

Tax Audit, Tax Penalty, Religiosity and Tax Compliance

Sadia Gulzar¹, Usman Sarwar², Sonia Sattar³, Jehanger⁴,
Muhammad Usman⁵ and Maria Quibtia⁶

<https://doi.org/10.62345/jads.2024.13.3.64>

Abstract

The purpose of this paper was to investigate the impact of tax audit and tax penalty on tax compliance and examine the moderating effect of religiosity on the associations between tax audit and tax penalty with tax compliance in Pakistan. In this study, 400 questionnaires were distributed by using convenience sampling to actual as well as potential taxpayers of Pakistan, after which a total of 247 useable questionnaires were deemed suitable for analysis. Partial least squares structural equation modelling (PLS SEM) was devised using SmartPLS software to validate the measurement model and structural model and the predictive relevance of the study's model. The findings showed that tax audit and tax penalty were positively associated with the level of tax compliance. They also demonstrated the moderating significant effect of religiosity on the relationship between tax penalty, tax audit and tax compliance. Tax authorities and policymakers in developing majority societies in developing countries and in other South Asian countries, especially in Pakistan may use the results to focus their interest on the formulation of policies founded on the outcomes of the study to strengthen revenue collection. This study extended the deterrence theory in the context of tax compliance by studying tax audit and tax penalty as well as the proposed moderating effect of religiosity in the purview of deterrence theory on tax compliance. The study explored the potential effect of these significant factors of tax compliance among actual as well as potential taxpayers in socio cultural context of Pakistan. Moreover, the suitability for the use of PLS-SEM as a statistical tool in investigating the above-mentioned relationships was also discussed.

Keywords: Religiosity, Deterrence Theory, Tax Compliance, Tax Audit, Tax Penalty.

Introduction

Taxation is a major factor that a government considers while taking financial decisions. (Gilligan & Richardson, 2005; Hanlon, Maydew, & Thornock, 2015). Tax collection is the backbone of the projects of public finance such as development and maintenance of infrastructure as well as providing the general public with necessary facilities and amenities. This spending is essential for economic growth of a country (Alm & Torgler, 2006; Gangl et al., 2016; Miskam et al., 2013). Therefore, researchers have focused on tax compliance thanks

¹Assistant Professor, Institute of Islamic Studies, University of the Punjab, Lahore, Pakistan.

Email: sadia.is@pu.edu.pk

²Assistant Professor, Hailey College of Banking & Finance, University of the Punjab, Lahore, Pakistan.

Email: usmansarwar@puhcbf.edu.pk

³PhD Scholar, School of Management and Economics, Beijing Institute of Technology, China.

Email: soniausman5490@gmail.com

⁴Education Department, Govt. of the Punjab, Pakistan. Email: jehangerhanif86@gmail.com

⁵PhD Scholar, Hailey College of Commerce, University of the Punjab, Lahore, Pakistan.

Email: usman90.fbr@gmail.com

⁶PhD Scholar, Hailey College of Commerce, University of the Punjab, Lahore, Pakistan.

Email: mariaquibtia10@gmail.com



to its significance and active role in financial development (Alon & Hageman, 2013; Andreoni et al., 1998; Khlif et al., 2016; Torgler & Schneider, 2007; Torgler et al., 2010).

Despite being essential, even the developed countries fail to achieve hundred-percent tax compliance. This is because there always remains a fraction of wealthy and powerful public that is considered 'hard to tax'. This fraction always tends to evade or avoid to dispose the actual tax liability through different sinister means such as under-declaration of the wealth and wrong calculation of the tax liability (McGee et al., 2008). Therefore, tax evasion and avoidance exert an adverse effect on the economy, especially keeping in view the fact that tax noncompliance is such a major issue worldwide, that the actual volume of the tax money evaded is colossal (Farrar et al., 2019). Precisely, it was estimated that the amount of tax evasion in United States surpassed 3.1 trillion Dollars in 2011 (Murphy, 2011).

In order to deter tax non-compliance, multiple factors have been considered in literature. Tax audit is one of the most significant factors in this regard. Tax audit is the systematic study and scrutiny of tax self-assessments, accounting records, vouchers, invoices, and other pertinent documents for the goal of assessing a person's actual and fair tax due. In Pakistan, a tax audit can be either a desk audit (going into fewer details) or a full-fledged audit (requiring in-depth investigations) under Section 177 of the Income Tax Ordinance 2001. Tax audit is regarded as the most effective weapon in the arsenal of tax authorities for curbing tax evasions and avoidances (Harelimana, 2018; Jackson & Milliron, 1986).

Unlike a traditional audit of a company, where the auditor is not always looking for something fishy in a person's financial affairs, a tax officer is much more likely to catch some tax avoidance or evasion and create a recoverable tax demand (Chau & Leung, 2009). As a result, the greater the number of tax audits, the greater the likelihood of tax compliance. Allingham and Sandmo (1972) pioneered research into the relationship between tax audit and tax evasion. Apart from tax audit, tax penalty is also another significant determinant to enhance tax compliance (Sarwar et al., 2023). Penalty is defined in the Income Tax Ordinance 2001 as the imposition of a default surcharge, fine, and a marking lien on the bank accounts of individuals who fail to comply with tax laws and engage in tax avoidance and evasion practices within the purview of section 182 and other relevant sections of the Income Tax Ordinance, 2001. Tax penalties have been shown to have a significant impact on tax compliance (Allingham & Sandmo, 1972). Many other studies, such as Thiga and Muturi (2015), Fischer et al. (1992) and Witte and Woodbury (1985), found a significant effect of tax penalties on tax compliance.

Some studies have found that tax penalties have a negative effect on tax compliance (Feld & Tyran, 2002; Fjeldstad & Semboja, 2001; Martinez-Vazquez & Rider, 2005). Nonetheless, previous research has found that tax penalties have no significant effect on tax compliance (Collins & Plumlee, 1991; Mohdali, Isa, & Yusoff, 2014; Pommerehne & Weck-Hannemann, 1996) discovered that penalties had a significant effect on eradicating tax noncompliance.

Further, In order to counter tax non-compliance, religion has been observed as an effective factor (Boone et al., 2013). Weber and Kalberg (1930) first investigated the relationship between religiosity and economic development. Although it was believed that there is no connection between religion and economy (Tomes, 1985); nonetheless, later researches found evidence that the religiosity of the people and economy are not irrelevant of one another; where religion was seen to be affecting the economic progress significantly (Riahi-Belkaoui, 2004). Based upon the databases of the World Values Survey as well as the European Values Survey, empirical investigations indicated that in developed countries, religion is found to be positively impacting the economic development (Carsamer & Abbam, 2023).

It can be observed that in Pakistan, the allocation of public funds is heavily reliant on tax revenue, which serves as a crucial factor in the process of budgetary appropriation for the public sector. A total of Rs. 6148 billion in taxes was collected during the fiscal year 2021-2022 in Pakistan (FBR, 2023). Notwithstanding the recent implementation of diverse fiscal measures

by the Pakistani government aimed at augmenting domestic revenue, Pakistan continues to grapple with a substantial issue of tax non-compliance. Specifically, an estimated annual loss of Rs. 1 trillion is attributed to tax evasion (Express-Tribune, 2023).

