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CONTENTS

A cross-cultural study of religiosity and tax compliance attitudes in Malaysia and Turkey

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Abstract

Ensuring compliance in tax collection is very crucial as tax is one of the basic elements of public financing in almost all countries. The issue of compliance in tax research has been explored over many years from different perspectives. Initially, it started with a negative assumption of taxpayers' compliance attitudes and recently the research has shifted to a more positive attitude of taxpayers. One of the factors that is expected to shape taxpayers' compliance attitudes is religiosity. Even though a number of studies have started to explore this issue recently, not many studies have used primary data because the majority of the studies were relying on secondary data. Therefore, this study is comparing the impact of religiosity and its components on both tax compliance components, voluntary and enforced tax compliance, in Malaysia and Turkey. Surveys distributed to individual taxpayers were used in both countries. Religiosity is found to have a significant impact on voluntary tax compliance that influences taxpayers' positive attitudes in both countries. Even though religiosity seems to be an influential factor with respect to tax compliance behaviour, this study has shown that in certain circumstances, it might appear irrelevant.

Key words: voluntary tax compliance, enforced tax compliance, religiosity, Malaysia, Turkey

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1.   INTRODUCTION

Tax is one of the basic elements of public financing. However, tax is not just a public financing instrument, but also a mechanism that determines the level of social solidarity and social participation of the country. During the period from the earliest times of mankind to the present day, the basic discussion about taxation has been about the legitimacy of taxation. Although this debate continues today, it appears that part of the subject related to tax compliance has reached more remarkable dimensions. In other words, although it plays a vital role in financing public goods, the reluctant and unstable behaviour of taxpayers at the point of paying taxes has led to an intensification of research on tax compliance. The facilitation of international financial transactions, especially with the globalisation process, and increase in the mobility of certain commodities subject to trade and capital, have transformed tax compliance from a national into a global problem of interest to all countries.

Related to the concept of tax compliance, although there are many definitions, the tax compliance definition of Roth et al. (1989) is fairly inclusive and most acceptable. They agree with the definition of tax compliance to be defined as 'the taxpayers file all required tax returns at the proper time and the returns accurately report tax liability in accordance with the rules, regulations and court decisions applicable at the time the return is filed' (Roth et al., 1989, p. 2). Besides this definition made within the context of public finance, there are also other researchers who evaluate the concept of tax compliance on a broader scale. For example, according to Andreoni et al. (1998), tax compliance is not only a fiscal issue, but basically the full implementation of laws, and is a concept that also incorporates the composition of elements such as organisation problem, labour supply and morality.

The strongest tradition in the literature on tax compliance behaviour is that it is a preference of the individual's tax payment or nonpayment decisions, also referred to as the 'crime economy' and this is the paradigm of neo-classical tax compliance which advocates that it is associated with tax audits and punishments. This paradigm is based on economic theories and consists mainly of tax compliance models that focus on deterrence. The basis of deterrence creates convincing and forceful persuasive approaches. While deterrence is sometimes in a preventive form such as increasing tax audits, sometimes it can be found in a structure containing power such as the application of tax penalties (Fischer et al., 1992). Neo-classical paradigm defines taxpayers as individuals who have an excellent moral understanding, avoid risk, pursue utility maximisation, and can undertake tax evasion when the expected utility exceeds costs (Milliron & Toy, 1988). Thus, it is possible to prevent tax evasion which is defined in a highly rational way in terms of neo-classical paradigm, but only with applications that increase tax evasion costs such as tax penalties and audits.

