Hasilian Research Snapshot

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FACTORS AFFECTING INTENTION TO COMPLY WITH SPECIAL VOLUNTARY DISCLOSURE PROGRAMME 2.0 AMONG INDIVIDUAL BUSINESSES IN KLANG VALLEY

Abstract

The objective of this study is to investigate the factors that influence the involvement of individual business taxpayers in SVDP 2.0 in the Klang Valley region. Online questionnaires were utilized for data collection. Reliability analysis, factor analysis, descriptive analysis, and multiple regression analysis were performed on data gathered from 120 respondents selected through random sampling. Results from multiple regression analysis indicated that attitude, tax knowledge, and awareness significantly influenced intention towards factors affecting SVDP 2.0 among individual business taxpayers.

Problem Statement

The data and evidence from the Special Voluntary Disclosure Programme (SVDP) 1.0, implemented between November 2018 and September 2019, indicate that the Inland Revenue Board of Malaysia (IRBM) had made notable progress toward achieving its objectives, although further efforts were still needed. Subsequently, SVDP 2.0 was launched on June 6, 2023, and will run until May 31, 2024, to encourage greater participation from taxpayers. The study indicated that the participation of individual business taxpayers in the Klang Valley under SVDP 2.0 has yet to fully achieve the intended objectives of the IRBM. This situation raises concerns about the factors influencing their participation. Therefore, it is imperative to investigate the factors that impact the involvement of individual taxpayers in the Klang Valley SVDP 2.0. Taxpayers' participation in the SVDP is influenced by various factors including theirs views on the treatment by tax authorities, education level, tax knowledge and social groups.

Objectives

RO

1) To identify the level of attitude, subjective norms, tax knowledge, awareness, and SVDP 2.0 participation intention among individual businesses in Klang Valley.

2) To determine the relationships between attitude, subjective norms, tax knowledge, awareness, and SVDP 2.0 participation intention among individual businesses in Klang Valley.
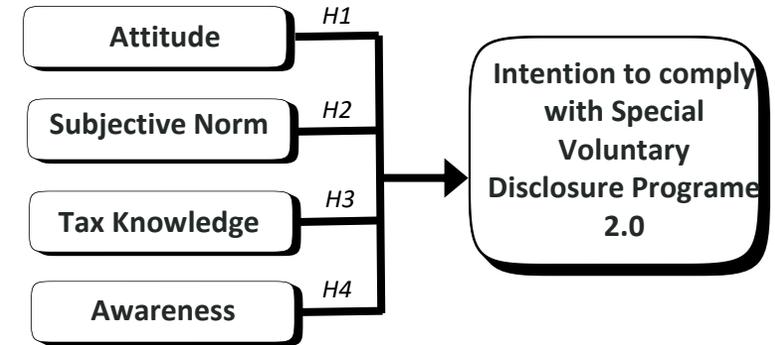
Research Questions

RQ

1) What is the level of attitude, subjective norms, tax knowledge, awareness, and SVDP 2.0 participation intention among individual businesses in Klang Valley?

2) What are the relationships between attitude, subjective norms, tax knowledge, awareness, and SVDP 2.0 participation intention among individual businesses in Klang Valley?

Framework

- The framework was employed based on TPB model formulated by Ajzen (1991).

- The hypothesis for this study as follows:

H1	Attitude is positively related to intention to comply with SVDP 2.0
H2	Subjective norm is positively related to intention to comply with SVDP 2.0
H3	Tax knowledge is positively related to intention to comply with SVDP 2.0
H4	Tax awareness is positively related to intention to comply with SVDP 2.0

Methodology

- The study conducted a quantitative research approach through survey with the total of 120 participants (business taxpayers in Klang Valley)

- The participants are registered taxpayers with the IRBM in Klang Valley who file their tax returns through the e-Filing system.

Methodology (Cont.')