In conclusion, it is imperative to emphasize the necessity of further research on the topic of tax compliance. Therefore, the study aimed to investigate the effect of different factors affecting the tax compliance namely tax audit and tax penalty. The study also took into account the moderating effect of religiosity. The study examined the above-mentioned determinants in the socio-cultural context of Islamic Republic of Pakistan.

Literature Review

Tax Compliance

Every country worldwide has its own tax policies and legislation specifically designed to meet the wants and suitability of its society. The existence of these differences makes it extremely difficult to establish a universally agreed-upon operational definition of tax compliance. Tax compliance is often shown by the willingness of taxpayers to fulfill their tax obligations. This compliance can be either mandatory or optional. Non-compliance with taxes occurs when a taxpayer fails to adhere to the tax law and fulfill their obligation to pay the required amount of taxes. This lack of compliance may be intentional. According to James and Alley (2002), tax compliance refers to a taxpayer's dedication to the purposes and goals of both society and the government in terms of enforcing tax laws.

Tax compliance is taken as the dependent variable in the current study. Voluntary tax compliance motivates behavioral intentions of a taxpayer to pay its taxes due. Parallel to tax-morale, as discussed earlier, voluntary tax compliance leads to the inclination that stems from the moral obligation of a taxpayer to the general public (Wahl et al., 2010). This attitude is a self-employed tax compliance attitude that is developed in the taxpayers. While Enforced tax compliance describes the coercive measures of tax authorities in order to enforce the tax laws by the means of prosecution system of a state.

According to research in the tax compliance field, effective collection of taxes includes the application of coercive power and authority, persuasion, moral principles, and a feeling of the fairness of the tax system (Kessler et al., 2016). Nevertheless, is no agreement on the reasons why individuals pay or do not pay taxes (Shaukat et al., 2024). Deterrence theory was one of the first models used to explain tax compliance behavior (Jackson & Milliron, 1986). The deterrence theory proposes, among several other things, that the danger of being caught is a more potent deterrent for illegal conduct than punishment and that increasing the perception of the possibilities of getting caught aids in the reduction of crime (Becker, 1968). The Becker model of the economics of crime (1968) inspired the concepts of deterrence theory. Becker advocated that the level of tax noncompliance be determined by criteria such as audit and penalties.

Tax Audit

A systematic examination and scrutiny of tax self-assessments, accounting records, vouchers, invoices, and other relevant documents for the purpose of calculating true and fair tax liability of a person is called tax audit. In Pakistan, tax audit may refer to a desk audit -going in to less details- or a full-fledged audit under section 177 of the Income Tax Ordinance 2001, demanding in-depth investigations. In order to contain the tax evasions and avoidances, tax audit is considered to be the most effective weapon in the arsenal of tax authorities (Harelimana, 2018; Jackson & Milliron, 1986).

Unlike the conventional audit of a company, in which auditor is not always after something fishy in the financial affairs of a person, a tax officer is highly likely to catch some tax avoidance or evasion and create a recoverable tax demand (Chau & Leung, 2009). Therefore,

the more the number of tax audits, the more there will be tax compliance. Allingham and Sandmo (1972) pioneered the investigations of relationship between tax audit and tax avoidance. The findings of the study showed that tax audit significantly and positively affected the tax compliance. Many subsequent studies reported the similar results; for instance Feld and Larsen (2012), Alm and McKee (2006), Chung and Trivedi (2003a) and Witte and Woodbury (1985). Oppositely, there also have been reported a significant negative effect of tax audit on tax compliance (Feld & Frey, 2007; Mittone, 2006; Slemrod et al., 2001); however, a few previous studies, for example Spicer and Thomas (1982) and Wärneryd and Walerud (1982), also reported that there was no sign for any effect of tax audit on tax compliance.

As clarified from the above discussion, the literature on tax audit provided mixed results. Whereas, that literature lacks insight on the role of tax audit in fostering tax compliance in Pakistan. Therefore, the above discussion led the researchers to the following hypothesis:

H₁: Tax audit has significant effect on tax compliance.

Tax Penalty

Penalties are essential in enforcing tax laws effectively and ensuring compliance (Sarwar & Khan, 2022). They serve as a powerful tool for tax authorities to combat tax fraud. Consequently, sanctions, surcharges, fines, and penalties are often enforced to address noncompliance with tax regulations. Although effective, this approach is also expensive (Dunn et al., 2018). Penalty is defined in the purview of Income Tax Ordinance 2001 as imposition of default surcharge, fine and marking lien on bank accounts of the persons not complying with the tax laws and indulging in practices of tax evasion and avoidance within the scope of section 182 as well as other relevant sections of the Income Tax Ordinance, 2001. Evidence has been found that tax penalties significantly affect the tax compliance (Allingham & Sandmo, 1972). Many other studies also revealed a significant positive influence of tax penalties on the tax compliance; for instance: Thiga and Muturi (2015), Fischer et al. (1992) and Witte and Woodbury (1985).

Conversely, a negative effect of tax penalties on tax compliance has also been reported by some studies (Feld & Tyran, 2002; Fjeldstad & Semboja, 2001; Martinez-Vazquez & Rider, 2005). Nonetheless, some previous studies also reported that there was no significant effect of tax penalties on the tax compliance (Collins & Plumlee, 1991; Mohdali et al., 2014; Pommerehne & Weck-Hannemann, 1996). However, Sinnasamy and Bidin (2017b) revealed that penalties had been observed to have a significant positive effect on the noncompliance of the federal excise duty (FED).

Whereas, some researchers, for example Woodward and Tan (2015) and Webley et al. (2019) concluded that there was a positive effect of penalty on tax compliance. Conversely, Faridy et al. (2014) denied any significant relationship between the two variables in his findings. To summarize the previous discussion, it is evident that researchers have not reached a consensus regarding the impact of tax penalties on tax compliance. Therefore, it was necessary to find out what dimension did this relationship take while studying in the setting of tax culture of Pakistan. The discussion above completed the second hypothesis of the investigation as below:

H₂: Tax penalty has a significant effect on tax compliance.

Religiosity

The role of religiosity on economic advancement and development was initially investigated by Weber and Kalberg (1930). Although some studies, for instance Tomes (1985), held the opinion that religion or religiosity has fundamentally nothing to do with the economics. Nonetheless, the further studies revealed that religiosity or religious practices are not necessarily disconnected from economic development as considered before; and the later

studies began to provide evidence that religiosity has a significant relationship with economic development (Riahi-Belkaoui, 2004).

