

## Investigation Non-economics Factors to The Tax Compliance of Village Treasurer in Kulon Progo District

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### ARTICLE INFO

#### Article History:

Submitted May 13<sup>th</sup>, 2024

Revised June 24<sup>th</sup>, 2024

Accepted December 16<sup>th</sup>, 2024

Published December 30<sup>th</sup>, 2024

#### Keywords:

*Tax Compliance; Village Treasurer; Religiosity; Mastery of Information Technology; Tax Knowledge*

### ABSTRACT

**Purpose :** The study investigated the influence of religiosity, mastery of information technology, and understanding of tax knowledge on the compliance of taxpayers in Kulon Progo district, DIY. Taxpayer compliance was about reporting and withholding when reporting taxes.

**Method :** Three hypotheses were developed and then tested using the multiple linear regression method. The method used for data collection is the survey method. Questionnaires were distributed online using the Google Form application to 87 village treasurer taxpayer spread across 87 villages in the Kulon Progo district.

**Findings :** The data obtained is then validated and checked for reliability. The results showed that religiosity and understanding of tax knowledge have a positive effect. In contrast, mastery of technology does not affect of village treasurer taxpayer compliance.

**Novelty :** The study contributes in several ways. First, tax compliance in village treasurers is still very rare. Second, it is hoped that the empirical evidence from this research can provide input or consideration for regulators and tax authorities regarding how the technology can be more effective and efficient.

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### INTRODUCTION

The digitalization of tax records and the widespread application of digital technology have become key features of the modernization of tax administration in many developing countries (Bellon et al., 2023). Some examples of technological innovation are e-invoicing, e-billing (electronic payment), e-bupot, and e-filing. Unlike traditional paper-based tax invoices, electronic invoices contain billing and payment data in a machine-readable format that can be imported directly into the accounts payable system and shared automatically with tax authorities. This digital system can also protect taxpayers from tax officials who carry out extortion. According to Barreix and Zambrano technology can strengthen tax compliance and reduce transaction and oversight costs in Latin America and the Caribbean Region (Barreix & Zambrano, 2018). E-filing (electronic tax reporting) can also reduce tax compliance costs and eliminate the need for time-consuming visits to the tax office (Bellon et al., 2022).

A self-assessment system in taxation has been practiced throughout the world. However, the main obstacle to this system is taxpayers's non-compliant behaviour. The main priority must be ensuring taxpayers understand the applicable tax laws and regulations. Prior studies Saad (2014) & Andreas & Savitri (2015) show that understanding tax knowledge is the initial commitment of taxpayers. In Indonesia, taxpayers use the self-assessment system. However, it has been found that village officials, such as the village treasurer, still use paper-based tax invoices. Unification Tax Return for reporting not through the system but directly to the Tax Office. The big question is, why do village treasurers in Indonesia still use this conventional system? Some things need to be added regarding tax compliance for the village treasurer.

The central government in Indonesia has distributed quite significant village funds. Villages as independent entities currently have large finances, which will automatically become expenditures for the village. Expenditures made by villages become the basis for income from the tax sector for the central government. The village treasurer, currently known as the Head of Village Government Financial Affairs (KAUR of village financial), will deduct and collect taxes on village expenditures. Therefore, it is necessary to understand what taxes are withheld and collected

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and how to calculate, pay, and report them. The problems village treasurers face are needing help differentiating between the types of taxes imposed, reporting procedures, and limited use of technology.

According to several kinds of literature, tax compliance was about more than just taxation knowledge and mastery of information and technology issues. A fundamental question: Do non-economic factors also significantly influence taxpayer Head of Village Government Financial Affairs compliance? According to research by Güzél et al. (2019), economic factors such as sanctions, audit, and tax rates are insufficient for tax authorities to minimize losses. The research was also strengthened by Alm (1991) & Andreoni et al. (1998). They found that economic factors are insufficient and considered ineffective in increasing compliance.