In the 1960s, Becker's studies were the basis of the crime economy approach, or in other words, of the economic deterrence model. According to Becker (1968), who evaluates illegal behaviours from an economic point of view, the rational person's decision about tax compliance determines the costs to be incurred by tax evasion and the costs to be incurred as a result of punishment. In the 1970s, Allingham and Sandmo (1972) developed the basic structure of the neo-classical paradigm by developing the criminal behaviour theory that Becker put forward. Allingham and Sandmo's created economic model of rationality evaluates taxpayers as rational individuals who are trying to maximise their expected utility (Thomas, 2015). This

model compares the costs that will end up with taxpayer complying tax laws and the costs that will be incurred by tax evasion costing and taxpayers prefer the low cost option. The featured point in Allingham and Sandmo's (1972) model is an assumption that tax evasion can be precisely determined and punished. According to the new model, these two deterrent tools can replace each other and substitute one another. In other words, even if the tax audit rate is low, the high tax penalties will have a similar deterrent effect. Therefore, if the tax audit rate is 100% in the model, little punishment will still bring about a deterrence effect (Allingham & Sandmo, 1972). The first and most important critique of the crime economy approach stems from the fact that this approach is solely based on taxpayer financial position of tax compliance or incompatibility behaviour (Webley, 1991). According to this understanding, the state compelling power is the one and only sole factor that provides for the compulsory tax compliance of the state, such as tax inspection and punishment. However, this paradigm cannot explain why taxpayers are still required to declare their tax incomes in some countries despite the low level of audit and low tax penalties, especially the income obtained without the knowledge of third parties.

Many empirical studies on the subject have shown that the deterrent effect of tax inspection and punishment is not very strong, and even those compelling tools have revealed limited effects on tax compliance behavior (Kirchler & Wahl, 2010). This is the case in the tax compliance studies using a socio-psychological approach and initiating a process that leads to the inclusion of non-economic factors in research. The socio-psychological approach argues for and defends those non-economic factors in shaping the behaviour of taxpayers towards tax compliance. However, the insufficiency of earlier studies in explaining the behaviour of tax compliance alone has led to the emergence of a socio-psychological approach (Schmölders, 1959).

According to this approach, both the economic and the non-economic factors must be evaluated together so that the big picture of taxpayers' compliance behaviour can be clearly viewed (Kirchler & Wahl, 2010). In short, this mixed approach focuses not only on taxpayers' own behaviour on tax compliance (Groenland & Veldhoven, 1983), but at the same time takes into account the effects of the tax authority practices that enforce taxpayers' compliance behaviour (McKerchar & Evans, 2009). One of the areas of investigation of this approach is, how do personal moral values affect tax compliance? In this area, it has a few small but remarkable studies in the literature such as the impact of ethics (Song & Yarbrough, 1978), civic duty (Slemrod, 1998), religions (Benk et al., 2015), moral obligation (Bobek & Hatfield, 2003), willingness to pay (Torgler et al., 2008) and religiosity (Torgler, 2006) on tax compliance or tax evasion. Although it is pleasing to see that the work in this area, particularly the study in religiosity, is gradually expanding, it is still considered as insufficient to truly understand taxpayers' compliance behaviour. This is because most of the tax compliance studies that focus on religiosity as one of the independent variables only investigate the impact of religiosity in total regardless of religions (for example, Torgler, 2006; Richardson, 2008; Mohdali & Pope, 2014). Hence, the real impact of a specific religion on tax compliance is hardly explained. Therefore, this study aims to investigate the effects of religiosity that derives from Muslims on both voluntary and enforced tax compliance in two countries, Malaysia and Turkey. These two countries were selected in this comparison study because the majority of their citizens are Muslims. According to the latest census, approximately 62% of Malaysian citizens (Department of Statistics Malaysia, 2011) and 98% of Turkish citizens (Turkish Statistical Institute, 2014) from the total population are Muslims. Even though these

two countries are considered to be Islamic countries, there is a possibility that their citizens might have different attitudes towards tax compliance due to their different geographical locations. Therefore, this study aims to determine whether the level of religiosity and its dimensions affect the attitude towards tax compliance in countries with similar religious beliefs. We also think that this research will add important contributions to the literature since this is the first comparative and cross-cultural study that focuses solely on the impact of religiosity of Muslims on tax compliance.