Chapter 90, Verse 10 of the Holy Quran reads: “النَّجْدَيْنِ وَهَدَيْنَاهُ” translated: “And (have We not) shown him (the human being) the two highways? (of right and wrong)?” (The Holy Qur'an, 2008). And having the sense of identifying the good from the evil been instilled, the mankind was urged to choose the path of righteousness, as mentioned in the Holy Quran in Chapter 41, Verse 34: “أَحْسَنُ هِيَ بِالَّتِي إِدْفَعُ السَّيِّئَةَ لَا وَالْحَسَنَةُ تَسْتَوِي وَلَا” translated: “Good and evil can never be equal; (therefore) repel evil deeds with good ones” (The Holy Qur'an, 2008).

Besides, the Holy Bible also testifies the same in the book of Genesis 3:22 (ESV/181) as: “Then the Lord God said, “Behold, the man has become like one of us in knowing good and evil. Now, lest he reach out his hand and take also of the tree of life and eat, and live forever” (The Bible, English Standard Version (ESV), 2001). Similarly, Isaiah 5:20 (ESV/336) says: “Woe to those who call evil good and good evil, who put darkness for light and light for darkness, who put bitter for sweet and sweet for bitter!” (The Bible, English Standard Version (ESV), 2001).

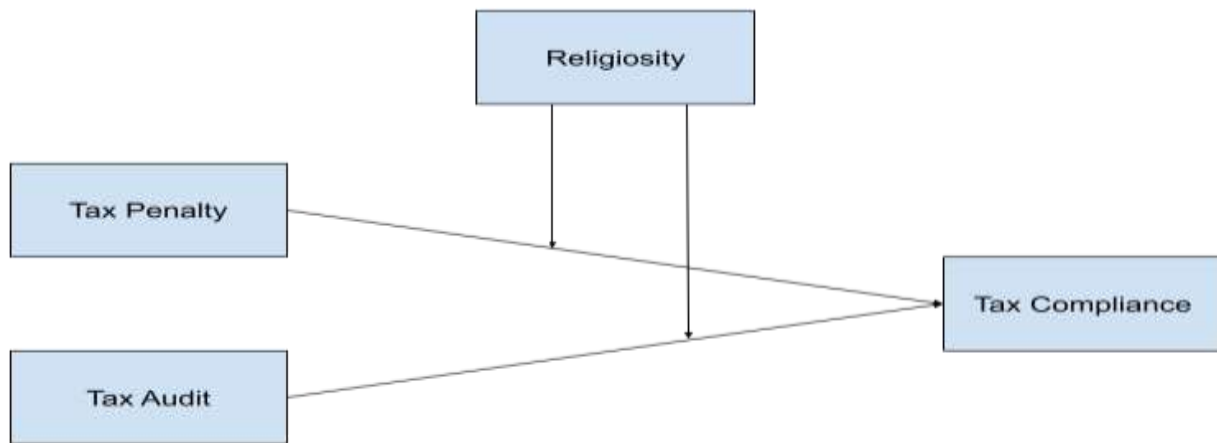
Hence, the religiosity potentially keeps a person from indulging into malpractices for monetary gains, therefore, from tax fraud and evasion. Most of the literature on religiosity and tax compliance is related to the developed economies, and there is dearth of literature associated with the developing countries (Carsamer & Abbam, 2020). Therefore, true in case of Pakistan. Unlike the monetary or physical penalties and punishments, religion acts in a quite different way. It directly affects the inner-self or the moral sense of a human being.

A person feels internally ashamed and embarrassed as a result of committing or even thinking of committing a bad deed; tax fraud for instance; and that contriteness keeps him from indulging in the tax evasion in the future (Grasmick et al., 1991). While Strielkowski and Čábelková (2015) revealed that practicing religious-persons discharged their tax liability voluntarily and maintained high tax morale. Although many studies in the past have investigated the effect of religion on tax compliance, tax avoidance and tax evasion, for instance, Carsamer and Abbam (2020), Khalil and Sidani (2020) and Benk et al. (2017); however, these studies have investigated the direct effect of religiosity on tax compliance.

In contrast, previous studies have identified various factors that may potentially influence the relationship, such as religion (Alshira'h & Abdul-Jabbar, 2020b). Hence, this study posits that religiosity could serve as a moderating variable in order to enhance comprehension of the varied outcomes observed in the associations between tax compliance, tax audit, tax penalty. Based on the presented argument, it can be posited that the degree of religiosity among taxpayers may have an influence on their conduct, regardless of the certainty of a tax audit or the severity of the tax penalty. In essence, religiosity may serve as a moderating factor in the relationship between tax compliance and the aforementioned factors. This gives rise to the development of the subsequent hypotheses.:

H₃: Religiosity moderates the relationship between tax audit and tax compliance.

H₄: Religiosity moderates the relationship between tax penalty and tax compliance.

Figure 1: Conceptual Framework

Source: Authors' design

Methodology

The researchers employed a closed-ended structured questionnaire that was adapted to suit the specific circumstances of Pakistan in order to collect data from the intended participants. Demographic variables encompassed in this study were gender, age, level of education, registration with the Federal Board of Revenue in Pakistan (FBR), and filing status, which refers to whether an individual is a filer or a non-filer. The study's population consisted of two groups: the actual taxpayers, who were individuals registered with the Federal Board of Revenue Pakistan (FBR) and possessing a valid National Tax Number/NTN, and the potential taxpayers, who were individuals not registered with the FBR and lacking a valid National Tax Number/NTN.

It is reported that a mere 4.2 million individuals completed the process of submitting their income tax return as on 2023 (Sarfraz, 2023). Due to the time-consuming and expensive nature of collecting fresh hand responses, as well as the significant level of accessibility required, the convenience sampling technique was chosen to administer the questionnaire. The utilization of convenience sampling technique is deemed appropriate in situations where there are limitations in terms of time, cost, and accessibility or outreach (Denscombe, 2009). The aforementioned assertion is supported by several comparable studies (Carsamer & Abbam, 2020; Mohdali & Pope, 2014; Nkundabanyanga et al., 2017; Yuniarta & Purnamawati, 2020). A total of four hundred questionnaires were distributed, of which two hundred and eighty-six responses were received. Upon conducting a more thorough examination, a total of two hundred and forty-seven responses were deemed suitable for analysis. This finding suggests a response rate of sixty-two percent. One potential bias that was taken into consideration in the design of the questionnaire was the respondents' ability to accurately envision tax compliance based on the items or wordings utilized in the questionnaire. Therefore, a pilot study was conducted in order to incorporate several crucial aspects into this research. These include the opportunity to eliminate ambiguity and enhance the clarity of certain instrument items, as well as the ability to make any required modifications based on the findings of the pilot study.

Furthermore, the researcher administered the questionnaire to six individuals with expertise in tax accounting within the academic community, three individuals who hold positions as business owner-managers, and ten tax authorities in Pakistan. The tax authorities included officers ranging from inspectors to deputy commissioners, as well as additional commissioners inland revenue. These individuals were asked to review the questionnaire and provide feedback, which was used to enhance the accuracy and the items underwent evaluation in order

to identify any potential construction faults, assess the flow of the content, detect ambiguity, and examine the sequencing of the information. Subsequently, the questionnaire underwent necessary revisions.

