DO HAPPINESS AND CORRUPTION AFFECT TAX MORALE IN INDONESIA? AN EMPIRICAL ANALYSIS

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ABSTRACT

When the government adopts a tax amnesty policy, it simultaneously indicates lower citizens' tax morale. Unlike previous studies that emphasized economic, regulatory, and tax service variables, this research attempts to analyze several attributes of the socio-economic life of taxpayers as determinants of tax morale. This study examines the effect of trust, corrupt practices in public services, happiness, and religiosity on the tax morale of Indonesian citizens. This cross-sectional study adopts a quantitative approach and utilizes secondary data from the 7th Word Value Survey (WVS) collected in 2017. The WVS respondents were 3,200 Indonesian citizens over 17 years old and spread across several provinces. Data were processed and analyzed using logistic regression. The authors argue that five independent variables influenced citizens' tax morale in Indonesia: the level of education, the perceptions of corruption practices in public services, the level of happiness, the job status, and religion. This research produces the characteristics of Indonesian citizens with high tax morale: educated, perceived corruption in public services, happy, employed, and Moslem. The result corroborates several previous studies that confirm a positive effect on happiness, education level, employment status, religion, tax morale and an adverse effect of corruption on tax morale. The authors recommend that the government increase access to quality/quantity of education, eradicate corruption, improve citizens' happiness, and create new jobs for citizens based on the spirit of inclusiveness (no one left behind).

Keywords: corruption, happiness, Indonesia, religiosity, tax morale, trust

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INTRODUCTION

Tax is one of the government revenue sources. The practice of collecting taxes was known in ancient civilizations, such as the Age of the Pharaohs in Egypt (Wallace, 2016). The Indonesian government also collects taxes. However, the number could be more encouraging. Although tax revenues continue to grow, they have not been able to fully finance the general functions of government. In 2021, for example, the total government revenue reached IDR 1743.6 trillion. Of this total, the contribution of tax revenue reached IDR1,444.5 trillion (82.84%), non-tax state revenue reached IDR298.2 trillion (17.10%), and grants IDR0.9 trillion (0.06%). Meanwhile, government spending reached IDR2,750 trillion, which consisted of two items: central government spending (IDR1,954.5 trillion) and transfers to regions and village funds (IDR795.5 trillion). This means a deficit of IDR1,006.4 trillion or 5.70% of GDP (Ministry of Finance of the Republic of Indonesia, 2021).

Since President Joko Widodo took office, the government has issued a tax amnesty policy (Law Number 11 of 2016 on Taxes) to increase government revenue from taxes. This regulation was followed by Law Number 7 of 2021 on Harmonization of Tax Regulations. Until 2022, the central government has conducted four times tax amnesties. In 2016, when Jokowi first introduced the tax amnesty, the results were quite encouraging even though it had only reached less than 60% of the government's official target (Hamilton-Hart & Schulze, 2016). This policy has also succeeded in increasing revenue from the tax sector, particularly from funds parked abroad (Sayidah & Assagaf, 2019). Unfortunately, the tax amnesty policy potentially generates money laundering practices, weakens law enforcement, and perpetuates financial crime (Said, 2017).

Even though the results of the tax amnesty are quite encouraging, the above situation still cannot be denied due to the low level of tax compliance among Indonesian citizens. Tax amnesty indicates that taxpayers, individuals and institutions are only willing to pay taxes if an amnesty exists. In this amnesty case, taxpayers receive direct benefits, and this practice violates the principle of voluntary or sincere tax payments. Behind the tax amnesty, implicitly, we observe the problem of low motivation to pay taxes among taxpayers. This intrinsic motivation is called tax morale in the taxation and public finance literature.

Other data indicate how the tax morale of Indonesian citizens is still low. For example, in 2023, the Government of Indonesia, especially the Directorate of Tax, Ministry of Finance, had targeted to collect 83% of annual tax return reports from 16.1 billion registered individual taxpayers. However, until March 2023, only 61% of registered

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APPLICATIONS FOR PRACTICE
The government should:
- increase access to and quality of education
- eradicate corruption
- improve citizens' happiness
- create new jobs to provide employment opportunities for citizens.

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individual taxpayers reported their annual tax returns (Directorate General of Taxation, Ministry of Finance, Republic of Indonesia, 2023a). Corporate taxpayers show a similar situation. In 2023, only 48.77 % of corporate taxpayers reported annual tax returns (Directorate General of Taxation, Ministry of Finance, Republic of Indonesia, 2023b).

Scientists have widely studied tax morales. As a dependent variable, tax morale is associated with citizen life satisfaction (Ciziceno & Pizzuto, 2022), forms of social network of taxpayers (Di Gioacchino & Fichera, 2020), corrupt practices by public officials (Jahnke & Weisser, 2019), antipathy of citizens on ethnic diversity (Belmonte et al., 2018), education level of the taxpayer (Rodriguez-Justicia & Theilen, 2018), and age and gender (Cyan et al., 2016). Tax morale is an independent variable related to tax avoidance behaviour (Kemme et al., 2020) and illegal economic activity (Marè et al., 2020). This research contributes to the scientific debate on tax morale by positioning tax morale as the dependent variable. Simultaneously, this research utilizes the level of happiness, trust, perceptions of corrupt practices among public service providers, and religiosity as the independent variables. Four independent variables were chosen because they are relevant to the situation in Indonesia, which is characterized by corrupt practices in the public sector, the image as a religious nation (a consequence of the first precept of Pancasila), and efforts to subjectively assess the process of national development through the eyes of citizens as autonomous individuals. Apart from these four independent variables, this study also includes socio-demographic variables (for example, age, gender, location of residence, level of education, and so forth) as control variables.

