



Abstract

- The Malaysian Government launched the Special Voluntary Disclosure Program (SVDP) from 3 November 2018 until 30 September 2019 as an effort to increase the level of tax compliance in Malaysia.
- However, only 286,428 of them (28.6%) participated in this program and RM7.8 billion tax and penalty were raised.
- As there is a lack of studies conducted by researchers in Malaysia about the SVDP, this study empirically investigates the demographic variables (race, age, gender, marital status, type of income and source of income) and their relationship with participation in the SVDP by individual taxpayers in Johor Bahru.
- Findings show that marital status and type of income are statistically significant. Only two of the six hypothesized relationships are supported in this study.

Problem Statement

- The SVDP was expected to collect RM10 billion from one million of taxpayers who have incorrectly reported their tax returns or those who did not disclose their income to IRBM (The Star Online, 2019).
- However, IRBM announced that it has accumulated around RM7.88 billion in taxes, additional taxes and penalties through their SVDP (Muhammed, 2020).
- Only 29% taxpayers participated in the SVDP. The total collection was merely 80% of the original .
- The question to be asked here is why was the participation rate quite low and whether or not any factors led to the taxpayers' weak participation in the SVDP.

Research Questions

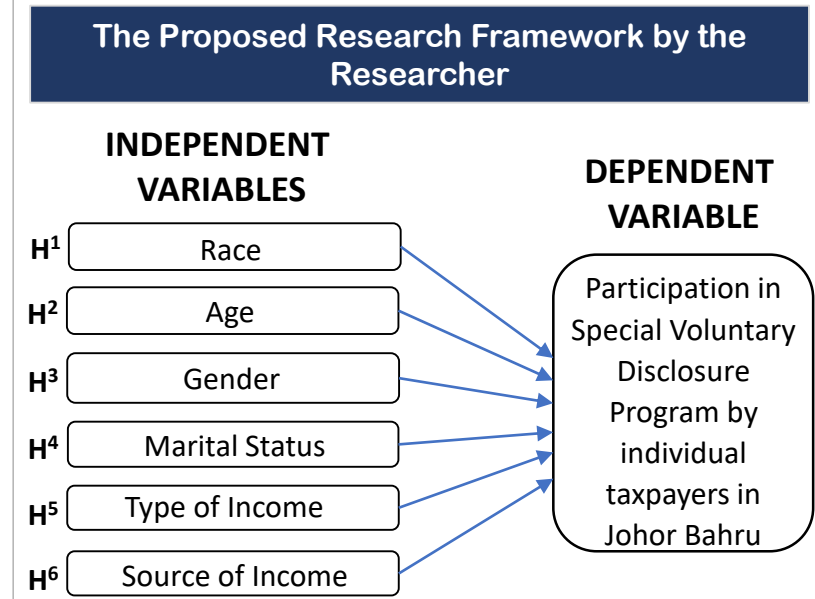
- What is the relationship between **race** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru?
- What is the relationship between **age** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru?
- What is the relationship between **gender** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru?
- What is the relationship between **marital status** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru?
- What is the relationship between **type of income** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru?
- What is the relationship between **source of income** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru?

Objectives

- To identify the relationship between **race** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.
- To identify the relationship between **age** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.
- To identify the relationship between **gender** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.

- To identify the relationship between **marital status** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.
- To identify the relationship between **type of income** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.
- To identify the relationship between **source of income** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.

Framework



Methodology

- The scope of this study is individual taxpayers in Johor Bahru, Malaysia, who participated in the SVDP.
- This study uses a quantitative approach in which data are collected based on answers by respondents from the questionnaire given. Structured questionnaires were used to collect data from individual taxpayers in Johor Bahru.
- The questionnaire was adapted from various studies, like Bacho (2007) and Masriah (2016).
- The total population for this study is the 26,798 individual taxpayers in Johor Bahru (estimation). The sample size for 167,830 population is N132. The random sampling procedure had been applied in this study in order to gain the data collection.
- The data were analysed using SPSS.
- The following **hypotheses** were tested:
 - H1: There is a significant relationship between **race** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.
 - H2: There is a significant relationship between **age** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.
 - H3: There is a significant relationship between **gender** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.
 - H4: There is a significant relationship between **marital status** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.
 - H5: There is a significant relationship between **type of income** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.
 - H6; There is a significant relationship between **source of income** and the participation in the Special Voluntary Disclosure Program by individual taxpayers in Johor Bahru.

Findings

- The response rate for this study is 132.
- The majority of the respondents are Malay at 58.3%, Chinese at 21.2%, Indian (15.9%) and others (4.5%).
- The majority in the age is between 34-49 years at 40.2%, followed by 50 years and above at 36.4% and 18-33 years at 23.5%.
- The majority of the respondents are male at 53% and 47% for female.
- The majority of the respondents are single at 42.4%, whereas married is 37.9% and widowed at 19.7%.
- The majority of the respondents are self-employed at 67.4%, while those salary earners is at 32.6%.
- The majority of the respondents are individual/corporate earning taxpayers at 85.6%, while earnings from outside Malaysia is at 19%.
- The marital status and source of income values are less than the normal alpha level of 0.05, which indicates that it is statistically significant; while the other variable values are greater than the normal value, which indicates that it is statistically insignificant.
- From the six hypotheses, only two hypotheses, i.e., H4 and H5, are supported. The significant value for marital status is .003 and type of income is .004 which supported the hypothesis as the significant value is less than $p < 0.000$.
- It shows that only **marital status** and **type of income** variables have **significant relationships** with the taxpayers' participation in the SVDP.
- According to the summary of the respondent profile, for marital status, more single taxpayers participated in the questionnaires than married and widowed taxpayers. For the type of income, more self-employed taxpayers participated in the questionnaires than salary earners.

- This is concurring with past studies by Stephen et al. (2015), Tazequl (2016) and Antwi et al. (2015), that marital status has a serious business with tax non-compliance attitude.
- According to Kasipillai (1998), Hai et al. (2011) and Abdul (2001), Malaysian self-employed income earners are more likely to be involved in tax non-compliance. Moreover, Azhar et al. (2017) suggested that salary-earners are more highly involved.

Conclusion

- The researcher finds that only two demographic factors in this study (marital status and type of income) have a significant relationship with SVDP participation by taxpayers in Johor Bahru.
- As suggestions for IRBM to enhance the tax compliance level among the taxpayers in Malaysia:
 - the IRBM can enforce some measures, for example, extending the period of the SVDP in future if such a program is to be reintroduced
 - The IRBM may extend the program for a whole year in order to give enough time for the taxpayers to voluntarily declare their income
 - the IRBM can cooperate with the academicians and researchers as it will benefit them in future through joint study findings and recommendations

Research Gap

- All the findings of this study cannot be generalized to taxpayers throughout Malaysia. It applies to individual taxpayers in Johor Bahru only.
- It is hoped that other researchers can undertake studies regarding the SVDP from various perspectives, involving other states of Malaysia.