The questionnaire comprised a total of 27 questions and statements, excluding the demographic inquiries. The researchers utilized a Likert-type scale with five points to assess both the dependent and independent variables. We employed Harman's single factor test was used to assess if there presented any common method bias (Podsakoff et al., 2003). The unrelated factor analysis procedure encompassed both the independent and dependent variables. The findings of the study revealed that the data exhibited a multifactorial structure and a limited shared bias.

Data Analysis

The current study employed Partial Least Squares Structural Equation Modelling (PLS-SEM) analysis method using Smart PLS data analysis software to investigate the proposed hypotheses and analyses the research model. PLS-SEM is a statistical tool that is increasingly recognized and employed by researchers for the analysis of empirical data across diverse academic disciplines, such as tax compliance (Farouk et al., 2018). PLS-SEM possesses the capability to simultaneously examine multiple relationships (Ringle et al., 2012). PLS-SEM is a suitable approach for investigating intricate models characterized by a large number of items, variables, and associations (Chin, 2010). In addition, it should be noted that PLS-SEM has the ability to analyses datasets with limited sample sizes (Hair et al., 2014).

Table 1: Convergent validity and reliability assessment

Latent Construct	Items	Loading	CA	CR	AVE				
Tax Compliance (TC)	TC1	0.827	0.831	0.868	0.671				
	TC2	0.816							
	TC4	0.835							
	TC5	0.747							
	TC6	0.593							
	TC8	0.878							
	TC9	0.795							
	TC10	0.817							
	Tax Penalty (TP)	TP1				0.668	0.775	0.818	0.704
		TP2				0.619			
TP3		0.776							
TP4		0.831							
Tax Audit (TA)	TA1	0.583	0.712	0.799	0.598				
	TA2	0.881							
	TA3	0.618							
Religiosity (R)	R1	0.629	0.809	0.874	0.601				
	R2	0.712							
	R3	0.799							
	R4	0.867							
	R5	0.886							
	R6	0.719							
	R7	0.694							
	R9	0.771							
	R10	0.834							

Note: TC3, TC7 and R8 were deleted because of low AVE

Source: Authors' calculations

The evaluation of the measurement model in this study was conducted with consideration for both convergent validity and discriminant validity. Convergent validity refers to the degree to which the indicators used to measure variables accurately represent those variables and are capable of positively correlating with other measures of the same variables (Hair et al., 2014). The assessment of convergent validity involved the evaluation of indicators' loadings, composite reliability, and average variance extracted (AVE). According to the findings displayed in table 1, the loadings of the indicators, as well as the values of Cronbach's alpha (CA) and composite reliability (CR), surpass the minimum threshold of 0.40 and 0.70, respectively (Hair et al., 2014).

However, certain tax compliance items (TC3, TC7) and a religiosity item (R8) were excluded from the analysis due to their low indicator loadings and in order to enhance the composite reliability. Moreover, the rule of thumb proposed by Kenny (1979) and Kline (2023) regarding the recommended number of items, specifically a minimum of two items, was adhered to. This criterion was upheld even after eliminating certain items, as all constructs still consisted of at least three items. Therefore, it can be concluded that the study yielded satisfactory results in terms of convergent validity.

Following the confirmation of convergent validity, the subsequent step entailed the assessment of discriminant validity using Fornell-Larcker's criterion, as proposed by (Hair et al., 2014). The discriminant validity of the latent constructs was assessed through the examination of the square roots of the average variance extracted (AVE) and the correlation coefficients between variables. According to the findings presented in table 2, it can be observed that the square roots of all the average variance extracted (AVE) values were higher than the diagonal values in their corresponding rows and columns. This suggests the presence of discriminant validity at the variable level. In summary, it can be inferred that the measurement model has successfully met the criteria for reliability, as well as convergent and discriminant validity, both at the level of indicators and variables.

Table 2: Discriminant validity assessment

	TC	TP	TA	R
TC	0.820			
TP	0.034	0.840		
TA	0.173	0.251	0.773	
R	0.088	0.097	-0.058	0.775

Note: The figures are rounded-off to three decimal points.

Source: Authors' calculations

The measurement model was assessed using the PLS-SEM technique in order to determine the R^2 value and assess the extent to which the exogenous variables explain the variance. According to (Hair et al., 2014), the R^2 coefficient signifies the proportion of variance in the endogenous construct (dependent) that can be explained by one or more exogenous constructs (independent). The R^2 value of 0.133 exhibited by the two constructs suggests that approximately 13.3% of the variability in tax compliance can be accounted for by tax audit and tax penalty. Furthermore, the inclusion of the moderating effect of religiosity resulted in an increase in the R^2 value, which reached 0.251. This finding demonstrates that a significant portion, specifically 25.1%, of the variability in tax compliance can be attributed to the combined influence of tax audit and tax penalty, with the additional indirect impact of religiosity.

The primary aim of conducting the structural model test is to assess the impact of the exogenous variable and moderating variable on the endogenous variable. The statistical significance of the

path coefficients was determined using the bootstrapping method, which involved generating 5000 re-samples. Table 3 and Figure 1 present the path coefficients (β -values), t-values, and p-values for all the proposed hypotheses. In general, the findings presented in Table 2 demonstrate a significant relationship between tax audit ($\beta = 0.231, t = 3.786, p < 0.01$) and tax penalty ($\beta = 0.134, t = 2.394, p < 0.05$) with tax compliance. These results provide support for hypotheses H_1 and H_2 . The analysis of bootstrapping demonstrated the anticipated moderating impact of religiosity on the relationship between tax compliance and its determinants, as shown in table 3 and figure 2.