The novelty of this research lies in the effort to dig up empirical evidence on various aspects of social-community life (represented by the variables of happiness, trust, religiosity, and perceptions of corruption) on the tax morale of Indonesian citizens. Understanding tax morale is essential to finding the best strategy for strengthening citizens' tax compliance and the state's capacity, especially public finance and public treasury, in financing the general function of government. In this article, the authors give special attention to the corruption variable as an independent variable to emphasize that poor public finance or public treasury management could cause high and low tax morale.

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This orientation will contribute to the scientific debate on public accountability (corruption) and tax compliance (tax morale).

This research is also different from several studies on tax morale in Indonesia, which emphasize economic variables (for example, income levels, economic growth, job creation, inflation, and so forth.), regulations, and tax services provided by the tax authorities (for example, auditing processes, tax rates, tax penalties, tax incentives, and so on). To the best of the researchers' knowledge, Indonesian researchers who pay attention to the effect of happiness, trust, religiosity (Saragih et al., 2020), and perceptions of corruption with tax morale are still very few. Further research is required to strengthen the existing findings. In short, we formulate the research question: How do happiness and corruption in the public sector affect citizens' tax morale?

We have organized this article into several parts to answer the research question above. First, we describe a literature review and develop a research hypothesis. Second, we explain research methods that consist of information about the source of research data, procedure and technique of data analysis, conceptualization, and operationalization of the research variable. Third, we present our findings and discuss them with the previous findings. Also, we generate practical implications and further research agenda based on our findings.

LITERATURE REVIEW
Tax Compliance
Tax compliance is a concept that explains how far a taxpayer pays taxes according to the tax rate set by the tax authorities. Even though the behaviour of paying taxes seems simple, several previous studies have shown the complexity of the factors that influence tax compliance. These factors can nest at the individual level, for example, education level, tax knowledge, welfare level, electoral participation, emotions (Enachescu et al., 2019), organizational or social group level, for example, altruism, fairness or reciprocity (Alm, 2019), tax service (Dularif & Rustiarini, 2022; Saptono & Khozen, 2023), electronic tax system or tax digitalization (Night & Bananuka, 2019; Yamen et al., 2023), as well as the state/society level, for example, economic growth, quality of democracy (Zheng et al., 2020), election outcomes (Hunt et al., 2019), and cultural values (Ten Kate et al., 2023). These factors can be divided into economic factors (for example, income levels) and non-economic factors (for example, social norms). One of the factors that influences tax compliance is tax morale.

Tax Morale
Tax morale is an individual's intrinsic non-pecuniary motivation to comply with taxes (Andriani et al., 2022). Tax morale represents attitude, while tax compliance is behaviour. The focus of tax moral questions is on why a taxpayer does not try to avoid the taxes imposed on him or why someone pays taxes obediently. A systematic literature review conducted by Horodnic (2018) identified several variables associated with tax morale: trust in public authorities, quality and effectiveness of government spending, government openness, inflation, tax rate, income per capita, income inequality, corruption, quality of democracy, centralization, level of migration, cultural factors, national pride, patriotism, religion, sense of community, community size, citizen participation, social responsibility, social stigma, trust in taxpayers, perceptions of tax evasion, gender, age, marital status, economic status, social class, life satisfaction, employment status, education level, support for democracy, moral norms, and individual attitudes towards ethnic diversity.

Happiness and Tax Morale
Happiness is a subjective and pleasurable feeling resulting from success or good fortune (Greve, 2023). Because happiness is subjective, it is difficult to measure. Typically, researchers ask respondents directly whether their lives are happy or unhappy. Although it is difficult to measure, happiness can be distinguished from welfare, which refers more to conditions or situations where various material requirements are met, for example, food, clothing, and shelter; primary, secondary, and tertiary (Rose & Shiratori, 1986; Spicker, 2000). Because happiness and welfare are different things, those who are happy are not necessarily in a good state of welfare, and those who are in a good state of welfare are not necessarily happy. Several previous researches indicate that happiness is a determinant of tax morale (Anderson, 2022). Happy citizens tend to have tax morale (Ciziceno & Pizzuto, 2022). Taxes positively and significantly contribute to happiness only when people trust one another (Anderson, 2022) or are connected to public spending (Delgado-Rodríguez & Lucas-Santos, 2021). These findings contradict Alexander & Balavac-Orlic's (2022) study that happiness does not affect tax morale. Some of these findings became the basis for researchers to formulate the 1st hypothesis (**H1**): *there is a positive and significant effect between happiness and tax morale of Indonesian citizens.*

Trust and Tax Morale
Trust is the mentality of someone who believes that other people are good. Some consider trust as a willingness to accept vulnerability based on positive expectations about the behaviour and morality of others (Knippenberg, 2018). Trust is like oil in a machine that helps every element of the machine to work. Almost all events in our lives are based on trust, starting from the interaction of sellers vs buyers, people vs government, customers vs