This paper is organised as follows. Following the introduction in part one of the paper is part two that briefly reviews the literature on religiosity and tax compliance. Part three proceeds to outline the methodology which was employed in this study. Part four presents the statistical findings including the demographics and overall assessment and provides a comparative analysis of the two countries of respondents and summarises the main research findings. Finally, part five notes the study's conclusions, discussions, limitations and offers some suggestions for further research.

2.   LITERATURE REVIEW

Religion has a very important role in shaping the lifestyle, economic and social life of the individual. Religion is one phenomenon that makes sense of difficult to understand events or that makes them acceptable for the individual in a specific context. With a broader definition, religion is a social institution that systemises the belief and worship of God, to supernatural powers and various sacred beings (Oxford Living Dictionaries, n.d.). Religiosity can be defined as the level of belonging, belief or activities to an individual's religion (Himmelfarb, 1975). On another definition, Allport and Ross (1967) describe religiosity through internal and external religious orientations. External religious orientations can be easily observed by watching the behaviour of the individual, such as worship and religious rituals. Similarly, Glock (1962) has divided religiosity into five dimensions. The religious followers are expected to adhere to the first four dimensions that are religious beliefs, practice, experience and knowledge and then translate these dimensions into the fifth dimension that is behaviour. However, it is difficult to identify and observe internal religious orientations (Kurpis et al., 2008). Previous studies have examined religiosity mostly in terms of religious commitment and religious affiliation (Pope & Mohdali, 2010). Religious affiliation is defined as the belief that the individual is belonging to religions such as Christianity, Islam, Buddhism or other religions. Religious commitment is the application of religious values, beliefs, and rituals to everyday life (Worthington et al., 2003). There are two different forms of religious commitment. It is possible to express these in the form of intrapersonal religious commitment resulting from individual beliefs and attitudes and interpersonal religious commitment, which arises from the association with the religious community or organisation to which the individual belongs. Allport (1961) emphasises that both elements of religion are vital in determining the level of religiosity because both elements can influence each other.

When previous studies are examined, it is viewed that religiosity has a significant effect on the formation of positive moral values and thus the prevention of deviant behaviours (Johnson et al., 2001). The most important reason for this is that all religions should endeavour to support moral doctrines and strive for the formation of a moral climate (Kurpis et al., 2008). According to Stack and Kposowa (2006), deviant behaviour in all religions is prohibited and damned. Moreover, the fact that religious

people have better mental and physical health than non-religious individuals also increases the effect of religiousness on reducing deviant behaviours (Hackney & Sanders, 2003). Finally, religiosity also has the perception of the aggressive punishment of deviant behaviours (Casey & Scholz, 1991).

It is a striking fact that there are few studies of religiosity that overlook the effects of tax evasion, tax morality, or tax compliance (Mohdali & Pope, 2014). The first study-work on the subject in the literature belongs to Tittle and Welch (1983). This study examines the prohibitive effects of religiosity on various deviant behaviours, including tax evasion, and has shown that it is a significant important effect on religiosity and compliance with rules (Tittle & Welch, 1983). Petee et al. (1994) found that in the study of religiosity, religiosity has the power of informal sanction in preventing tax evasion. Grasmick et al. (1991) emphasise two dimensions of religious identity and church attendance in their study and express that religiosity is quite impressive in reducing tax evasion. As we have seen, previous studies have generally focused on the effects of religiosity on negative taxpayer attitudes, which are expressed as tax evasion and tax cheating.

