalism attitudes have a direct influence on tax awareness, showing high taxpayer compliance, tax morale has a direct influence on taxpayer compliance when there is moderation of nationalism attitudes, which are expected to significantly increase the level of taxpayer compliance.

2.2. The Influence of the Nationalism Attitude on Tax Awareness

Based on the opinion of Young & Smith (1976), nationalism relates to the past and forms a sense of identity and a history of togetherness. There is a spirit of nationalism in Indonesia because of past events that have formed a collective identity for the Indonesian homeland. By instilling an attitude of nationalism, as a citizen, you will form a mindset regarding compliance with Indonesian state regulations. Idrus et al. (2020) explained that the high nationalism of society affects people's awareness regarding paying taxes. Saputri (2019) shows that nationalism has a significant positive effect on taxpayers in fulfilling their tax obligations. This shows that taxpayers are aware of their tax obligations and thus fulfil these obligations due to the influence of the attitude of nationalism. Based on several previous studies, the following hypothesis can be drawn:

H1: Nationalism influences attitudes toward tax awareness.

2.3. The Effect of Tax Morale on Tax Awareness

Morals can cause problems related to reason (Rachels & Rachels, 1986). Someone who is “morally right” forms attitudes with the best intentions. In this theory, tax morale affects taxpayer compliance. When a taxpayer has the right tax morale, they will meet their tax obligations in accordance with the applicable rules. Young and Smith (1976) stated that nationalism is based on a historically flawed interpretation of past events. From several previous studies, the second hypothesis can be drawn:

H2: Tax morale has an effect on tax awareness.

2.4. The Effect of Tax Awareness on Taxpayer Compliance

Based on the theory of reasoned action stated by Fishbein and Ajzen (1980), subjective norms are determinant of the desire to behave. Thus, awareness of tax compliance can be said to represent positive behavior where taxpayers believe that such behavior can lead to positive results. Based on previous studies, the following hypothesis can be drawn:

H3: Tax awareness has an effect on taxpayer compliance.

2.5. The Influence of Nationalism on Taxpayer Compliance through Tax Awareness

Satyawati (2021) proves that the attitude of nationalism has a significant positive effect on taxpayer compliance. Darmawan, Mulyadi, and Dahlan (2020) found that there is a significant relationship between the attitude of nationalism and tax compliance. In addition, Darmawan et al. (2020) found that the perception of tax awareness has a significant effect on taxpayer compliance. According to Asrinanda (2018), there is a significant positive impact of tax awareness on taxpayer compliance; the higher the tax awareness, the higher the taxpayer compliance, and the lower the tax awareness, the lower the taxpayer compliance. From previous research, it can be concluded that there is an influence of the dependent variable on the independent variable. Thus, the variable of nationalism has the potential to affect the taxpayer compliance variable through tax awareness. From several previous studies, the following hypothesis can be drawn:

H4: Nationalism attitudes have an influence on taxpayer compliance through tax awareness.

2.6. The Effect of Tax Morale on Taxpayer Compliance through Tax Awareness

Mursalin (2020) found that tax morale has an effect on taxpayer compliance. Cahyanti, Wafirotin, & Hartono (2019) also found that tax awareness and morale affect taxpayer compliance. Furthermore, the research of Idrus et al. (2020) proved that the existence of tax awareness has an impact on taxpayer compliance. From previous research, it can be concluded that there is an influence of the dependent variable on the independent variable. Thus, the tax morale variable has the potential to affect the taxpayer compliance variable through tax awareness. From several previous studies, the following hypothesis can be drawn:

H5: Tax morale has an effect on taxpayer compliance through tax awareness.

3. Research Method

This study uses a quantitative method with quantitative and statistical data measurements calculated based on the responses received from the sample population through a questionnaire. The research model is described in Figure 2.