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companies, and so on. Most empirical research shows that trust is important for human social life, both at the personal and institutional levels, because it triggers cooperation between people (Wulandhari et al., 2022). In the context of tax morale, some previous research has also shown the effect of trust on tax morale (Anderson, 2022; Ciziceno & Pizzuto, 2022; Fotiadis & Chatzoglou, 2021; Franic, 2022), especially trust in tax authorities (Batrancea et al., 2019; Dularif & Rustiarini, 2022; Gërxhani & Wintrobe, 2021; Gobena & Van Dijke, 2017; Kouamé, 2021). Starting from these findings, we formulated the 2nd hypothesis (**H2**): There is a positive and significant effect between trust and tax morale of Indonesian citizens.

Public Sector Corruption and Tax Morale

The effect of corruption in the public sector on tax morale could simply be explained. Taxpayers pay taxes voluntarily and hope that the tax funds they pay can be used by the government or tax authorities to carry out various development programs to improve taxpayers' quality of life. When the government or tax authority corrupts tax funds, this action disappoints taxpayers and decreases their tax morale. Some previous researches show how the conditions of the public sector (for example, corruption, the legal and tax system) affect the tax morale of the citizens (Bani-Mustafa et al., 2022; Bertinelli, 2020; Nyamapheni & Robinson, 2022; Rosid et al., 2018; Sebele-Mpofu, 2020; Williams & Krasniqi, 2017). Based on these findings, we formulated the 3rd hypothesis (**H3**): *there is a negative and significant effect between* public sector corruption and Indonesian Citizens' tax morale*. When respondents perceive corruption in public services as low, the tax morale will be high.

Religiosity and Tax Morale

Religiosity is related to how people *believe* (intensity/ contents of faith), *behave* (prayer/ service attendance/ involvement in religious organizations) and *belong* (religious affiliation) (Hillenbrand, 2020). Several empirical researches have shown the effect of religiosity on tax morale (Capasso et al., 2021; Crnogorac & Lago-Peñas, 2020; Islam et al., 2020), tax compliance (Agbetunde et al., 2022; Dularif & Rustiarini, 2022), and tax evasion (Franic, 2022; Srivastava et al., 2018). The higher the degree of religiosity, the higher the tax morale and compliance. However, some research shows no significant effect between religiosity and tax compliance (Carsamer & Abbam, 2023; Nemore & Morone, 2019). Based on these findings, we formulate the 4th hypothesis (**H4**): *there is a positive and significant effect between religiosity and the tax morale of Indonesian citizens.*

Demographic Factors and Tax Morale

Demographic factors refer to respondents' attributes or social identities, such as gender, age, marital status, education level, employment status, and religion. Some demographic variables cannot be intervened because they are natural or given, such as gender, marital status, employment status, and religion. Some of them can be intervened, such as their level of education or employment status. The theoretical connection between demographic factors and tax morale could be explained as follows:

First, gender and tax morale. Biologically, males and females are different. In several developing countries, including Indonesia, biological differences become the basis for dividing physical labor and social roles in society. The social division of labor between males and females (gender) will give rise to different life experiences and tax morality. In Indonesia, it is important to explain the gender factor because the female position is considered the person responsible for managing household expenses, including tax expenditures. Some researchers state that gender does not affect tax morale (Kondelaji, Sameti, Amiri, & Moayedfar, 2016). Others say the opposite: gender affects tax morale (Ciziceno & Pizzuto, 2022; Crnogorac & Lago-Peñas, 2020; Cyan et al., 2016; Levenko & Staehr, 2022; McCulloch et al., 2021). The difference in the findings of these studies became the basis for the researchers to formulate the 5th hypothesis (**H5**): *there is a significant and positive effect between gender and tax morale.*

Second, age and tax morale. The findings of previous empirical studies also vary regarding the effect of age and tax morale. McCulloch et al. (2021) state that age does not affect tax morale. On the contrary, Kondelaji (2016), Crnogorac & Lago-Peñas (2020), Ciziceno & Pizzuto (2022), and Levenko & Staehr (2022) reveal that age has a significant effect and positive effect on tax morale. In the Indonesian context, the age variable is important because of demographic changes in this country. This narrative drives the researchers to formulate the 6th hypothesis (**H6**): *respondents' age is positively associated with tax morale.*

Third, marital status and tax morale. Marital status consists of several types: never married, married, living together without marriage, living separately, widow, and single. Because the government often gives different treatment to citizens based on their marital status, marital status will logically contribute to citizens' tax morale. However, the empirical findings on the effect of marital status and tax morale vary widely. For example, Crnogorac and Lago-Peñas (2020), reveal that marital status has no significant effect on tax morale in former Yugoslavian countries. Ciziceno and Pizzuto (2022) argue that marital status, especially married couples, is positively and

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statistically significantly associated with higher tax morale. This narrative brings the researchers to formulate the 7th hypothesis (**H7**): *marital status positively affects tax morale.*