The number of studies examining the effects of religiosity on positive taxpayer attitudes such as tax compliance and tax ethics is also limited. In this regard, it is apparent that the studies by Torgler have been done using the World Values Survey and European Values Survey data. Torgler's studies have been conducted in more than 30 countries including Canada (Torgler, 2003), Turkey (Torgler et al., 2008), Germany (Feld & Torgler, 2007), countries in Asia (Torgler, 2004) and countries in Europe (Torgler & Schneider, 2007). When the findings of these studies are evaluated, it appears that religiosity has a positive effect on tax morality. Stack and Kposowa's (2006) and Richardson's (2008) studies also support Torgler's findings. Similarly Benk et al. (2015) found that the level of religiosity positively influences tax compliance especially for Christians and Muslims. The mixed methods findings by Mohdali and Pope (2014) has clearly shown that even though significant, little can be explained by religiosity levels that derive from the four main religions in Malaysia namely Islam, Buddhism, Christianity and Hinduism in shaping Malaysian taxpayers' compliance attitudes. They also found that the most influential religiosity commitment is intrapersonal religiosity on voluntary tax compliance. Further, Benk et al. (2016) have conducted a survey to only Muslims as their respondents and they have found similar findings and that only interpersonal religiosity influences tax compliance.

In summary, religiosity is found to have a significant impact on negative taxpayer behaviours such as tax evasion as well as positive taxpayer behaviours, like tax morality and tax compliance. However, the fact that religiosity-tax compliance studies are scarce in number also reveals that this area has been neglected; only recently has it been given some attention. This study is expected to provide additional insights into tax compliance particularly by comparing religiosity levels from the same religion but from different geographical locations in providing better understanding of this issue.

In conclusion, the test hypotheses of this study are as follows:

H_1 Religiosity is a positive determinant of all dimensions of tax compliance in both Malaysia and Turkey.

H_{1a} Religiosity is a positive determinant of voluntary tax compliance in both Malaysia and Turkey.

H_{1b} Religiosity is a positive determinant of enforced tax compliance in both Malaysia and Turkey.

3.   METHODOLOGY

3.1   Participants

The respondents from Malaysia were individual taxpayers who represented the majority of salaried taxpayers and the remaining were self-employed taxpayers. Due to the inaccessibility of data on taxpayers according to their religion, the population of Muslim taxpayers was estimated based on the percentage of Malay population from the 2010 Census (Department of Statistics Malaysia, 2011), that yielded approximately three million taxpayers. This approach was used because ethnicity is commonly associated with religion as clearly shown in Article 160 of the Constitution of Malaysia that a 'Malay' is a person who adheres to Islam, normally speaks the Malay language and adopts Malay Customs. A sample size was aimed at a minimum of 200 as suggested by Fowler (1993) which was considered as adequate to describe a huge population.

The self-administered survey was considered the best method for this survey because of the involvement of two delicate issues namely religion and tax compliance (Bourque & Fielder, 1995). Surveys were distributed to 17companies that agreed to distribute questionnaires to their employees in Klang Valley and Putrajaya. The mixed-mode surveys were employed due to the request of the companies involved in this survey. For each company, an intermediary was assigned by the company to help the researchers in distributing and collecting the questionnaires. For the companies that opted for printed questionnaires, the questionnaires were delivered to the intermediaries to be distributed to their staff and collected after two weeks. For those that opted for the online survey, a survey link was emailed to the intermediaries and a couple of follow ups were sent to the intermediaries to ensure sufficient response would be received.

Even though the mode of data collection was different, the same set of questions was used to avoid any possible bias. However, as highlighted by de Leeuw et al. (2008) despite reasonable efforts having been made, the mode effects are still to be anticipated but the effect is only minimal. From the total of 300 questionnaires delivered, the total responses received was 240, however the response rate cannot be determined because calculating the sample who chose not to participate in the online survey was not possible (de Vaus, 2002).

The respondents from Turkey on the other hand were selected from self-employed taxpayers from the city of Malatya, Turkey. Convenience sampling method was used and face to face interviews were done to fill up the questionnaires. Participation in the study was voluntary and they were assured that their answers would remain confidential. Out of the 1550 questionnaires distributed to the self-employed taxpayers, only 408 responses were received and after careful consideration, only 403 were considered to be usable responses and the response rate was yielded at 26%. Even though it can be argued that the sample size from both countries is not even,

both countries have met the minimum of 150 responses which has been emphasised by Fowler (1993) as acceptable to describe accurately the population of 15 million.