Empirical and theoretical research conducted by Pope & Mohdali (2010) proposed the investigation of tax compliance based on non-economic factors such as religiosity. The result shows that the religiosity of religious taxpayers is expected to have high moral values. They even assume that atheists may also have the same high level of tax compliance. Lehrer (2004), proposed religion as a determinant of economic and demographic behavior by emphasizing the impacts associated with religious affiliation and the positive outcomes of being an individual whose religiosity is related to well-being and health. The role of religiosity needs to be addressed in the tax compliance literature. Other studies have examined the relationship between religiosity e.g., Pope & Mohdali (2010); Benk et al. (2016) use of technology Bellon et al. (2023); Elazhary et al. (2023); Okunogbe & Pouliquen (2022), and understanding tax knowledge Saad (2014) & Andreas & Savitri (2015). However, more research is needed to examine the relationship between these non-economic factors and taxpayer compliance with the Head of Village Government Financial Affairs (KAUR of village financial). In Indonesia, village funds receive one to two billion per year. According to Saputra & Abrori, there is a difference of 342 billion in 436 districts in terms of the ratio of tax payments to the value of village treasurer expenditures Saputra & Abrori (2023). There are 176 Tax Office in 436 districts, with the tax payment ratio below the national average (around only 1.658 %). Therefore, monitoring and increasing compliance with Head of Village Government Financial Affairs standards is necessary, which still needs to be higher.

In this study, the influence of religiosity, mastery of technology, and understanding of tax knowledge on the taxpayer compliance of village officials, known as village treasurers, was investigated. The village treasurers in the Kulon Progo district, DIY, are the primary concern for studying tax compliance. Kulon Progo district is one of the districts that is currently actively developing. The development can be seen in several new infrastructure developments, such as international airports, hotels, toll access, and tourism areas. With this infrastructure development, sources of income from the tax sector should increase significantly. If infrastructure grows, economic and government spending and income from the tax sector will increase. The central government has allocated 2022 village budget funds to the Kulon Progo district government, amounting to IDR 88,152,875,000. These funds were distributed to 87 villages/districts in 12 Kapanewon. The smallest village fund allocation of IDR 637,921,000 was distributed to the Kebonrejo Kapanewon Temon sub-district. Meanwhile, the largest village fund allocation of IDR 1,554,108,000 was obtained by the Gulurejo Kapanewon Lendah sub-district. The 87 villages in question consist of 74 regular and 13 independent villages. Due to the large amount of village funds distributed, supervision and control of village treasurer taxpayer compliance is essential. According to Setyowati (2017), village treasurer compliance in Indonesia is only around 3.6%. Strong religious beliefs support a village treasurer with good knowledge of taxation and an understanding of the use of technology in taxation, who will be more likely to have a strong intention to comply with tax regulations. The Theory of Planned Behavior supports this.

The questionnaires were distributed to 87 village treasurers in Kulon Progo Regency in August 2023. Our first findings show that religiosity and tax knowledge have a positive effect, while mastery of technology does not affect taxpayer compliance with village financial leaders. Lack of competence in information technology is often reflected in poor acquisition, development, and utilization of technology and ultimately results in suboptimal information technology capabilities and performance Elazhary et al. (2023). Lack of supervision from the leadership, a weak internal control system, and long distances to pay taxes (because they cannot do so and there is no internet banking) make village treasurers repeat the same mistakes. It is hoped that DJP will encourage regular outreach and mentoring programs so that village treasurers can increase their understanding of utilizing technology. Furthermore, regular meetings need to be held to evaluate the performance of the village finance department and provide solutions to problems the village treasurers face. These meetings allow the village treasurers always to receive and know the latest tax information to support their tax duties and obligations.

Hopefully, this research can contribute to literature related to tax compliance, which is carried out empirically from non-economic factors at the village level. Furthermore, it is hoped that this research will be considered by regulators and tax authorities so that the technology used can be more effective and efficient.