Fourth, the level of education and tax morale. Some previous studies have found that education level does not significantly affect tax morale (Levenko & Staehr, 2022; McCulloch et al., 2021). Other researchers show empirical evidence that education level has a significant effect on tax morale (Ciziceno & Pizzuto, 2022; Crnogorac & Lago-Peñas, 2020; Cyan et al., 2016; Rodriguez-Justicia & Theilen, 2018; Williams & Krasniqi, 2017). This effect can be positive or negative. For research that produces a positive effect, the level of education will contribute to the responsibility, knowledge, awareness, and tax benefits for taxpayers, as well as the risk of non-compliance with paying taxes. Conversely, when the level of education is negatively related to tax morale, this shows that the higher the level of education, the more critical a person is to the tax authority's policies. Based on this narrative, we formulate the 8th hypothesis (**H8**): *education level significantly positively affects tax morale.*

Fifth, employment status and tax morale. Working is one of the socio-economic human activities that fulfil their unlimited needs. People can work in the formal or informal sector to earn money and meet their needs (goods and services), including paying taxes. They cannot afford to pay taxes if they do not work and have no income. Several studies have shown that employment status significantly affects tax morale (Carvalho Junior & De Cesare, 2022; Levenko & Staehr, 2022). However, tax morale will decrease if the payers are self-employed and unemployed (Jahnke & Weisser, 2019; Marè et al., 2020). Several studies indicate that employment status does not affect tax morale (Ciziceno & Pizzuto, 2022; McCulloch et al., 2021). Referring to this narrative, we formulate the 9th hypothesis (**H9**): *employment status has a significant and positive effect on tax morale.*

Seventh, religion and tax morale. The influence of religion on tax morale tends to be inconsistent and is still the subject of scientific debate among scientists. Some empirical researches show that religion has significantly affects on tax morale (Hidayat et al., 2022; Jahnke & Weisser, 2019; Vincent, 2023). Conversely, several studies have concluded that religious identity does not affect tax morale or there is no difference in tax morale between religions (Belmonte et al., 2018; Khalil & Sidani, 2020, 2022). Because Indonesia is a religious nation and religious identity is a mandatory attribute that every citizen must own, the variable remains relevant to be included in the regression model. The previous findings on the effect of religion on tax morals became the basis for

researchers to formulate the 10th hypothesis (**H10**): *there is a significant positive effect between religious identity and tax morale.*

RESEARCH METHODOLOGY

This cross-sectional study adopts a quantitative approach, especially logistic regression. Logistic regression is chosen because the dependent variable is binary. This research used World Value Survey (WVS) VII data (Haerpfer et al., 2021) collected by the World Value Survey Association (WVSA) in the period 2017 – 2020 in Indonesia. Even though WVS VII has been implemented since 1981, Indonesia was only included as a WVS sample in the WVS VII with 3,200 respondents (female: 54.81%; male: 45.19%) spreading over several main islands in Indonesia (see Table 1). The distribution of the respondents' domiciles indicates that the WVS VII data represents the situation and conditions of Indonesia at the country level. The WVS VII uses a multi-stage random sampling technique to identify and recruit research samples. The total population of WVS VII is Indonesian citizens aged 18 years and over which reaches approximately 128,062,746 people or 48% of the total population of Indonesia which reached 261,890.9 people in 2018 (Badan Pusat Statistik, 2019).

The interview process with WVS VII respondents in Indonesia was carried out for three months (June, July, and August) in 2018 using the CAPI (computer-assisted personal interviewing) technique in 20 provinces. Field data collection techniques involved the University of Melbourne and SurveyMeter (a private research institute in Yogyakarta). In each district/city that became the primary sampling unit, ten respondents (female and male) were randomly selected representing three age groups (18-35 years old, 36-50 years old, and over 50 years old).

The average age of respondents was 40 years old. The youngest respondent was 18 years old and the oldest respondent is 87 years old. The majority of respondents had senior high school/equivalent (33.35%), married (76.66%), worked–full time or >30 hours per week (37.15%), worked in the

Table 1 Distribution of WVS VII Respondents in Indonesia Based on Island

No.	Island	Total respondents	%
1.	Jawa	1.904	59.5
2.	Kalimantan	188	5.9
3.	Nusa Tenggara	169	5.3
4.	Papua	49	1.5
5.	Sulawesi	615	19.2
6	Sumatera	275	8.6
Total		**3.200**	**100%**

Sources: WVSA (2022)

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private sector (89.80%), middle income (51.60%), and Moslem (83.19%).

WVS VII data was downloaded from the WVSA website. Based on this data, the researcher creates a dataset containing only the respondents' answer from Indonesia. Clean datasets were analyzed through three stages: univariate analysis, bivariate analysis, and multivariate analysis. The bivariate test was used to filter independent variables that can be included in the multivariate analysis.

The effects of the independent variable on the dependent variable in this study are shown in Figure 1.