3.2   Measures

Both of the current studies used the same items for all three variables namely religiosity (REL), voluntary tax compliance (VTC) and enforced tax compliance (ETC). The items for religiosity were adapted from the Religious Commitment Inventory (RCI-10) (Worthington et al., 2003) (see Appendix A). Some of the items were amended to suit the context of each country but the meaning for each item was maintained. There were 10 items that represented religiosity on a 5-point Likert scale (1 = not at all true of me and 5 = totally true of me). An individual with a score of 38 or higher out of a total score of 50was considered to be highly religious (Worthington et al., 2003).

The respondents were required to indicate their attitudes regarding tax related issues specifically attitudes about complying with tax laws. The items for tax compliance variables were represented by voluntary and enforced tax compliance which were adapted from Kirchler and Wahl (2010) on a 5-point Likert scale (1 = strongly disagree, 5 = strong agree). There were five items for voluntary tax compliance and four items represented enforced tax compliance (see Appendix A).

The measures that we used in this study were originally in English. For this reason at first, we translated them into Turkish and Malaysian languages and made some modifications. Later, levels of comprehension of the questions in the questionnaire form were tested on 50 people with different educational backgrounds by conducting a pilot survey. It was noted that these questions were easy to understand.

4.   FINDINGS

A descriptive analysis was performed to understand the backgrounds of the respondents from both countries. The majority of the Malaysian respondents (approximately 80% of the total respondents) were of tertiary education level. This was in contrast with the respondents from Turkey, the majority of whom had high school as their highest education level. As for the gender, the distribution between Malaysian respondents appeared to be even but for Turkish respondents, almost all of the respondents were male. The highest number of respondents in terms of age for both Malaysian and Turkish respondents were 25 to 44 year olds (80% and 43%, respectively). However, the Turkish respondents appeared to be more even in all age groups as compared to the Malaysian respondents, of whom the youngest group was represented by only less than 2% of the total Malaysian respondents. This study only focused on the Muslim and individual taxpayers. Two types of Malaysian individual taxpayers, namely salaried and self-employed taxpayers were included in the study but for the Turkish, only self-employed taxpayers were included. The details of the demographic characteristics of the respondents are presented in Table 1.

Table 1: Demographic Details

Characteristics		Malaysia (n=240)		Turkey (n=403)	
		n	%	n	%
Education	High School and below	49	20.4	354	87.8
	Under and Postgraduate	191	79.6	49	12.2
Gender	Male	115	47.9	375	93.1
	Female	125	52.1	28	6.9
Age	18 – 24	4	1.7	101	25.1
	25 – 44	192	80.0	174	43.2
	45 and above	44	18.3	128	31.7
Individual taxpayer	Salaried	212	88.3	-	0
	Self-employed	28	11.7	403	100

The attitudes of people towards tax compliance were explored based on the descriptive analyses conducted and comparison of data from Malaysia and Turkey. Both countries showed an inclination towards positive attitudes of complying with tax laws and there was no significant difference between the mean of VTC and ETC for both countries. Among the highest mean scores indicated by the Malaysians were VTC3 (duty as a citizen), VTC1 (sense of responsibility) and VTC4 (moral value) between 3.892 and 3.700. While for the Turkish, among the highest mean scores were VTC1 (sense of responsibility) and VTC5 (better facility), 3.877 and 3.765, respectively. The findings indicated that Malaysian taxpayers were considered to be highly religious since the score of REL was more than 38 (Worthington et al., 2003). The details of the comparison analysis of the mean for all variables are presented in Table 2.