The Theory of Planned Behavior (TPB) was first coined by (Ajzen, 1991). According to the TPB, three main factors influence a person's intention to carry out a behavior: behavioral, normative, and control beliefs. Normative beliefs refer to beliefs about other people's expectations and the motivation to meet those expectations. Religiosity can influence normative beliefs. Religious individuals want to fulfill religious and societal expectations by complying with tax regulations. This reflects ethical and responsible behavior. Control beliefs relate to individual perceptions about the factors supporting or inhibiting desired behavior. Understanding the use of technology, such

as electronic taxation systems, can make it easier for village treasurers to comply with taxation. This system can reduce physical and time barriers in tax reporting and payment. Behavioral beliefs relate to individual perceptions regarding the results of behavior and the evaluation of these results. In the context of tax knowledge, village treasurers with good tax knowledge will have confidence that complying with tax regulations will produce positive results, such as social justice and avoiding legal sanctions. Strong religious beliefs support a village treasurer with good knowledge of taxation and understand the use of technology in taxation, will be more likely to have a strong intention to comply with tax regulations.

Indonesia, a developing country, is actively developing in many sectors. Tax contributions to the State Revenue and Expenditure Budget (APBN) are essential in realizing this development (Harjowiryono, 2020). According to many Indonesian economists and tax experts, the potential of tax in Indonesia can still be explored more deeply (Suyanto, 2020). One of the taxes is collected by the village treasurer, or in Indonesia, known as the Head of Village Government Financial Affairs (KAUR of village financial), who is one of the government treasurers who deducts or collects taxes, which increase yearly along with the APBD.

According to the Indonesian constitution No. 6 of 2014, village treasurers must collect income tax (PPH) and other taxes. They must also deposit the levies and tax deductions they receive into the state treasury. This constitution also states that the village treasurer's job is to organize and manage village finances, including tax aspects.

The function of central and regional government treasurers is still non-compliant. This behavior is because they need to understand financial transactions, especially tax collection and withholding. With a self-assessment tax system, taxpayers carry out their tax knowledge, so it is essential to know whether the laws and regulations have implemented their tax obligations. Several studies related to taxpayer compliance have been carried out based on several parameters such as the principle of justice, understanding tax regulations, understanding tax sanctions, etc. (Febriyanto & Faisol, 2023; Andriana, 2019; Anugrah et al., 2022; Güzel et al., 2019). Parameters related to religious observance (religiosity), mastery of information technology, and tax knowledge of taxpayers on the level of compliance with paying taxes are few and rarely implemented.

The village treasurers are theoretically included in the group of corporate taxpayers tasked with withholding or collecting taxes and paying salaries, wages, honoraria, allowances, and other payments. Since 2014, village funds have become a political topic in the presidential candidate debate, finally realized in Law Number 6 of 2014 concerning Villages (2014); this constitution also states that the village treasurer's obligations are to first register as a taxpayer and, secondly carry out withholding and collection of PPh article 21, PPh article 22, PPh article 23, PPh article 4 paragraph (2) (Law Number 36 of 2008 concerning the Fourth Amendment to Law Number 7 of 1983 concerning Income Tax, 2008), Value Added Tax, and Sales Tax on Luxury Goods (PPN BM) as well as Stamp Duty; thirdly, deposit the taxes that have been withheld and collected into the state treasury; fourthly, report tax deductions and collections to the Tax Office where the treasurer is registered; fifthly, provide proof of deduction/collection to those who are deducted or collected. According to Nurmantu, there are two types of compliance: formal and material (Nurmantu, 2005). The village treasurer is one of the holding agents in the Indonesian taxation system. The village treasurer's compliance is essential to secure state revenues. However, the contribution of tax revenues from the village treasurer sector is known to be very low. Therefore, this research examines the factors that cause village treasurer compliance.

According to Alm (1991), tax compliance states that taxpayers must declare all their income and pay all taxes by applicable tax laws. They divide variables influencing tax compliance into two categories. The first is the economic model developed by (Allingham & Sandmo, 1972), which consists of inspections, sanctions, penalties, and tax rates. Second are non-economic variables such as tax awareness, trust in authority, justice, and other psychological factors.