Figure 1 Conceptual Framework
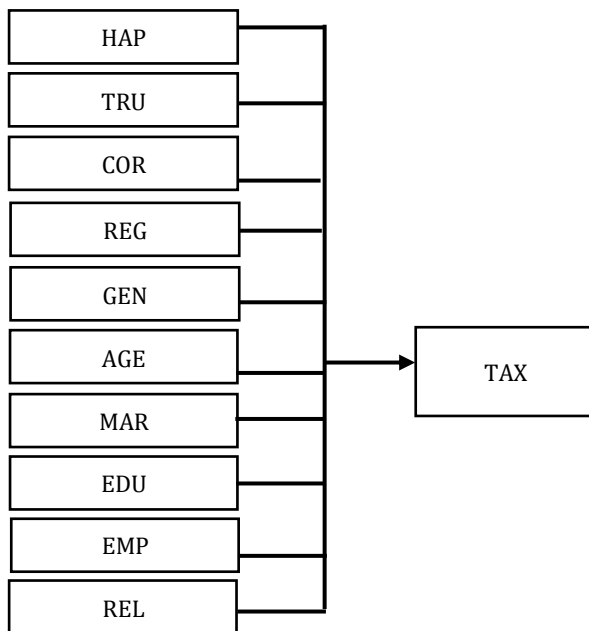
Source: Authors (2023)

The dependent variable in this study is citizens' tax morale (TAX). It is extracted from question Q180 ("whether fraudulent practices in paying taxes are justified or never justified"). Respondents were asked to choose a number between 1 (unjustifiable) and 10 (highly justifiable). This data is converted into binary data: 1 = high tax morale (score 1 to 5) and 0 = low tax morale (score 6 to 10). We also recorded all independent variables into binary variables so thety were consistent with the research hypothesis.

Then independent variable consists of various variables and could be explained as follow: *first,* the level of happiness (HAP). This variable was extracted from question Q46 ("taking into account all the current conditions, what is your quality of life today?"). The data will be converted into a binary variable: 1 = happy and 0 = unhappy. As shown above, several researchers have found the effect of happiness (Anderson, 2022) or happy citizens on tax morale (Ciziceno & Pizzuto, 2022; Delgado-Rodríguez & Lucas-Santos, 2021). We focused on the category of happiness because it is a part of the

ends of development and government responsibility.

Second, level of trust (TRU). Data on the level of trust was extracted from question Q57 ("in general, can you trust people, or should you be careful with other people?") that has two answers: (1) the majority of people can be trusted (2) one has to be careful with other people. The data will be converted into a binary variable: 1 = trust and 0 = no trust. Previous researches also show the effect of trust on tax morale (Anderson, 2022; Batrancea et al., 2019; Ciziceno & Pizzuto, 2022; Dularif & Rustiarini, 2022; Fotiadis & Chatzoglou, 2021; Franic, 2022; Gërxhani & Wintrobe, 2021; Gobena & Van Dijke, 2017; Kouamé, 2021). We choose trust because it contributes to a good and healthy society.

Third, corruption practice in public services (COR). This variable is extracted from question Q116 (*"how many public servants are involved in corrupt practices?"*) that contains four answers: (1) none; (2) a little; (3) most of them; and (4) all of them. The data will be converted into a binary variable containing two values: 1 = corruption and 0 = no corruption. Corruption practice in the public sector affects citizens' tax morale (Bani-Mustafa et al., 2022; Bertinelli et al., 2020; Nyamapheni & Robinson, 2022; Rosid et al., 2018; Sebele-Mpofu, 2020; Williams & Krasniqi, 2017). We select the category of corruption because it is still happening in Indonesia.

Fourth, level of religiosity (REG). The religiosity data was extracted from question Q173 (*"are you one of those people who...?"*) that contains three answers: (1) religious; (2) not religious; (3) atheist. The data will be converted into a binary variable: 1 = religious and 0 = not religious. Religiosity positively affects on citizens' tax morale (Capasso et al., 2021; Crnogorac & Lago-Peñas, 2020; Islam et al., 2020). We included religious indicators in the logistic model because Indonesia is known as a religious nation. Believing in God is the fundamental value of Indonesia as a nation-state.

Fifth, gender (GEN). This variable was extracted from question Q260 and coded as 1 = male and 0 = female. Although the effect of gender on tax morale is debatable (Ciziceno & Pizzuto, 2022; Crnogorac & Lago-Peñas, 2020; Cyan et al., 2016; Kondelaji et al., 2016; Levenko & Staehr, 2022; McCulloch et al., 2021), we included male category into the logistic model because majority ethnic in Indonesia adopted patrilineal system. Patrilineal gives a special and dominant role for the male as household head.

Sixth, age (AGE). It was extracted from question Q262 *("how old are you now?")*. Various research has shown the effect of age on citizens' tax morale (Ciziceno & Pizzuto, 2022; Crnogorac & Lago-Peñas, 2020; Kondelaji et al., 2016; Levenko & Staehr, 2022; McCulloch et al., 2021). We choose age

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because it determines the rights and obligations of citizens in the private and public spheres, including tax payments.

Seventh, marital status (MAR). It was extracted from question Q273 *("what is your current marital status?")*, which contains six answers: (1) married; (2) live together without marriage ties; (3) divorced; (4) separated; (5) widow; (6) single. Data is converted into binary: 1 = married and 0 = not married. Married citizens have higher tax morale than unmarried citizens (Ciziceno & Pizzuto, 2022). We choose married category because it shows economic, psychological, and social maturity. Married citizens generally have the obligation to pay more taxes than those who are divorced, widowed, or single.