Table 2: Comparison of Tax Compliance Attitudes and Religious Levels between Malaysians and Turkish

Variable	Country	Mean	SD	t	Sig. (p)
VTC	Malaysia	3.698	0.636	-0.391	p = n.s
	Turkey	3.672	1.025		
ETC	Malaysia	3.372	0.671	-0.381	p = n.s
	Turkey	3.348	0.909		
REL	Malaysia	38.729	4.278	-8.636	p = 0.00
	Turkey	34.793	7.279		
	Turkey	22.287	4.479		

In contrast, Turkish taxpayers indicated a lower score of REL (less than 35) that can be considered as less religious. The t-test indicated a significant difference between these two means. On the other hand, despite the variance between the level of religiosity between Malaysian and Turkish taxpayers, the people from both countries show an inclination towards compliance attitudes.

A comparison of religiosity levels for both countries showed that the mean for the Malaysian highly religious people was slightly higher as compared to the Turkish but there was a huge gap between the low religious levels for both countries. Turkish people pointed to a lower mean for less religious people as compared to the Malaysians. Comparisons of high and low levels of religiosity for each country

indicated statistically significant differences between the two levels for both countries. This indicates a wide gap between the people who are highly and less religious for both countries. The details of this comparison are shown in Table 3.

Table 3: Comparison of Religiosity Levels between Malaysia and Turkey

Country	Religiosity Level	Mean	SD	t	Sig. (p)
Malaysia	Low	34.405	2.606	-19.090	$p = 0.00$
	High	41.278	2.745		
Turkey	Low	31.319	6.792	-18.409	$p = 0.00$
	High	40.592	3.267		

The respondents with different religiosity levels were then compared with their tax compliance attitudes for both countries. The findings indicated that their VTC attitudes showed statistically significant differences between people who have different religious levels for both countries (Malaysia ($p < 0.01$) and Turkey ($p < 0.05$)). However, for the attitudes towards ETC, there was no significant difference for the Malaysians even though the Turkish showed a statistically significant difference ($p < 0.05$) between those highly and less religious people as clearly shown in Table 4.

Table 4: Comparison of Tax Compliance Attitudes with Religiosity Levels between Malaysia and Turkey

Variable	Country	Religiosity Level	Mean	SD	t	Sig. (p)
VTC	Malaysia	Low	3.539	0.643	-3.007	$p < 0.01$
		High	3.791	0.616		
	Turkey	Low	3.576	1.000	-1.266	$p < 0.05$
		High	3.833	1.048		
ETC	Malaysia	Low	3.301	0.608	-2.455	$p = $ n.s.
		High	3.414	0.704		
	Turkey	Low	3.264	0.907	- 2.412	$p < 0.05$
		High	3.488	0.898		

In the correlation analyses, Malaysians were found to have a significant positive relationship between religiosity and voluntary tax compliance ($r = 0.223$, $p < 0.01$) and no significant relationship was found with enforced tax compliance ($r = 0.101$, $p =$ n.s.). As for the Turkish, religiosity was found to have significant positive relationships with both tax compliance components, voluntary tax compliance ($r = 0.224$, $p < 0.01$) and enforced tax compliance ($r = 0.179$, $p < 0.01$).

Single regression analyses were performed to examine the influence of religiosity on tax compliance dimensions, namely voluntary tax compliance (Model 1) and enforced tax compliance (Model 2) for both countries. The regression analysis in Model 1(Malaysia) produced an adjusted $R^2 = 0.046$, $F (1, 238) = 12.510$, $p = 0.000$ and Model 1(Turkey) produced an adjusted $R^2 = 0.048$, $F (1, 401) = 21.265$, $p = 0.000$. The regression analysis in Model 2 (Malaysia) produced an adjusted $R^2 = 0.006$, $F (1, 238) = 2.48$, $p =$ n.s. and Model 2 (Turkey) produced an adjusted $R^2 = 0.030$, $F (1, 401) = 13.245$, $p = 0.000$. Based on the findings, it seems that highly religious people in Turkey will comply with tax laws in both conditions, voluntarily or being enforced by

the tax authority. This is in contrast with the Malaysian highly religious people because they are only willing to comply voluntarily but when they are forced to comply, their religiosity will be less likely to influence their compliance attitudes. The details of these two models for Malaysia and Turkey are presented in Table 5. Thus hypothesis 1a is fully supported, but hypothesis 1b is partially supported.