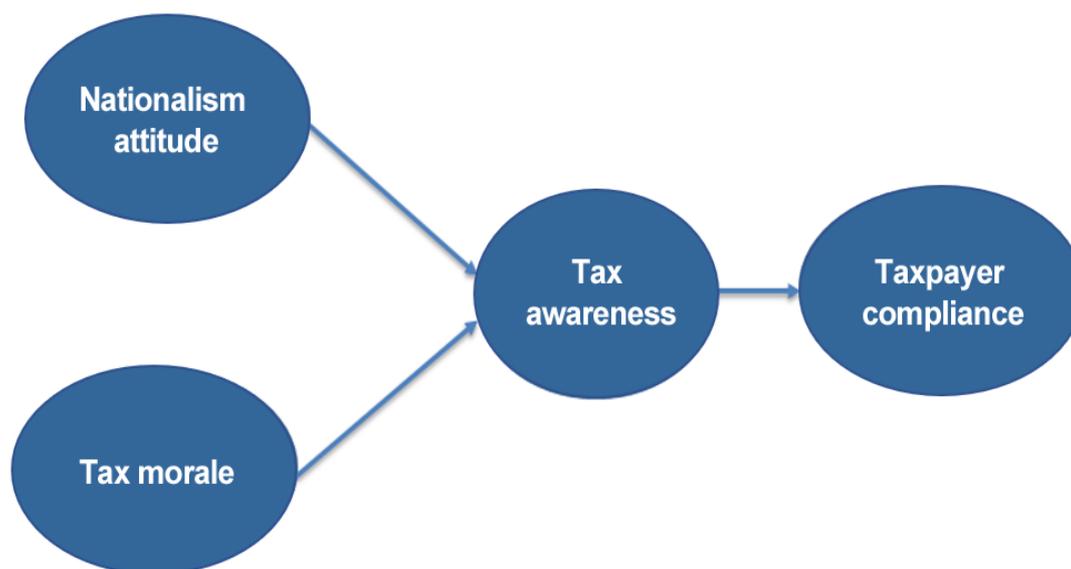


Figure 2. Research Model.

The population used in this study are all tax subjects, both individuals and entities, that have a tax identification number (known in Indonesia as NPWP). The method used in determining the number of samples is the hair method, which is 5–10 times the number of indicators contained in the study. The data processing was carried out using SmartPLS software to test for validity and reliability.

4. Results and Discussion

4.1. Respondents Overview

The study sample comprises 180 respondents with taxpayer status. Out of these, 161 (89.4%) are individual taxpayers, the remainder are corporate taxpayers, and 100% of respondents have an NPWP. From the gender aspect, 125 (69.4%) are male, the rest are female. In terms of age, the age group with the highest number of respondents is the 31–40 group with 89 respondents (49.5%). Regarding education level, the majority of respondents (64, or 35.6%) graduated from D3. In terms of employment, the majority are private employees, with a total of 104 respondents (57.8%).

4.2. Validity Test

This tests for the relationship between indicators and their constructs. The initial evaluation of the measurement model is reflective, i.e., with convergent validity. The evaluation of convergent validity begins by looking at the validity indicators given by the loading factor value. The loading factor, value which has a minimum value of 0.5, can be said to be valid. Figure 3 shows the results of the validity test.