Eight, level of education (EDU). It was extracted from question Q275 *("what is the level of education you have completed?")*. This data will be converted into binary: 1 = higher or equal to senior high school/equivalent; and 0 = lower than senior high school/equivalent. Education has a significant effect on tax morale (Ciziceno & Pizzuto, 2022; Crnogorac & Lago-Peñas, 2020; Cyan et al., 2016; Rodriguez-Justicia & Theilen, 2018, 2018; Williams & Krasniqi, 2017, 2017). We focus on the senior high school/equivalent because at this level the majority of students are teenagers, have basic knowledge of the economic system, political system, and citizenship, and have the opportunity to participate in broader social life.

Ninth, employment status (EMP)*.* It was extracted from question Q280 *("are you currently working for income?")* and coded as follows: 1 = employed and 0 = unemployed. Employment status significantly affects tax morale (Carvalho Junior & De Cesare, 2022; Jahnke & Weisser, 2019; Levenko & Staehr, 2022; Marè et al., 2020). We choose the category of work because employed citizens have a greater obligation to pay taxes than unemployed citizens.

Tenth, religion (REL). It was extracted from question Q289 *("what is your religion?")* and recoded as binary: 1 = Moslem and 0 = non-Moslem. Religion significantly affects tax morale (Hidayat et al., 2022; Jahnke & Weisser, 2019; Vincent, 2023). We choose the category of Moslem because the majority of Indonesian citizens are Moslem.

If Figure 1 is visualized in a logic function of the logistic regression equation, it will produce the following equation:

$$g(\textbf{TAX}) = \beta_0 + \beta_1\textbf{HAP} + \beta_2\textbf{TRU} + \beta_3\textbf{COR} + \beta_4\textbf{REG} + \beta_5\textbf{GEN} + \beta_6\textbf{AGE} + \beta_7\textbf{MAR} + \beta_8\textbf{EDU} + \beta_9\textbf{EMP} + \beta_{10}\textbf{REL} + e \text{ .... (1)}$$

where: (a) $g(\textbf{TAX})$ is conditional probability outcome of citizens' tax morale (1 = high tax morale; 0 = low tax morale); (b) β_0 is a constant; (c) $\beta_1 - \beta_{10}$ is regression coefficient; (d) HAP, TRU, COR, REG, GEN, AGE, MAR, EDU, EMP, and REL is the independent variable; and (e) *e* is an error term.

RESULT AND DISCUSSION

Data analysis was carried out in three stages: univariate, bivariate, and multivariate analysis. Univariate analysis was conducted after all independent variables were converted into binary variables, except for age. The majority of respondents have high tax morale. Meanwhile, in terms of independent variables, the respondents of this study had the following characteristics: happy, low trust, perceived corruption practice in public services, religious, dominated by women, junior high school/equivalent, 40 years old, married, employed, and Moslem. The summary of the univariate analysis is shown in Table 3.

In the second stage, bivariate analysis aims to select independent variables to be included in multivariate analysis. Researchers used cross-tabulation to calculate the statistical effect of the dependent variable on the independent variable. Only independent variables that have a *p*-value <0.25 will be included in the multivariate analysis (Hosmer et al., 2013). Of the 10 independent variables, only 6 independent variables have a significant effect on tax morale and can be included in multivariate analysis: the level of happiness, the corruption practice in the public service, the marital status, the education level, the employment status, and religion. On the other hand, 4 independent variables have no statistical effect on tax morale: the level of trust, the level of religiosity, gender, and age. The independent variable that has the largest chi-squared (X^2) score will be included first in the logistic regression equation, followed by the independent variable with the second largest X^2, and so on.

In the last stage, multivariate analysis was carried out in 7 steps by entering one by one the independent variables according to the X^2 score generated in the bivariate analysis. The final logistic regression model contains 6 independent variables: education level, corruption in public services, happiness, employment status, and religion (see Table 4). Marital status should be excluded from the final model because it does not have a significant effect on tax morale. The final could be formulated as follow:

$$g(\textbf{TAX}) = 0{,}791 + 0{,}42*\textbf{HAP} + -0{,}34*\textbf{COR} + 1{,}4*\textbf{EDU} + + 0{,}26*\textbf{EMP} + 0{,}32*\textbf{REL} + e \text{ .... (2)}$$

The final model can significantly explain tax morale by 4%, *p* <0.00. The remainder, as much as 96%, is explained by other independent variables that are not included in the logistic regression model. All independent variables have a positive effect on tax morale, except for corruption practices in public services. The contribution of each

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Table 3 Summary of Univariate Analysis

Research variable	Category	Freq.	%	n
TAX	Low	404	12,65	3.193
	High	2.789	87,35	
HAP	Not happy	195	6,10	3.199
	Happy	3.004	93,90	
TRU	Not trust	3.033	94,81	3.199
	Trust	166	5,19	
COR	Not corruption	421	13,49	3.120
	Corruption	2.699	86,51	
REG	Not religious	235	7,44	3.159
	Religious	2.924	92,56	
GEN	Female	1.754	54,81	3.200
	Male	1.446	45,19	
AGE	Mean	40,02		3.200
	SD	13,54		
	Variance	183,42		
	Skewness	0.44		
	Kurtosis	2,61		
MAR	Married	2.453	76,66	3.200
	Other	747	23,34	
EDU	<Senior high school/equivalent	1.812	56,64	3.199
	> Senior high school/equivalent	1.387	43,36	
EMP	Not working	634	22,89	2.770
	Working	2.136	77,11	
REL	Islam	2662	83.19	3.200
	Other	538	16.81	

Source: primary data analysis

independent variable on tax morale varies. As shown by the OR (odds ratio), the level of education has the highest contribution to tax morale. The level of happiness and religion occupies the second and third positiions. Meanwhile, the fourth and fifth positions are occupied by employment status and corruption practices in the public services (see, Table 4). The final model passed the goodness-of-fit test, $p > 0.05$. This means that the results are consistent with the observed data.