Tax compliance is considered the main problem of Self Assessment Systems in various countries. Tax policies and strategies must continue to be developed by the tax authorities to ensure taxpayers can fulfill their tax obligations entirely and on time. According to Nurmantu (2005) and Widodo et al. (2010), there are two types of compliance. First is formal taxpayer compliance in fulfilling their obligations by the applicable tax law. For example, taxpayers know the need to register themselves, pay taxes on time, and submit SPT (tax return). Second, material compliance is when the taxpayer substantively fulfill all material tax provisions according to the content and material. So taxpayers who fulfill material compliance in filling out their Tax Return are honest, reasonable, and correct in reporting their Tax Return according to applicable regulations and before the deadline.

All religions state in their beliefs that we need to increase the attitude of mutual care between human beings. This attitude can be realized through compliance in paying taxes. However, some religious leaders have different perceptions regarding the relationship between tax compliance and concern for others. Although there are pros and cons regarding tax collection, it cannot be denied that the state's goal is to improve its people's welfare. These pros and cons are caused by concerns that the state is unfair to its people with tax cuts. Religiosity, according to Worthington et al. (2003), is religious commitment or belief in carrying out one's religious teachings. The higher a person's religiosity, the higher a person's faith in God. In Christianity, paying taxes is an obligation commanded by God since the time of Moses. The term tax was first mentioned in the Exodus (30:11-16), where every Israelite aged 20 years and over had to pay a tax every year in the amount of a particular offering. Hinduism demands that the law

not be broken, which is the glory of God. This faith is quoted in V-Smriti. VII.13 -14 Olivelle (2004), requires people to pay taxes as a form of respect and sacrifice for the nation and state and to improve the welfare of other people. Therefore, the taxpayer voluntarily acts by what he is ordered to do. If each individual's religiosity is high, he will be afraid of cheating. Because whatever a person does is always under God's supervision. If the taxpayer has high religiosity, the taxpayer will try to comply with the applicable tax regulations.

Pope & Mohdali (2010) examine how religiosity enhances tax morale and compliance through subjective norms and moral obligations, illustrating that individuals with high religiosity tend to have stronger tax morale. This paper is foundational in linking TPB's subjective norms with religious teachings, showing that individuals may comply with tax laws as an extension of their moral beliefs. Worthington et al. (2003) provide a measure of religious commitment, which can be used to understand how individuals' adherence to religious values might influence various behaviors, including legal compliance. It also provides a framework for how religiosity can contribute to the moral and normative beliefs that affect behavior, fitting well within the TPB structure. Benk et al. (2016) investigate the impact of religiosity on tax compliance among Turkish taxpayers, emphasizing how religious beliefs strengthen subjective norms and influence attitudes toward compliance. The findings support that religiosity can either enhance or reduce tax compliance depending on individual interpretations of religious duty toward civic obligations. Based on theory and previous research results, the first hypothesis is formulated as follows:

**H<sub>1</sub>: Religiosity has a positive effect on taxpayer compliance in the village treasurer**

Information technology will provide value for improving corporate tax performance. The improvement can be realized if the information technology strategy aligns with the general business and tax strategies. This alignment can be achieved with the support of effective technology mastery practices, which include structure, process, and relations (Abdillah, 2018). Specifically, various information technologies that support tax functions enable companies to evaluate current tax processes more effectively, identify areas for improvement, and utilize the most supportive technologies at the right time (EY, 2020). Information technology aligned with corporate tax functions supports various vital activities, from inputting or retrieving tax data, collecting tax data, analysing and reporting tax data, and visualizing tax data (EY, 2020). Errors in calculating taxes in the current period can harm the possibility of errors or violations in the presentation of tax accounts in future periods (Choudhary et al., 2016). The village treasurer's understanding and mastery of good information technology support the village government to be more compliant with tax regulations. Strong (weak) information technology is often reflected in the acquisition, development, and utilization of good (bad) technology and ultimately impacts optimal (not optimal) information technology capability and performance (Elazhary et al., 2023; Saragih et al., 2024). Based on the description and results of previous research, the second hypothesis is formulated as follows:

**H<sub>2</sub>: Mastery of information technology has a positive effect on taxpayer compliance in the village treasurer**