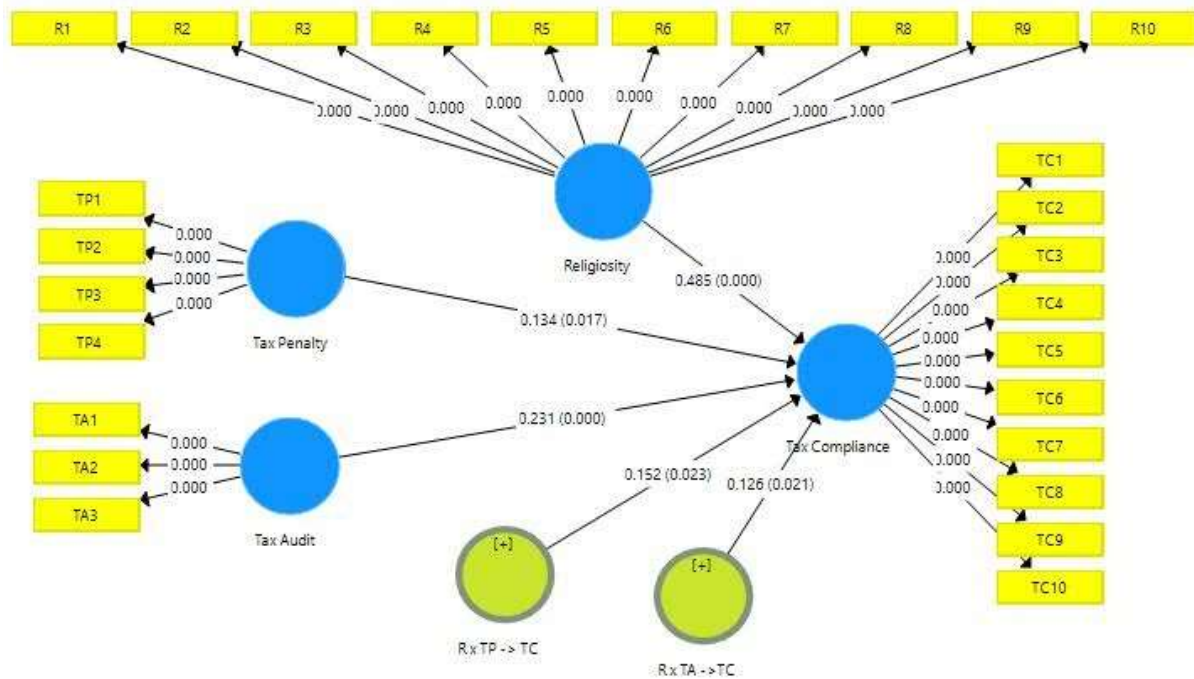
Table 3: Hypotheses testing results

Hypothesis	Relationship	Path Coefficient	t-value	p-value	Decision
H_1	TA -> TC	0.231	3.786	0.000**	Supported
H_2	TP -> TC	0.134	2.394	0.017*	Supported
H_3	$R \times TA \rightarrow TC$	0.152	2.275	0.023*	Supported
H_4	$R \times TP \rightarrow TC$	0.126	2.324	0.021*	Supported

Notes: * $p < 0.05$; ** $p < 0.01$, (one-tailed)

Source: Authors' calculations

Figure 2: Partial least square boot strapping



Source: SmartPLS3 output

Hypothesis H_3 posited that the degree of religiosity serves as a moderating factor in the association between tax audit and tax compliance. The findings of the study provided evidence in favor of hypothesis H_3 , with a significant positive relationship observed ($\beta = 0.152, t = 2.275, p < 0.05$). This suggests that religiosity played a moderating role, suggesting that a heightened level of religiosity amplifies the positive association between tax audit and tax compliance. Hypothesis H_4 posited that the degree of religiosity serves as a moderating factor in the association between tax penalty and tax compliance. The findings, as presented in table 4 and Figure 2, indicate that there was a significant interaction effect between religiosity and tax

penalty ($\beta = 0.126$, $t = 2.324$, $p < 0.05$). This suggests that a higher level of religiosity enhances the positive relationship between tax penalty and tax compliance. Therefore, it can be inferred that religiosity plays a significant role in moderating the association between tax penalty and tax compliance.

Discussion

The main aim of this study was to examine the relationship between tax audits and tax penalties in relation to tax compliance. Additionally, the study sought to examine the potential moderating influence of religiosity on the association between tax audit and tax penalty, within the framework of tax compliance. As previously mentioned, the results indicate that tax audits have a substantial impact on tax compliance. This finding aligns with previous studies that have emphasized the crucial role of tax audits in promoting tax compliance (Harelimana, 2018; Jackson & Milliron, 1986). According to Allingham and Sandmo (1972), there is a positive correlation between the frequency of tax audits and the level of tax compliance. The same findings were also reported by Feld and Larsen (2012), Alm and McKee (2006), Chung and Trivedi (2003a), and Witte and Woodbury (1985).

One plausible inference may be that the taxpayers conducted a comparative analysis of the costs associated with facing penalties and undergoing an audit, alongside the challenges posed by tax compliance. Moreover, it can be argued that the potential cause of this phenomenon is the apprehension among individuals regarding the commencement of tax audits conducted by tax authorities, which heavily depend on such audits for the purpose of revenue generation. The primary objective of deterring non-compliance typically involves instilling fear through the implementation of measures that heighten the likelihood of a tax audit (Forest & Sheffrin, 2002). Consequently, the findings of this study suggest that there is a pressing need to prioritize and strengthen the implementation and enforcement of audit procedures in the context of tax filing.

The present findings of this study provide empirical support for the theoretical predictions put forth by Allingham and Sandmo (1972) in the field of deterrence theory. The researchers endeavored to establish a correlation between tax penalty and tax audit, and its impact on tax compliance. The utilization of statistical modelling has resulted in the determination that taxpayers have the option to either fully report their taxes or choose not to do so. In the current study, the findings demonstrated that an increased tax penalty had a positive impact on tax compliance. The imposition of tax penalties has been widely recognized as a significant mechanism for assessing and promoting tax compliance (Chau & Leung, 2009; Devos, 2013). The effectiveness of penalties as a deterrent for tax non-compliance has been widely acknowledged in the literature (Mohdali et al., 2014). Numerous empirical studies have consistently supported this finding (Thiga & Muturi, 2015; Witte & Woodbury, 1985; Woodward & Tan, 2015).

The use of threats and fear can effectively diminish non-compliance among taxpayers, thereby incentivizing them to accurately report their revenue in a truthful manner. This observation further illuminates the phenomenon in Pakistani society where individuals, arguably, exhibit a higher propensity to comply with the law primarily driven by the apprehension of potential penalties and punishments. Apart from Pakistan, Alshira'h and Abdul-Jabbar (2020b) observed that penalties and coercion have had a notable positive impact on revenue collection in Middle Eastern nations such as Jordan. As a result, enhancements can be made to the tax authority in order to function as a means of discouraging tax non-compliance.

The research also discovered statistically significant coefficients that indicate a positive relationship between the tax penalty and tax compliance, particularly when considering the moderating influence of religiosity. This suggests that religious beliefs contribute to the amplification of the beneficial effects of tax penalties in promoting tax compliance, as these

penalties are imposed upon individuals who are found to have inaccurately reported their taxes. Therefore, the imposition of tax penalties results in heightened tax compliance, particularly when considering the influence of religiosity as a moderating factor. The results may not be surprising, particularly in the context of an Eastern nation such as Pakistan, as religion holds considerable influence over the daily lives, thoughts, and behaviors of individuals within the socio-cultural framework of the country.

Conclusion

The topic of tax compliance has been the subject of extensive research; however, the question regarding the underlying motivations behind individuals' tax payment behaviour remains incompletely addressed. Tax compliance is an imperative concern for governments across the globe. In order to stimulate economic growth and foster development, it is anticipated that taxpayers will adhere to tax legislation. Nevertheless, the existing literature has not adequately examined the determinants linked to tax compliance. Tax compliance studies typically examine factors that may enhance tax compliance and decrease tax non-compliance.