The significance level of the independent variables is also diverse. Education level, corruption practices in the public services, and religion are significant at $p < 0.00$. While the level of happiness and employment status is significant at $p < 0.05$. The final model of logistic regression produces the characteristics of citizens with high tax morale: educated >senior high school/equivalent, happy, Moslem, work, and perceive no corruption in public services. This finding about religion must be treated with caution. There is a possibility that this finding is very biased because Moslem is the majority religion in Indonesia. The final model is the basis for researchers to: (a) accept H1, H3, H8, H9, and H10; (b) reject H2, H4, H5, H6, and H7.

This study found that six independent variables (education level, corruption practice in the public services, level of happiness, employment status, and religion) can explain tax morale by 4%. There is no standard among scientists about how much the standard value of Pseudo R2 is acceptable for assessing the result of multivariate analysis. Even though this Pseudo R2 is clearly low, it

contains two important messages: Policymakers should give attention to citizens' happiness and eradicate corruption in the public sector. Resources allocation to intervene in the happiness of citizens and eradicate corruption will impact the citizens' tax morale.

In the Indonesian context, the low ability of the logistic regression model to explain tax morale is very likely due to other factors, both at the individual, government, and community levels, which should have been included in this study. Although the final model has a low ability to estimate tax morale, the findings of this study corroborate several previous studies which confirm a positive effect between the level of happiness and tax morale (Ciziceno & Pizzuto, 2022). However, happiness levels will positively affect tax morale if people trust their government (Ciziceno & Pizzuto, 2022). In our study, instead of trust in government, we measure trust in society as a whole. As shown in bivariate analysis, the level of trust does not have a significant relationship with tax morale. Consequently, the government needs to design programs to increase citizens' life satisfaction. For example, the government could increase green open spaces, parks, gardens, and cultural events in each city so that people can enjoy their leisure time better.

The negative effect between corruption practices in public services and tax morale in this study is in line with the previous research, which confirms that corruption practices in public services have a significant effect on tax morale (Bani-Mustafa et al., 2022; Bertinelli et al., 2020; Nyamapheni & Robinson, 2022; Rosid et al., 2018; Sebele-Mpofu, 2020; Williams & Krasniqi, 2017). Although the previous studies include a variety of independent variables, for example, government efficiency (Bani-Mustafa et al., 2022), tax audit (Bertinelli et al., 2020), current regime and hunger (Nyamapheni & Robinson, 2022), social norms and tax compliance behaviour (Rosid et al., 2018), governance quality

Table 4 Summary of Multivariate Analysis

	Citizen's tax moral	
	Coef.	OR
EDU	1.147***	3.147***
	(0.148)	(0.466)
COR	-0.343**	0.710**
	(0.152)	(0.108)
HAP	0.421*	1.523*
	(0.215)	(0.327)
EMP	0.264*	1.302*
	(0.135)	(0.176)
REL	0.327**	1.387**
	(0.149)	(0.207)
Constant	0.792***	2.208***
	(0.249)	(0.550)
Observations	2,689	2,689

Standard errors in parentheses
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Source: primary data analysis

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(Sabele-Mbofu, 2020), stronger legal system and higher levels of state intervention (Williams & Krasniqi, 2017), which were not included in this study, the effect of corruption practices in public services on tax morale is robust. This means that various multistakeholders should support eradicating corruption in Indonesia, as mandated by several laws that started in 1999. The term "support" has a broad meaning. Starting from withdrawing political support for a regime that is not proactive in eradicating corruption; providing negative comments on efforts to weaken corruption eradication at various levels of government units; social protest, digital petitions, and so on. Based on their authority, each government unit should promote an anti-corruption spirit in their daily activity.

In the public financial/public treasury sector, the phenomenon of corrupt behavior is a classic problem that has yet to be eradicated. In the 2010-2022 period, for example, of the 1,519 cases that were successfully prosecuted, corrupter professions were members of the House of Representative (DPR)/Regional House of Representative (DPRD) (343 peoples), senior bureaucrat/Echelon I, II, III, and IV (310 peoples), major/regent (155 peoples), and governor (23 peoples) (Komisi Pemberantasan Korupsi Republik Indonesia, 2023). This data shows how public officials (politicians and bureaucrats) who manage public finances/treasury are vulnerable to corrupting the public budget. In addition to reforming the public finance system, policymakers need to expand the span of digital transactions in the public sector in the short term as the first step in anticipating corruption practices.