As defined by Saad (2014), tax knowledge is an interpretation of an understanding of tax laws and regulations. The self-assessment system requires taxpayers to have tax knowledge to determine whether tax obligations are carried out accurately or not (Harjowiryono, 2020). Tax knowledge is the ability of taxpayers to know tax regulations, both regarding the tax rates they will pay based on the law and tax benefits that will be useful for their lives (Mardiasmo, 2009). One factor influencing village treasurers' compliance to fulfill their tax obligations is the taxpayer's knowledge of the procedures for carrying out tax obligations. Vogel (1974) in his survey of public opinion towards the taxation system in Sweden, found a positive relationship between taxpayers' knowledge of the taxation system and compliance. This survey concluded that an in-depth understanding of taxation and the technicalities of tax regulations and legislation are necessary prerequisites for forming a positive attitude towards taxation and fiscal behaviour.

An investigation conducted by Andreas & Savitri (2015); Gunaasih (2021); and Saad, (2014) also stated that tax knowledge is the most influential factor in determining taxpayer compliance behaviour in the self-assessment system. Likewise, a lack of tax knowledge can lead to non-compliant behaviour among taxpayers, whether intentional or unintentional. Based on theory and previous research results, the third hypothesis is formulated as follows:

**H<sub>3</sub>: Tax knowledge has a positive effect on taxpayer compliance of the village treasurer**

**RESEARCH METHODS**

This research applies a regression model to test the initial hypothesis. The dependent variable is tax compliance, while the independent variables consist of religiosity, technological understanding, and tax knowledge. The population in this research is the Village Treasurer for the 87 villages in Kulon Progo.

The questionnaires were distributed to all the Kulon Progo village treasures as respondents from July 6 to August 22, 2023. All respondents must be registered as taxpayers, which can be identified with their tax ID number. The definitions and measurements of the variables used in this investigation are shown in Table 1 below. A convenience sampling method was applied to the online survey using Google Forms. Seven of the 87 village treasure samples had to be excluded from the collected samples since they still needed to fill the Taxpayer Identification Number.

**Table 1.** Variable: Definition and Measurement

| Variable              | Definition  | Measurement   | Source                                  |
|-----------------------|---|---|---|
| Religiosity           | The level of belief and adherence of an individual to their religious teachings | I carry out the rights and obligations ordered by the holy book/Quran/ Bible/Veda/Tripitaka and sources of sacred teachings of other religions and beliefs.<br>My religious beliefs have always influenced most matters in life.<br>I always try to increase my knowledge and understanding of religion.<br>I feel guilty against the government/state if I commit fraud in withholding and collecting tax transactions as a financial component  | Modified from Worthington et al. (2003) |
| Mastery of Technology | The extent to which an individual uses technology in their daily life           | I can operate a tax application according to my needs.<br>I created an e-billing code on the DJP website for PPh and VAT payments<br>I can smoothly use the Unification e-Bupot application to create a proof of deductions and collections   | Modified from Davis (1989)              |
| Tax Knowledge         | The level of understanding of an individual about tax laws and obligations      | The village finance department can consider taxes in managing village finances for the development of village facilities and infrastructure.<br>I understand the mechanism and conditions for carrying out overbooking if there is an overpayment of tax.<br>Six types of taxes must be withheld/collected by the village head: PPh Article 21, PPh Article 22, PPh Article 23, PPh Article 4(2), VAT, Stamp Duty.<br>The Unification Period tax return is a tool for reporting and accounting for the calculation of tax payable, which should be reported monthly.<br>I know how to fill out the Unification Tax Return correctly, make financial reports, and pay taxes correctly.<br>I already have a 16-digit ID Tax Number for financial officers.<br>I have learned that in Tax Law Number 28 of 2007 Article 39, Taxpayers who are late or do not pay taxes can be given administrative sanctions | Modified from Saad (2010)               |
| Taxpayer Compliance   | The level of compliance of an individual in fulfilling their tax obligations    | I consistently fulfill my obligation to pay village fund taxes from the State Budget.<br>I always pay village fund taxes that come from the APBN on time<br>I always complete the data on village fund tax payment requirements that come from the APBN by the provisions<br>I have never received administrative sanctions for being late in paying village fund taxes that come from the APBN   | Modified from Saad (2010)               |

A pilot test questionnaire was carried out on the ten respondents before being distributed. Feedback on questions was generated, and then improvements were made. Furthermore, a Likert scale was determined with the four number scales (1=strongly disagree, 4=strongly agree) to avoid a biased answer.