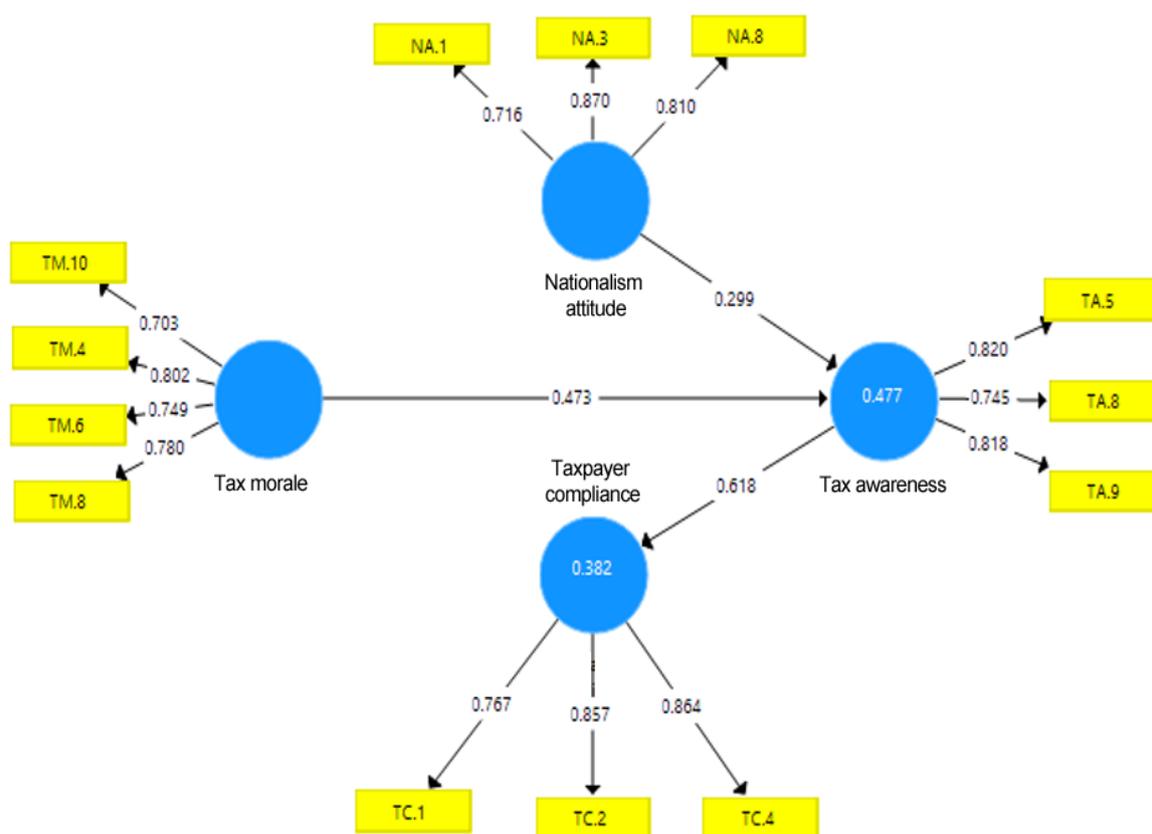


Figure 3. Validity test results.

From the results of the validity test in Figure 3 for each variable (nationalism, tax morale, tax awareness, and compliance) taxpayers already have an outer loading/loading factor above 0.5, which means that the relationship between each variable and its indicators is valid according to the criteria. The dependent/intervening variable, namely tax awareness, has a value of 0.477, or 47.7%. This means that nationalism and tax morale only explain 47.7% of tax awareness, so there are other variables that affect tax awareness by 52.3%, which is referred to as an error. The taxpayer compliance variable shows a value of 0.382, or 38.2%. This means that the ability of tax awareness in explaining the taxpayer compliance variable is 38.2%. For the results of the next analysis, this research model is included in the medium category because the R-squared/coefficient of determination is above 33%.

4.3. Reliability Test

The reliability test for each variable in the study is carried out on the outer model as follows:

- Cronbach's Alpha: The reliability test is strengthened by Cronbach's Alpha. The expected value is at least 0.7 for all constructs.
- Rho Alpha: The reliability test is reinforced with Rho Alpha. The expected value is at least 0.7 for all constructs.
- Composite Reliability: Data that has a minimum composite reliability of 0.7 for reliability criteria.
- Average Variance Extracted (AVE): The expected AVE value is at least 0.5 for the reliability criteria.

Table 1. Reliability test results.

Construct reliability and validity				
Hypothesis	Cronbach's alpha	Rho	Composite reliability	AVE
Nationalism attitude	0.717	0.721	0.842	0.642
Tax awareness	0.708	0.71	0.837	0.632
Tax morale	0.756	0.764	0.845	0.577
Taxpayer compliance	0.773	0.775	0.869	0.689

The results of the reliability test in [Table 1](#) for each variable (nationalism, tax morale, tax awareness, and taxpayer compliance) show that the Cronbach's Alpha, Rho Alpha, and Composite Reliability values are > 0.7 and the AVE values are > 0.5 . This means that all variables in the study show the results of reliable data in accordance with the criteria.

4.4. Hypothesis Testing

Testing the hypotheses includes the significance value of each path coefficient, which states whether there is a significant or insignificant effect between constructs. Structural model testing is used to test the hypotheses between the variables in the study, and the results are seen from the P-values and the T-statistics. If the T-statistic value is > 1.96 and the P-value is < 0.05 , it shows a significant effect. [Table 2](#) contains the results of hypothesis testing for direct effects, and [Table 3](#) shows the result of hypothesis testing of indirect effects.

Table 2. Hypothesis test results (Direct effect).