This study rejects the H2. These results contradict some previous research that shows the effect of trust level on tax morale (Anderson, 2022; Batrancea et al., 2019; Ciziceno & Pizzuto, 2022; Dularif & Rustiarini, 2022; Franic, 2022; Gërxhani & Wintrobe, 2021; Gobena & Van Dijke, 2017; Kouamé, 2021). We suspect this is due to the influence of variables not included in this study. Although our research respondents have a low level of trust (94.81% = no trust and 5.19% = trust), this situation is not the cause of the absence of a relationship between the level of trust and tax morale. As shown by previous studies, even though respondents have a low level of trust, the relationship between the level of trust and tax morale remains significant (Anderson, 2022; Fotiadis & Chatzoglou, 2021; Gërxhani & Wintrobe, 2021; Gobena & Van Dijke, 2017). Even if the respondents of this study have high tax morale, the effect of trust level on tax morale is not significant. This finding is different from Kouamé's (2021), where the respondent's tax morale is low, but the effect of the level of trust on tax morale

remains positive and significant. Although the level of trust and tax morale are not statistically related, the low degree of trust revealed by this study is a severe issue that needs attention from many stakeholders. If a low level of economic growth will impact a decrease in people's welfare, then a low level of trust will impact the quality of people's lives at the individual, group, and community levels.

This study also rejects the H4 and contradicts the previous research, which indicated that religion positively affects tax morale (Capasso et al., 2021; Crnogorac & Lago-Peñas, 2020; Islam et al., 2020). So far, we do not yet have an answer to explain why religion and tax morale are not statistically related in Indonesia. We think that religion cannot stand alone and should be connected to other variables, for example, national pride (Crnogorac & Lago-Peñas, 2020), fiscal transparency, gross domestic product, rule of law, tax revenue, and direct tax burden (Capasso et al., 2021), economic freedom and public sector governance (Islam et al., 2020). Both religion and tax morale are based on voluntary.

Of the six variables that represent socio-demographic attributes, three variables are significantly related to tax morale: the level of education, employment status, and religion. The effect of education level on tax morale is very stable or does not change despite various independent variables. This stability can be seen from the OR value in all stages of the logistic model. This finding corroborates several previous research confirming the significant effect of education level and tax morale (Ciziceno & Pizzuto, 2022; Crnogorac & Lago-Peñas, 2020; Rodriguez-Justicia & Theilen, 2018; Williams & Krasniqi, 2017), even though we abandon several independent variables in the previous research such as more robust legal system, less corruption, state intervention (Williams & Krasniqi, 2017), cultural orientation (Ciziceno & Pizzuto, 2022), tax burden and economic freedom (Crnogorac & Lago-Peñas, 2020), and a fairer tax system and better institutions (Rodriguez-Justicia & Theilen, 2018). This finding signals that all government (central, province, and regional) units at each level should increase the quality/quantity of education access.

Employment status is also positively related to tax morale. This finding corroborates previous research that found a statistical effect of employment status on tax morale (Carvalho Junior & De Cesare, 2022; Jahnke & Weisser, 2019; Marè et al., 2020). Employment status creates income stability and could increase the ability to pay taxes. However, this ability could be transformed into a willingness to pay tax if people take direct benefit from public services (Carvalho Junior & De Cesare, 2022), respect for civic participation (Jahnke & Weisser, 2019), and live in a community with stronger family ties (Marè et al., 2020). This finding

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implies that government should provide and maintain jobs for all citizens.

Religion also has a significant effect on tax morale. This finding corroborates some previous research that showed a significant effect of religion on tax morale (Hidayat et al., 2022; Jahnke & Weisser, 2019; Vincent, 2023). In Indonesia, religion is a social identity. All Indonesian citizens should have a religion, although religious identity does not contribute to the level of religiosity. We suspect that religion impacts tax morale due to contextual factors that make Moslem the majority religion in Indonesia.

CONCLUSION

In Indonesia, five independent variables (education level, public service corruption practices, happiness level, employment status, and religion) have influenced tax morale. Indonesian citizens who have high tax morale have characteristics as follows: educated (>senior high school/equivalent), perceived corruption in public services, happy, employed, and Moslem. This study corroborates but also rejects previous research findings, which indicate that tax morale is a wicked scientific phenomenon. We should pay attention to the level of happiness and corruption practices in the public service because they are not socio-demographic variables. The level of happiness is a symbol of quality of life. This finding reminds the government not to interpret development solely as economic development. Furthermore, corruption practices in public services are related to how the government exercises its power to achieve the ultimate goals. Our findings show that citizens cannot accept the achievement of the ultimate goal in immoral ways.

To increase citizens' tax morale, the authors recommend that the government (central, province, and regional) increase education access and quality/quantity, continue to eradicate corruption, design policies and programs that promote citizens' life satisfaction, and provide more job opportunities. Policies and programs that do not offer employment opportunities for citizens should be closed (for example, investment inflows from China accompanied by migrant workers from abroad) because they will worsen citizen tax morale. All these recommendations should be executed based on the spirit of *inclusiveness* or *no one left behind.*

Although this research succeeded in discovering the determinants of tax morale in Indonesia, many independent variables, especially at the organizational level (tax authorities) and the country level (for example, economic growth, employment rate, gender equality, and so on), have not been included in the statistical model. We suggest a study of tax morale in Indonesia needs to be carried out with a multi-level approach in the future.

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