Validity and reliability tests were carried out to test the questionnaire. The research model used is multiple linear regression, as seen in Figure 1. Several tests were conducted to check the collected data, including validity, reliability, normality, descriptive statistic, and hypothesis tests.

## RESULTS AND DISCUSSIONS

Table 2 shows the respondents based on their genders, ages, and educational levels. Based on the genders, it shows that 35 respondents, or 43.75% are female, and 45 respondents, or 56.25%, are male. Based on the ages, it

**Table 2.** Respondent demographics

| Respondent Profile | Category    | Total Number | Percentage |
|--------------------|-------------|--------------|------------|
| Genders            | Female      | 35           | 43.75%     |
|                    | Male        | 45           | 56.25%     |
| Ages               | 18-30       | 7            | 8.75%      |
|                    | 31-40       | 19           | 23.75%     |
|                    | 41-50       | 31           | 38.75%     |
|                    | >50         | 23           | 28.75%     |
| Educational levels | High school | 36           | 45%        |
|                    | Diploma     | 8            | 10%        |
|                    | S1/S2/S3    | 36           | 45%        |

Source : By Researchers (2024)

shows that 8.75% are 18-30 years old, 23.75% are 31-40 years old, 38.75% are 41-50 years old, and 28.75% are over 50 years old. Based on educational level, 45% of the respondents have a high school, 10% have a diploma, and 45% have a bachelor's degree/master's degree/doctoral degree.

These characteristics residence (table 2) are critical to understanding our findings' context, especially regarding village treasurers' tax compliance behavior. The majority of respondents fall within the middle-aged and older adult categories. This age distribution is significant as it likely impacts attitudes toward compliance and adaptability to technology. Middle-aged and older respondents might have accumulated more work experience and developed a stronger sense of responsibility, potentially leading to a higher awareness of compliance obligations. However, the prevalence of older respondents may also explain specific findings, such as the need for more support for hypothesis 2 on the impact of technology. Older adults may be more reluctant or face more significant challenges in adopting new tax technologies, which could impact their tax compliance.

The gender distribution of respondents may also provide insight into compliance behavior, as previous studies have indicated that gender can influence risk aversion and ethical behavior. Although we did not specifically examine gender differences in this study, the gender breakdown offers a general perspective on the diversity of the respondent group.

The education levels of respondents range from high school to higher education. This is an essential factor, as higher educational attainment is often associated with a better understanding of complex regulations, including tax compliance. Higher educated respondents may possess more excellent tax knowledge and a clearer understanding of compliance requirements. At the same time, those with lower educational backgrounds may rely more heavily on basic tax knowledge. The variation in education levels helps explain different levels of tax knowledge among respondents, which is directly relevant to hypothesis 3 regarding tax knowledge and compliance. Individuals with higher education levels may demonstrate a stronger correlation between tax knowledge and compliance due to a more remarkable ability to understand and apply tax regulations.

Table 3 shows descriptive statistics for each variable. The interval scale is classified into four categories regarding the statement that the respondents must answer. The interval scale consists of strongly disagree (1.00 – 1.75), disagree (1.75 – 2.50), agree (2.50 – 3.25), and strongly agree (3.25 – 4.00). Each respondent was asked to answer four statement items to measure the taxpayer compliance of village treasurers in Kulon Progo. The highest answer is four, and the lowest answer is 1, with an interval of 0.75 among the values. The descriptive statics results show that the average compliance level score is 3.4375. This relatively high score indicates the commitment and awareness of village treasures to tax regulations. In the self-assessment system, taxpayers insist on being aware of and honest in withholding and collecting. These behaviors align with the applicable regulations of PPh Article 21, PPh Article 22, PPh Article 23, PPh Article 4(2), VAT, Stamp Duty), and the payment and reporting of Unification Tax Returns. The descriptive statistics results in this study have confirmed that most taxpayers are serious and dedicated to fulfilling their tax compliance Valerie Braithwaite (2003).