This study aimed to investigate the potential effects of tax audit and tax penalty on tax compliance through direct relationships. Additionally, the study investigated the potential moderating influence of religiosity on the association between tax audit and tax penalty, and its impact on tax compliance. This study can be regarded as one of the initial investigations conducted in Pakistan that explores the relationship between the variables under consideration, with a specific focus on the influence of religiosity as a moderating factor. This study aims to address the existing gap in the literature pertaining to tax compliance. The scarcity of tax compliance studies in this particular context renders this finding particularly significant. The results of this study provide empirical support for the proposition that tax audits have a significant impact on enhancing tax compliance. These findings are consistent with previous research conducted by Harelimana and Nyabirande (2018), Jackson and Milliron (1986), Allingham and Sandmo (1972), Feld and Larsen (2012), Alm and McKee (2006), Chung and Trivedi (2003b), and Witte and Woodbury (1985).

Furthermore, the present study discovered a positive correlation between tax penalty and tax compliance, which aligns with the findings of previous research conducted by Woodward and Tan (2015), Thiga and Muturi (2015), Devos (2013), Chau and Leung (2009) and Witte and Woodbury (1985).

Moreover, the study's results indicate a significant correlation between religiosity and both tax penalty and tax audit rate. The findings are aligned with that of Alshira'h and Abdul-Jabbar (2020a). Hence, there exists a positive correlation between the level of religiosity among taxpayers and their compliance with tax laws. Therefore, it can be said that religious appeals aimed at promoting higher tax compliance would likely yield discernible outcomes in nations characterised by elevated levels of religiosity. It can be anticipated that nations exhibiting elevated levels of religiosity would demonstrate greater levels of tax compliance compared to those nations with lower levels of religiosity.

The findings of the current study have various implications, specifically for tax authorities and policymakers responsible for the formulation and implementation of tax legislation. Hence, it is imperative for tax authorities to consider augmenting operational inspections as a means to enhance the efficacy of tax auditors, while concurrently implementing amicable remedial measures. It is crucial to propose that tax authorities should implement adequate penalties and foster religious sentiments among taxpayers that motivate them to fulfil their tax obligations with integrity. Governments may devise plans to mobilize religious scholars, clerics as well as other religious and spiritual figures in order to instill tax-responsibility into masses as reinforced by recommendations of the study.

In spite of its contributions, the research, however, is not without limitations. Of note, the study had drawn the sample using convenience sampling. Though justified, it might have exerted adverse effect on the generalizability of the results. Further studies may follow a different sampling design; probability sampling, for instance. Moreover, considering the possibility of revealing incriminating information and the sensitive nature of tax matters, the research focused on assessing real-life actions rather than individuals' behavioral intentions. It is recommended that future studies incorporate the measurement of individuals' behavioral intention with regards to tax compliance. While this study may serve as a theoretical foundation for future research endeavors, it is important to note that its scope is restricted to the specific geographic region in which it was conducted. Future research should aim to expand the existing model by incorporating additional factors, such as tax compliance cost, financial condition, and patriotism, in order to investigate their relationship with tax compliance. The study framework serves as a foundation for future mixed-method studies, enabling the expansion of generalizability and facilitating a more comprehensive exploration of individuals' opinions and emotions pertaining to the subject of investigation. This approach may also facilitate the identification of discrepancies in the viewpoints and understandings of the prevailing dominant social systems in order to uphold power dynamics between taxpayers and tax authorities. Future research endeavors could potentially enhance and corroborate the applicability and validity of these findings through their implementation across diverse contexts.

References

- Alleyne, P., & Harris, T. (2017). Antecedents of taxpayers' intentions to engage in tax evasion: Evidence from Barbados. *Journal of Financial Reporting*, 15(1), 2-21.
- Allingham, M. G., & Sandmo, A. (1972). Income tax evasion: A theoretical analysis. *Journal of public economics*, 1(3-4), 323-338.
- Alm, J. (2012). Measuring, explaining, and controlling tax evasion: lessons from theory, experiments, and field studies. *International tax public finance*, 19, 54-77.
- Alm, J. (2019). What motivates tax compliance? *Journal of Economic Surveys*, 33(2), 353-388.
- Alm, J., & McKee, M. (2006). Audit certainty, audit productivity, and taxpayer compliance. *National Tax Journal*, 801-816.
- Alm, J., & Torgler, B. (2006). Culture differences and tax morale in the United States and in Europe. *Journal of economic psychology*, 27(2), 224-246.
- Alon, A., & Hageman, A. M. (2013). The impact of corruption on firm tax compliance in transition economies: Whom do you trust? *Journal of Business Ethics*, 116(3), 479-494.
- Alshirah, A. F., & Abdul-Jabbar, H. (2020b). Moderating role of patriotism on sales tax compliance among Jordanian SMEs. *International Journal of Islamic and Middle Eastern Finance and Management*, 13(3), 389-415. doi:10.1108/imefm-04-2019-0139
- Andreoni, J., Erard, B., & Feinstein, J. (1998). Tax compliance. *Journal of economic literature*, 36(2), 818-860.
- Ariel, B. (2012). Deterrence and moral persuasion effects on corporate tax compliance: findings from a randomized controlled trial. *Criminology*, 50(1), 27-69.
- Becker, G. S. (1968). Crime and punishment: An economic approach. *Journal of political economy*, 76(2), 169-217.
- Benk, S., Budak, T., Yüzbaşı, B., & Mohdali, R. (2016). The impact of religiosity on tax compliance among Turkish self-employed taxpayers. *Religions*, 7(4), 37.
- Benk, S., Yüzbaşı, B., & McGee, R. W. (2017). Confidence in government and attitudes toward bribery: A country-cluster analysis of demographic and religiosity perspectives. *Religions*, 8(1), 8.
- Boone, J. P., Khurana, I. K., & Raman, K. (2013). Religiosity and tax avoidance. *The Journal of the American Taxation Association*, 35(1), 53-84.
- Braithwaite, V. (2004). *The community hopes, fears and actions survey: Goals and measures*: Centre for Tax System Integrity (CTSI), Research School of Social Sciences.