- ➢ Those who have not yet participated in SVDP 2.0 were included in this study under the presumption that they might engage in SVDP 2.0 in the future
- ➢ Among the respondents, there are individual taxpayers, some of whom may have underreported other sources of income such as assets, rent, and commissions.
- ➢ The sampling technique utilized is simple random sampling, where respondents were chosen at random from business taxpayers in the IRBM Klang Valley, all of which are states with active businesses.
- ➢ A pilot test was undertaken to evaluate the accuracy and consistency of the study instruments, assuring the clarity of questions, appropriateness of scales, and comprehensibility of instructions (Pallant, 2010). Therefore, a total of 30 participants of IRBM's taxpayer at Lembah Klang were chosen for the preliminary investigation.
- ➢ The results of pilot test was shown below:

Variables	Item	Cronbach's Alpha
Attitude	5	0.828
Subjective Norm	4	0.859
Tax Knowledge	4	0.897
Awareness	6	0.896
Intention	5	0.899

- ➢ The questionnaires were distributed personally as online surveys through Google Forms and WhatsApp from February 8, 2024 to February 23,2024.
- ➢ The data analysis was conducted using Microsoft Excel and Statistical Package for Social Sciences (SPSS) Version 29 software.
- ➢ The data has been analysed through descriptive analysis, reliability analysis, factor analysis and multiple regression analysis.

Findings

- ➢ Out of 120 research respondents obtained for this study, 65% were male and 35% were female. The majority of respondents were Malay (50%), followed by Chinese (34%), Indian (15%) and others (1%), with most of them aged between 31 and 40 years old.
- ➢ The category of business operation activities shows that 47.5% of respondents were involved in ordinary stores/premises, 21.7% in direct selling, 27.5% in online platform, and 3.3% respondent involved in others operation activities.
- ➢ The result found that the respondents who participated in the SVDP are 60 (50.0%) respondents, meanwhile 60 (50.0%) respondents have not participated in the SVDP.
- ➢ The level of attitude, subjective norm, tax knowledge, awareness, and tax compliance intention towards payers in SVDP 2.0 in Klang Valley had a high score value. It means that all these variables are really encourage factors to the individual business taxpayers in Klang Valley to comply with SVDP 2.0.
- ➢ By using multiple regression analysis, the results showed that there were significant relationship between attitude, subjective norms and tax knowledge towards tax compliance intention on SVDP 2.0 among individual business in Klang Valley. Meanwhile, tax awareness does not show a significant relationship with tax compliance intention on SVDP 2.0.
- ➢ Hence, the following hypotheses were summarized :

Summary of the hypothesis	Findings
Attitude is positively related to tax compliance intention on SVDP 2.0	Accepted
Subjective norm is positively related to tax compliance intention on SVDP 2.0	Accepted
Tax knowledge is positively related to tax compliance intention on SVDP 2.0	Accepted
Tax awareness is positively related to tax compliance intention on SVDP 2.0.	Rejected

Conclusion

- ➢ In general, the mean scores for attitude, subjective norms, tax knowledge, tax awareness and intention toward tax compliance are high.
- ➢ It can be interpreted by this means:
  - Attitude : This positive outlook might stem from recognizing the benefits of adhering to SVDP 2.0, such as avoiding penalties or legal consequences.
  - Subjective norms : This highlight the significant role that peer influence and societal expectations play in shaping individuals' decisions to comply with tax regulations
  - Tax knowledge : Indicating a decent level of understanding among individuals regarding tax laws, regulations, and procedures, particularly those related to SVDP 2.0.
  - Awareness : Suggesting that individuals in the Klang Valley are quite aware of the program and its implications.
  - Intention : A strong intention among individual business taxpayers in Klang Valley to comply with SVDP 2.0.
- ➢ There is no significant correlation between tax awareness and tax compliance intention in SVDP 2.0 tax among individual company taxpayers in Klang Valley. This means tax awareness does not influence tax compliance. According to the TPB, this implies that while there is awareness (which may be considered a form of knowledge and possibly an aspect of attitude), it may not be the most influential component.
- ➢ Using this model framework, R-square of this model was 0.693, which is this model explained 69.3% of the variance of tax compliance intention.

Research Gap

- For future research, it is recommended to enlarge the sample size and supporting by quantitative and qualitative methods to get more understanding by including a more representative group of taxpayers.
- Comparing compliance across regions can offer valuable contextual insights.
- Integrating behavioural theories with existing frameworks could enrich understanding