According to previous studies, religiosity is divided into two based on orientations: religious affiliation and religious commitment. Religious affiliation is an association that identifies a person with a religion, such as being

**Table 3.** Descriptive statistics test results

|                         | N  | Minimum | Maximum | Mean   | Std. Deviation |
|-------------------------|----|---------|---------|--------|----------------|
| Religiosity ( $X_1$ )   | 80 | 2.75    | 4.00    | 3.5281 | .42096         |
| Technology ( $X_2$ )    | 80 | 2.00    | 4.00    | 3.1175 | .47984         |
| Tax knowledge ( $X_3$ ) | 80 | 2.25    | 4.00    | 3.0563 | .48388         |
| Tax compliance (Y)      | 80 | 2.25    | 4.00    | 3.4375 | .46474         |
| Valid N (listwise)      | 80 |         |         |        |                |

Source : By Researchers (2024)

**Table 4.** Multiple linear regression test

| Model                   | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. |
|-------------------------|-----------------------------|------------|---------------------------|-------|------|
|                         | B                           | Std. Error | Beta                      |       |      |
| 1 (Constant)            | .978                        | 1.330      |                           | .736  | .464 |
| Religiosity ( $X_1$ )   | .485                        | .101       | .435                      | 4.802 | .000 |
| Technology ( $X_2$ )    | .074                        | .145       | .057                      | .514  | .609 |
| Tax knowledge ( $X_3$ ) | .236                        | .075       | .372                      | 3.148 | .002 |

Dependent Variable: WP Compliance (Y)

Source : By Researchers (2024)

Muslim, Christian, or Buddhist. Religious commitment is “the extent to which a person adheres to his or her religious values, beliefs, and practices and applies them in everyday life” Worthington et al. (2003). Table 3 shows the taxpayer religiosity is 3.5281 with a standard deviation of 0.42096. The average value is in the strongly agree category (interval 3.25 – 4.00). These mean and standard deviation values show respondents’ high religiosity regarding tax compliance. Regarding the religiosity of taxpayers, each respondent was asked to answer four statement items to measure the religiosity of taxpayers in the Kulon Progo village district. The statement items consist of an ideological, ritualistic, experiential, and consequential dimension.

The development of technology is expected to support all kinds of work. According to the Technology Acceptance Model (TAM), the technological system can influence the use of technology to facilitate and support work. Technology saves time and is accessible, accurate, and paperless. The technology products in the tax system have been applied, such as e-billing, e-invoice, e-but, and e-filing. Table 3 shows the mean value of technology usage for village treasures in Kulon Progo. The mean value is 3.5281, with a standard deviation of 0.42096. The average value is in the agreed category (interval 2.5 - 3.25). Each respondent was asked to answer three statements to measure the use of technology. The indicators in this research are perceived usefulness and perceived convenience.

As listed in Table 3, the mean value of tax knowledge is 3.0563, with a standard deviation of 0.48388. The average value is in the agreed category (interval 2.5 - 3.25). Each respondent was asked to answer seven statements to measure the use of technology. The statements include taxpayer knowledge regarding tax regulations, tax rates, tax payment procedures, tax functions, and registration.

### Religiosity and Taxpayer Compliance

Table 4 shows that the religiosity variable ( $X_1$ ) positively influences taxpayer compliance, with a significance level of 0.000. It has been reported that high religiosity taxpayers will obey tax regulations. The village treasurer’s religious affiliation and commitment reflect compliance with legal obligations. The taxpayer’s religious understanding determines the actions of village leaders, especially in reporting and paying taxes. In addition, with an understanding of religion, taxpayers can control taxpayer behavior to comply with tax regulations (Faisal & Yulianto, 2019). Taxpayers who have a level of religiosity will change their perspective on paying and reporting taxes because they prioritize their relationship with God. Following the theory of planned behavior, with normative beliefs, taxpayers can reflect on things that support their behavior. Taxpayers who have high religiosity will try to comply with their tax obligations.