Table 5: Findings of the Single Regression Analyses

	Variable	Voluntary Tax Compliance (Model 1)			Enforced Tax Compliance (Model 2)		
Country		B	SE	β	B	SE	β
Malaysia	REL	0.033	0.009	0.223***	0.016	0.010	0.102
Turkey	REL	0.032	0.007	0.224**	0.022	0.006	0.179***

*Significant at $p< 0.05$, **Significant at $p < 0.01$ and *** Significant at $p = 0.00$.

5.   DISCUSSIONS AND CONCLUSIONS

In both countries, voluntary tax compliance is found to have the highest mean score perceived by individual taxpayers as compared to enforced tax compliance. This may indicate a high tendency of individual taxpayers in Malaysia and Turkey to willingly comply with tax laws which is in line with the findings from prior research (Riahi-Belkaoui, 2004; Loo et al., 2010). One of the potential explanations for this strong positive attitude may be because of the tax system implemented in both countries. In Malaysia, salaried individual taxpayers are subject to the Scheduled Tax Deduction (STD) scheme. Therefore, being salaried taxpayers, an estimation of tax payment for a year will be deducted by their employer on a monthly basis. Since the majority of the Malaysian respondents in this study are salaried taxpayers, it is apparent that they do not have much opportunity not to comply with tax laws hence the positive compliance attitudes viewed. Similarly, individual taxpayers in Turkey are mostly subject to withholding tax. According to Article 94 of Turkish Income Tax Code, all self-employed individuals who are required to withhold taxes also need to report their true income. Self-employed taxpayers are subject to a withholding tax on all kinds of payments and collection in relation to their business and services. They may also have opportunities to get salary at holiday times or hours. Therefore, there is a similarity between the two countries' taxpayers. The portion held by the employer on behalf of the employees will be paid directly to the government. Hence the lack of opportunity in avoiding tax might shape their voluntary tax compliance attitudes.

Highly religious people were viewed as having a higher mean for voluntary and enforced tax compliance as compared to less religious people for both countries. However, the mean for voluntary tax compliance appeared to be higher as compared to enforced tax compliance. Religiosity is also found to have a significant influence on both tax compliance components in Turkey but only on voluntary tax compliance in Malaysia. These findings probably can be explained based on the religious values held by the respondents. The religious values regardless of religion are expected to shape the attitudes and beliefs of an individual and drive his/her behaviour. In other words, the values from religion are highly considered as a source of morality (Thornton & Camburn, 1989). This is strongly supported by a study by Torgler and Murphy (2004) where a moral obligation was measured based on the respondents' religiosity. This was clearly reflected in the mean scores of one of the items in VTC,

that VTC1 for both countries that revealed the strong sense of responsibility in fulfilling their duty as taxpayers.

In conclusion, the findings from both studies in Malaysia and Turkey are in line with the majority of other studies that find religiosity has a significant influence on tax compliance attitudes. This study provides further insight that religious commitment that arises as a result of one's beliefs and attitudes can better shape a taxpayer's compliance behaviour. The findings from the comparative study of the two countries probably offer better understanding of how the people from different backgrounds but with the same religious values make their tax compliance decisions. This is clearly evident from the findings derived from two different types of individual taxpayers in these countries namely salaried (majority in Malaysia) and self-employed (majority in Turkey) taxpayers. The results yielded different findings for enforced tax compliance. Religiosity appears to play an important role in influencing those who have opportunity to avoid or evade when they are forced to comply with tax laws. This is conflicting with those who have less opportunity to avoid or evade tax. In other words, even though religiosity seems to be an influential factor of tax compliance behaviour, in certain circumstances, it might appear to be irrelevant.