- Carsamer, E., & Abbam, A. (2020). Religion and tax compliance among SMEs in Ghana. *Journal of financial crime*.
- Chau, K., & Leung, P. (2009). A critical review of Fischer tax compliance model: A research synthesis. *Journal of accounting and taxation*.
- Chin, W. W. (2010). How to write up and report PLS analyses. In W. C. VV Esposito, J Henseler and H Wang (Ed.), *Handbook of Partial Least Squares* (pp. 655–690): Springer: Heidelberg, Berlin.
- Chung, J., & Trivedi, V. U. (2003a). The effect of friendly persuasion and gender on tax compliance behavior. *Journal of Business Ethics*, 47(2), 133-145.
- Collins, J. H., & Plumlee, R. D. (1991). The taxpayer's labor and reporting decision: The effect of audit schemes. *Accounting Review*, 559-576.
- Denscombe, M. (2009). *Forskningshandboken: för småskaliga forskningsprojekt inom samhällsvetenskaperna*: Studentlitteratur.
- Devos, K. (2013). Do penalties and enforcement measures make taxpayers more compliant? The view of Australian tax evaders. *Far East Journal of Psychology and Business*, 12(1), 1-9.
- Express-Tribune, C. (2023). Rs1 trillion vanishes in tax evasion annually. Retrieved from <https://tribune.com.pk/story/2421974/rs1-trillion-vanishes-in-tax-evasion-annually>
- Faridy, N., Copp, R., Freudenberg, B., & Sarke, T. (2014). *Complexity, compliance costs and non-compliance with VAT by small and medium enterprises in Bangladesh: is there a relationship?* Paper presented at the Australian Tax Forum.
- Farouk, A. U., Idris, K. M., & Saad, R. A. J. B. (2018). Moderating role of religiosity on zakat compliance behavior in Nigeria. *International Journal of Islamic and Middle Eastern Finance and Management*.
- Farrar, J., Kaplan, S. E., & Thorne, L. (2019). The effect of interactional fairness and detection on taxpayers' compliance intentions. *Journal of Business Ethics*, 154(1), 167-180.
- FBR, (2023). Revenue division 2021-22. [https://download1.fbr.gov.pk/Docs/20229301594336726RevenueDivisionYearBook2021-22\(30September.2022\)-Final.pdf](https://download1.fbr.gov.pk/Docs/20229301594336726RevenueDivisionYearBook2021-22(30September.2022)-Final.pdf). Islamabad
- Feinstein, J. S. (1991). An econometric analysis of income tax evasion and its detection. *The RAND Journal of Economics*, 14-35.
- Feld, L. P., & Frey, B. S. (2007). Tax compliance as the result of a psychological tax contract: The role of incentives and responsive regulation. *Law & Policy*, 29(1), 102-120.
- Feld, L. P., & Larsen, C. (2012). Self-perceptions, government policies and tax compliance in Germany. *International Tax and Public Finance*, 19(1), 78-103.
- Feld, L. P., & Schneider, F. (2010). Survey on the shadow economy and undeclared earnings in OECD countries. *German economic review*, 11(2), 109-149.
- Feld, L. P., & Tyran, J. R. (2002). Tax evasion and voting: An experimental analysis. *Kyklos*, 55(2), 197-221.
- Fischer, C. M., Wartick, M., & Mark, M. M. (1992). Detection probability and taxpayer compliance: A review of the literature. *Journal of accounting literature*, 11, 1.
- Fjeldstad, O.-H., & Semboja, J. (2001). Why people pay taxes: The case of the development levy in Tanzania. *World Development*, 29(12), 2059-2074.
- Forest, A., & Sheffrin, S. M. (2002). Complexity and compliance: An empirical investigation. *National Tax Journal*, 55(1), 75-88.
- Gangl, K., Torgler, B., & Kirchler, E. (2016). Patriotism's impact on cooperation with the state: an experimental study on tax compliance. *Political Psychology*, 37(6), 867-881.
- Gilligan, G., & Richardson, G. (2005). Perceptions of tax fairness and tax compliance in Australia and Hong Kong-a preliminary study. *Journal of financial crime*.
- Grasmick, H. G., Bursik Jr, R. J., & Cochran, J. K. (1991). Render unto Caesar what is Caesar's": religiosity and taxpayers' inclinations to cheat. *The Sociological Quarterly*, 32(2), 251-266.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). *Multivariate data analysis* (7th ed.).
- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing theory Practice*, 19(2), 139-152.

- Hair Jr., F. J., Hult, G., M. T., Ringle, M. C., Marko. (2014). A primer on partial least squares structural equation modeling (PLS-SEM). In: Los Angeles: Sage.
- Hair Jr., J. F., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. G. (2014). Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. *European business review*, 26(2), 106-121.
- Hanlon, M., Maydew, E. L., & Thornock, J. R. (2015). Taking the long way home: US tax evasion and offshore investments in US equity and debt markets. *The Journal of Finance*, 70(1), 257-287.
- Harelimana, J. B. (2018). Effect of tax audit on revenue collection in Rwanda. *Global Journal of Management and Business Research*.
- Harelimana, J. B., & Nyabirande, B. (2018). Effect of tax audit on revenue collection in Rwanda. *Global Journal of Management and Business Research: Accounting and Auditing*, 18(2), 1.
- *The Holy Qur'an*. (2008). (Arab/Eng ed.): Amana Publications.
- Jackson, B. R., & Milliron, V. C. (1986). Tax compliance research: Findings, problems, and prospects. *Journal of accounting literature*, 5(1), 125-165.
- Johnson, C., Masclet, D., & Montmarquette, C. (2010). The effect of perfect monitoring of matched income on sales tax compliance: an experimental investigation. *National Tax Journal*, 63(1), 121-148.
- Kenny, D. (1979). *Correlation and Causality* (Vol. 5): John Wiley & Sons.
- Khalil, S., & Sidani, Y. (2020). The influence of religiosity on tax evasion attitudes in Lebanon. *Journal of international accounting, auditing and taxation*, 40, 100335.
- Khlif, H., Guidara, A., & Hussainey, K. (2016). Sustainability level, corruption and tax evasion: a cross-country analysis. *Journal of financial crime*, 23(2), 328-348.
- Kirchler, E., Hoelzl, E., & Wahl, I. (2008). Enforced versus voluntary tax compliance: The "slippery slope" framework. *Journal of economic psychology*, 29(2), 210-225.
- Kline, R. B. (2023). *Principles and practice of structural equation modeling*: Guilford publications.
- Maine, J., Florin Samuelsson, E., & Uman, T. (2022). Ambidextrous sustainability, organisational structure and performance in hybrid organisations. *Accounting, Auditing and Accountability Journal*, 35(3), 734-769.
- Martinez-Vazquez, J., & Rider, M. (2005). Multiple modes of tax evasion: theory and evidence. *National Tax Journal*, 51-76.
- McBarnet, D. (2009). Corporate social responsibility beyond law, through law, for law. *U. of Edinburgh School of Law Working Paper*(2009/03).
- McCleary, R., & Barro, R. (2003). *Religion and economic growth across countries*. Retrieved from
- McGee, R. W., Devos, K., & Benk, S. (2016). Attitudes towards tax evasion in Turkey and Australia: A comparative study. *Social Sciences*, 5(1), 10.
- McGee, R. W., Ho, S. S., & Li, A. Y. (2008). A comparative study on perceived ethics of tax evasion: Hong Kong vs the United States. *Journal of Business Ethics*, 77, 147-158.
- Miskam, M., Noor, R. M., Omar, N., & Abd Aziz, R. (2013). Determinants of tax evasion on imported vehicles. *Procedia Economics and Finance*, 7, 205-212.
- Mittone, L. (2006). Dynamic behaviour in tax evasion: An experimental approach. *The Journal of Socio-Economics*, 35(5), 813-835.
- Mohdali, R., Isa, K., & Yusoff, S. H. (2014). The impact of threat of punishment on tax compliance and non-compliance attitudes in Malaysia. *Procedia-Social and Behavioral Sciences*, 164, 291-297.
- Mohdali, R., & Pope, J. (2014). The influence of religiosity on taxpayers' compliance attitudes: Empirical evidence from a mixed-methods study in Malaysia. *Accounting Research Journal*, 27(1), 71-91.
- Murphy, R. (2011). The cost of tax abuse. *A Briefing Paper on the Cost of Tax Evasion Worldwide*. Tax Justice Network, Chesham.
- Nkundabanyanga, S. K., Mvura, P., Nyamuyonjo, D., Opiso, J., & Nakabuye, Z. (2017). Tax compliance in a developing country: Understanding taxpayers' compliance decision by their perceptions. *Journal of Economic Studies*.

- Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common method biases in behavioral research: a critical review of the literature and recommended remedies. *Journal of applied psychology*, 88(5), 879.
- Pommerehne, W. W., & Weck-Hannemann, H. (1996). Tax rates, tax administration and income tax evasion in Switzerland. *Public Choice*, 88(1), 161-170.
- Ponomareva, Y., Uman, T., Broberg, P., Vinberg, E., & Karlsson, K. (2020). Commercialization of audit firms and auditors' subjective well-being. *Meditari Accountancy Research*, 28(4), 565-585.
- Randle, K. (2016). Tax compliance as a system: Mapping the field. *International Journal of Public Administration*, 39(7), 515-525.
- Riahi-Belkaoui, A. (2004). Relationship between tax compliance internationally and selected determinants of tax morale. *Journal of international accounting, auditing and taxation*, 13(2), 135-143.
- Ringle, C. M., Sarstedt, M., & Straub, D. W. (2012). Editor's comments: a critical look at the use of PLS-SEM in "MIS Quarterly". *MIS quarterly*, iii-xiv.
- Sarfaraz, S. (2023, 31-07-2023). Number of income tax filers stands at 4.2m. *Business Recorder*. Retrieved from <https://www.brecorder.com/news/40255393/number-of-income-tax-filers-stands-at-42m>
- Sarwar, U., & Khan, M. M. (2022). Owner-managers' characteristics, financial resilience and multidimensional performance during covid-19 pandemic: a resource-based perspective. *Journal of ISOSS*, 8(2), 287-306.
- Sarwar, U., Ahmad, M. B., Mubeen, M., Fatima, I., & Rehan, M. (2023). A bibliometric analysis of sustainability disclosure in high polluting industries. *Bulletin of Business and Economics (BBE)*, 12(3), 28-43.
- Sattler, H., Völckner, F., Riediger, C., & Ringle, C. M. (2010). The impact of brand extension success drivers on brand extension price premiums. *International Journal of Research in marketing*, 27(4), 319-328.
- Shaukat, M. Z., Yousaf, S. U., Sarwar, U., & Sattar, S. (2024). Thriving in Turmoil: Unraveling the Interplay of Resources, Resilience, and Performance among SMEs in Times of Economic Vulnerability. *Bulletin of Business and Economics (BBE)*, 13(2), 164-173.
- Sinnasamy, P., & Bidin, Z. (2017a). The moderating effect of probability of detection on the determinants influencing excise duty non-compliance in Malaysia. *Journal of Advanced Research in Business and Management Studies*, 6(1), 61-71.
- Sinnasamy, P., & Bidin, Z. (2017b). *The relationship between tax rate, penalty rate, tax fairness and excise duty non-compliance*. Paper presented at the SHS web of conferences.
- Slemrod, J., Blumenthal, M., & Christian, C. (2001). Taxpayer response to an increased probability of audit: evidence from a controlled experiment in Minnesota. *Journal of public economics*, 79(3), 455-483.
- Spicer, M. W., & Thomas, J. E. (1982). Audit probabilities and the tax evasion decision: An experimental approach. *Journal of economic psychology*.
- Strielkowski, W., & Čábelková, I. (2015). Religion, culture, and tax evasion: Evidence from the Czech Republic. *Religions*, 6(2), 657-669.
- *The Bible, English Standard Version (ESV)*. (2001). Crossway (a publishing ministry of Good News Publishers).
- Thiga, M., & Muturi, W. (2015). Factors that influence compliance with tax laws among small and medium sized enterprises in Kenya. *International Journal of Scientific and Research Publications*, 5(6), 1-12.
- Tomes, N. (1985). Religion and the earnings function. *The American Economic Review*, 75(2), 245-250.
- Torgler, B. (2003). *Tax morale: Theory and empirical analysis of tax compliance*. University of Basel,
- Torgler, B., & Murphy, K. (2004). Tax morale in Australia: What shapes it and has it changed over time. *J. Austr. Tax'n*, 7, 298.

- Torgler, B., & Schneider, F. (2007). What shapes attitudes toward paying taxes? Evidence from multicultural European countries. *Social Science Quarterly*, 88(2), 443-470.
- Torgler, B., Schneider, F., & Schaltegger, C. A. (2010). Local autonomy, tax morale, and the shadow economy. *Public Choice*, 144(1), 293-321.
- Verboon, P., & van Dijke, M. (2012a). The effect of perceived deterrence on compliance with authorities: The moderating influence of procedural justice. *International journal of criminology and sociology*, 1, 151.
- Wahl, I., Kastlunger, B., & Kirchler, E. (2010). Trust in authorities and power to enforce tax compliance: An empirical analysis of the “slippery slope framework”. *Law & Policy*, 32(4), 383-406.
- Wärneryd, K.-E., & Walerud, B. (1982). Taxes and economic behavior: Some interview data on tax evasion in Sweden. *Journal of economic psychology*, 2(3), 187-211.
- Weber, M., & Kalberg, S. (1930). *The Protestant ethic and the spirit of capitalism*: Routledge.
- Webley, P., Adams, C., & Elffers, H. (2019). *VAT compliance in the United Kingdom*: Centre for Tax System Integrity (CTSI), Research School of Social Sciences.
- Wenzel, M. (2004). The social side of sanctions: Personal and social norms as moderators of deterrence. *Law and human behavior*, 28, 547-567.
- Witte, A. D., & Woodbury, D. F. (1985). The effect of tax laws and tax administration on tax compliance: The case of the US individual income tax. *National Tax Journal*, 1-13.
- Woodward, L., & Tan, L. M. (2015). Small business owners' attitudes toward GST compliance: a preliminary study. *Austl. Tax F.*, 30, 517.
- Worthington Jr, E. L., Wade, N. G., Hight, T. L., Ripley, J. S., McCullough, M. E., Berry, J. W., O'Connor, L. (2012). Religious Commitment Inventory—10. *Journal of Counseling Psychology*.
- Yuniarta, G. A., & Purnamawati, I. G. A. (2020). Spiritual, psychological and social dimensions of taxpayers compliance. *Journal of financial crime*.
- Zhang, N., Andrighetto, G., Ottone, S., Ponzano, F., & Steinmo, S. (2016). Willing to pay? Tax compliance in Britain and Italy: An experimental analysis. *PloS one*, 11(2), e0150277.