### Mastery of Information Technology and Taxpayer Compliance

Based on the multiple linear regression shown in Table 4, the second hypothesis is not supported because the significant value is 0.609. Weak information technology is often reflected in poor technology acquisition, development, and utilization, resulting in suboptimal information technology capabilities and performance (Elazhary et al., 2023). The lack of understanding of village financial leaders regarding using e-Bupot and SPT during the Unification period in the E-filing system is the cause. Lack of supervision from the leadership, a weak internal control system, and long distances to pay taxes (for some villages without internet access) make village leaders repeat the same mistakes. It is hoped that DJP will encourage regular socialization and mentoring programs so village financial leaders can increase their understanding of utilizing technology and the Internet in remote villages. Moreover, regular meetings need to be held to evaluate the performance of the village financial department and provide solutions to problems faced by the village financial division. The regular meetings allow the village finance department to receive and know the latest tax information to support its tax duties and obligations. In addition, based on the demographics of respondents in Table 2, we found that the age profile of the village treasurers likely contributed to their reluctance or struggle with technological advances, which may affect their ability to leverage digital tools for tax compliance fully. Middle-aged and older individuals may have lower adaptability to newer tax technologies (e.g., e-filing systems) than younger generations, as previous research has indicated that older adults often face more significant barriers in adopting technology due to unfamiliarity, limited training, or even apprehension about digital systems. This aligns with our findings that mastery of technology did not significantly impact compliance in this sample.

## Tax Knowledge and Village Financial Compliance

Based on the results of the multiple linear regression analysis in Table 4, it is known that the village financial community's tax knowledge variable positively affects tax obligations in calculating, depositing, and reporting their tax obligations. The positive effect is proven by the significant value of 0.002. These results indicate that the better the tax knowledge, the higher the level of taxpayer compliance in the village financial department in Kulon Progo district. These results support previous research by Vogel (1974), which stated that an in-depth understanding of taxation and the technicalities of tax regulations and legislation are necessary prerequisites for forming a positive attitude towards taxation and fiscal behavior. Adequate tax knowledge is essential in fostering high tax compliance (Saragih et al., 2024). In addition, an environment with the characteristics of mutual trust and cooperation between the village financial department and the tax authority can be realized if taxpayers have good tax knowledge. Excellent tax knowledge is following behavioral beliefs. Planned Behavior Theory relates to individual perceptions regarding the results of behavior and the evaluation of these results. In the context of tax knowledge, village treasurers with good tax knowledge believe that complying with tax regulations will produce positive results.

## CONCLUSIONS

This research provides empirical evidence that tax compliance is significantly determined by religiosity and tax knowledge. Yet, this research needs to provide empirical evidence regarding the influence of technological understanding on tax compliance. This research suggests that tax authorities pay attention to technology mastery factors for village treasurer taxpayers to achieve tax compliance. Some Village Finance Heads who have not yet mastered electronic deductions and collections, electronic payments, and electronic reporting mean their compliance is not optimal. It would be better for the tax authorities to control the use of tax technology through outreach and assistance and provide intervention to the government for adequate internet access in remote rural areas. Control beliefs are related to individual perceptions about factors that support or inhibit desired behaviour following the planned behaviour. The low technological understanding hinders taxpayer behaviour. This research can also contribute to tax administration regarding the asymmetry between technology users and the technology used. Even though it is supported by technology, taxpayers still need help with reporting electronically. This finding could be an improvement in the future to simplify the reporting system, making it difficult for taxpayers.

Several limitations have been found in this study. First, this research may be limited to the Kulon Progo sample only. Study results may need to be more generalizable to a broader population. Second, this study did not consider relevant control variables; for example, the level of education (45% high school) makes technology mastery insignificant. An individual's level of technology knowledge can vary significantly and may be difficult to measure precisely. Additionally, research may not consider rapid technological change and how it may affect tax compliance. Future research is needed to investigate other factors, such as how trust in authority can improve tax compliance.

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