Despite its contribution, these studies have their own limitations. Both studies involved sensitive issues namely religion and tax compliance and there is a possibility that the respondents were not comfortable to disclose their true opinions on these issues. Further, both studies assumed that the inner values of all respondents are derived from the religious values only even though it can be argued that they may derived from the moral values that are stemmed from their own principles with no influence of religion. The fact that none of the Turkish taxpayers come from the salaried group has also limited the analysis between different group of taxpayers. It is also suggested that future research should be conducted on a comparative study of countries in different regions to further understand the role of religiosity in influencing taxpayers' compliance attitudes with different cultural backgrounds. Even though with its limitations, the findings of these studies have provided better insights in understanding taxpayers' complex attitudes.

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7.   APPENDIX

7.1   Appendix A

Scale Items

Tax Compliance Items (Kirchler & Wahl, 2010)

A-Voluntary Tax Compliance (VTC)

Q: When I pay my taxes as required by the regulations, I do so...

1. ...because to me it's obvious that this is what you do

2. ...to support the states or other citizens

3. ...because I like to contribute to everyone's good

4. ...because for me it's the natural thing to do

5. ...because I regard it as my duty as citizen

B-Enforced Tax Compliance (ETC)

Q: When I pay my taxes as required by the regulations, I do so...

1. ...because a great many tax audits are carried out

2. ...because the tax office often carries out audits

3. ...because I know that I will be audited

4. ...because the punishments for tax evasions are very severe

5. ...because I do not know exactly how to evade taxes without attracting attention

Religiosity Items (Worthington et al., 2003)

1. I make financial contributions to my religious organisation.

2. I enjoy spending time with others of my religious affiliation.

3. I keep well informed about my local religious group and have some influence in its decisions.

4. I enjoy working in the activities of my religious organisation.

5. My religious beliefs lie behind my whole approach to life.

6. I spend time trying to grow in understanding of my faith.

7. It is important to me to spend periods of time in private religious thought and reflection.

8. Religious beliefs influence all my dealings in life.

9. Religion is especially important to me because it answers many questions about the meaning of life.

10. I often read books and magazines about my faith.

7.2   Appendix B

Factor Analysis

Before factor analysis, data was tested using three initial analyses: the correlation matrix, Bartlett's test of Sphericity and the Kaiser–Meyer–Olkin measuring sampling adequacy to ensure it is appropriate to proceed with a factor analysis. Results of these three analyses support factorability of the dataset. Evidence for the presence of the zero-order correlations among all items are moderately inter correlated (average range correlation = 0.139 - 0.750). Bartlett's test of Sphericity is 5222.30, $p<0.000$ and the Kaiser–Meyer–Olkin measure of sampling adequacy is 0.876.

Table 6: Factor Analysis Results

Item No.	*Factor 1*	*Factor 2*	*Factor 3*
REL1	0.629		
REL2	0.712		
REL3	0.389		
REL4	0.580		
REL5	0.686		
REL6	0.679		
REL7	0.685		
REL8	0.714		
REL9	0.714		
REL10	0.646		
VTC 1		0.819	
VTC 2		0.798	
VTC 3		0.778	
VTC 4		0.809	
VTC 5		0.797	
ETC 1			0.835
ETC 2			0.867
ETC 3			0.618
ETC 4			0.688
ETC 5			0.835
Eigenvalue	5.481	3.413	1.614
Percent of Variance	28.846	17.961	8.494
Cumulative Percent	25.222	46.807	55.300

Factor 1 is labelled '**Religiosity (REL)**', it is constituted by 10 items and accounts for 28.846% of the total variance of the items. The item values loaded ranged from 0.389 to 0.714. *Factor 2* is labelled '**Voluntary Tax Compliance (VTC)**', it is constituted by five items and accounts for 17.961% of the total variance of the items. The item values loaded ranged from 0.778 to 0.819. *Factor 3* is labelled '**Enforced Tax Compliance (ETC)**', it is constituted by five items and accounts for 8.494% of the total variance of the items. The item values loaded ranged from 0.618 to 0.867.