Path coefficients				
Hypothesis	Original sample	T-statistic	P-value	Decision
Nationalism attitude => Tax awareness	0.299	0.933	0.000	Accepted
Tax awareness => Taxpayer compliance	0.618	12.435	0.000	Accepted
Tax morale => Tax awareness	0.473	6.397	0.000	Accepted
Perception of corruption -> Tax morale	0.258	2.993	0.000	Accepted

Table 3. Hypothesis test results (Indirect effect).

Specific indirect effects				
Hypothesis	Original sample	T-statistic	P-value	Decision
Nationalism attitude => Tax awareness => Taxpayer compliance	0.185	3.634	0.000	Accepted
Tax morale => Tax awareness => Taxpayer compliance	0.292	5.482	0.000	Accepted

From the results of testing the direct influence hypothesis, when viewed from the original sample, the strongest value is held by tax morale on tax awareness, which is 0.473 or 47.3%, while the nationalism attitude on tax awareness is 0.299 or 29.9%. Therefore, tax morale is a priority variable. This means that when it comes to increasing tax awareness, the first strategy that must be improved is tax morale, then the attitude of nationalism.

The results of testing the indirect effect hypothesis of the variables when viewed from the original sample value, the strongest is the influence of tax morale on taxpayer compliance through tax awareness, with a value of 0.292, or 29.2%. Furthermore, the effect of nationalism on taxpayer compliance through tax awareness is 0.185 or 18.5%. In the indirect hypothesis test results, the effects of nationalism and tax morale on taxpayer compliance through tax awareness have P-values < 0.05 , meaning that the tax awareness intervening variable has a significant influence on the dependent variable. When viewed from the original sample, the strongest value is tax morale on taxpayer compliance through tax awareness, then the second is the attitude of nationalism toward taxpayer compliance through tax awareness. This means that when increasing taxpayer compliance through tax awareness, the first strategy that must be improved is tax morale.

4.5. Research Results and Interpretations

The results of the research on the direct and indirect effects based on the results of the T-Statistics and P-values compared with the significance criteria can be interpreted as follows:

1. The first hypothesis is accepted because the P-value is 0.000 (< 0.05) and the T-statistic is 3.933 (> 1.96), meaning that the attitude of nationalism has a significant effect on tax awareness. The results of this study support and complement previous research by Young and Smith (1976); Idrus et al. (2020) and Saputri (2019).
2. The second hypothesis is accepted because the P-value is 0.000 (< 0.05) and the T-statistic is 6.397 (> 1.96), meaning that the effect of tax morale on tax awareness is significant. This research supports and complements previous research conducted by Rachels and Rachels (1986); Young and Smith (1976), Idrus et al. (2020) and Saputri (2019).
3. The third hypothesis is accepted because the P-value is 0.000 (< 0.05) and the T-statistic is 12.435 (> 1.96), meaning that the effect of tax awareness on taxpayer compliance is significant. This research supports and complements previous research conducted by Young and Smith (1976); Idrus et al. (2020) and Saputri (2019).
4. The fourth hypothesis is accepted because the P-value is 0.000 (< 0.05) and the T-statistic is 3.634 (> 1.96), meaning that the influence of nationalism has a significant effect on taxpayer compliance through tax awareness. This research supports and complements previous research conducted by Satyawati (2021); Darmawan et al. (2020) and Asrinanda (2018).
5. The fifth hypothesis is accepted because the P-value is 0.000 (< 0.05) and the T-statistic is 5.482 (> 1.96), meaning that tax morale has a significant effect on taxpayer compliance through tax awareness. This research supports and complements previous research conducted by Mursalin (2020); Cahyanti et al. (2019) and Idrus et al. (2020).

5. Conclusion

This study provides empirical evidence for "The Influence of Attitudes of Nationalism and Tax Morale on Taxpayer Compliance through Tax Awareness". It can be concluded that nationalism attitudes have a significant direct influence on tax morale through tax awareness, tax awareness has a significant direct effect on taxpayer compliance, and nationalism and tax morale have a significant influence on taxpayer compliance through tax awareness. From this research it can be concluded that when the government increases tax awareness, the first strategy that must be improved is tax morale, then the attitude of nationalism. And to increase taxpayer compliance through tax awareness, the first strategy that must be improved is tax morale, then nationalism.

5.1. Reference for Future Research

The intervening variable can be replaced with the tax sanction firmness variable. Because when the variable of firmness of tax sanctions is positioned as an intervening variable, it will be able to increase taxpayer compliance when carrying out their tax obligations.

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