

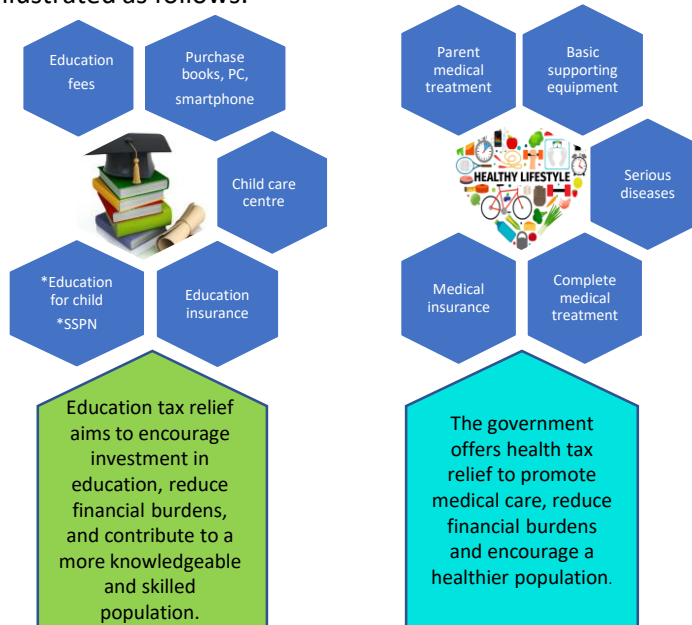


Abstract

- In Malaysia, during the national budget presented each year, the targeted tax policies will come together to stimulate the economy and generate higher tax revenue. Hence, each tax policy that is introduced will have an effect on taxpayer spending patterns, including spending intentions on health and education tax relief. The impact on individual taxpayers spending intentions has never been thoroughly studied. According to the analysis of Compounded Annual Growth Rate (CAGR), the study's focus on these two tax relief items is consequently justified because fewer claims have been made for health and education. Moreover, both tax reliefs constitute more than 50% of tax relief compared to other tax relief.
- The researcher has used the Theory of Planned Behaviour (TPB) and the Knowledge-Attitude-Practice (KAP) model as frameworks for understanding behaviour and intention. The factors influencing spending intentions are attitude, subjective norms, perceived behavioural control (PBC) and tax knowledge. The sample size of 160 respondents in Klang Valley via questionnaires was studied and analysed using SPSS software.
- The results indicate that individuals with more favourable attitudes who perceive social pressure or influence, have a sense of control, and possess tax knowledge are more likely to have a higher intention to spend on health and education relief. The study concludes that attitude, subjective norm, perceived behavioural control, and tax knowledge positively influence intention to spend on health and education tax relief. This research suggests effective communication and awareness campaigns that emphasise the significance of these factors in promoting compliance and reducing non-compliance among individual taxpayers.

Problem Statement

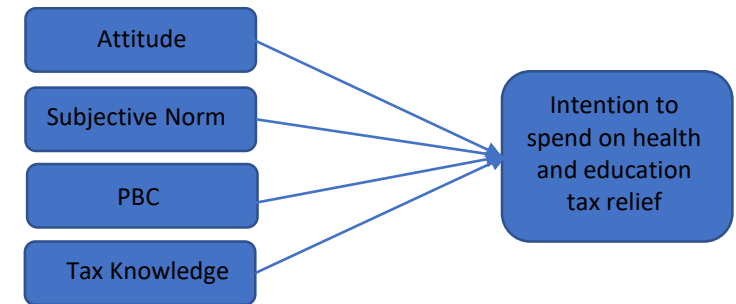
- The context of health and education tax relief in this study is illustrated as follows:



- From 2016 to 2019, there was an increase in health and education tax relief, according to the IRB's statistics.
- However, analysis of household expenditure data revealed a **downward trend** in the annual growth rate of health and education expenditure from 2016 to 2019 (DOSM) using CAGR.
- Although the government has offered relief related to health and education to encourage taxpayers to spend on their health and education, the public still does not take advantage of opportunities appropriately for their interests.
- Thus, this study aims to explore the factors that influence the intentions of individual taxpayers towards health and education tax relief.

Framework

- The Theory of Planned Behaviour (TPB) was incorporated into the suggested theoretical model in order to investigate the effects of attitudes, subjective norms, Perceived Behavioural Control (PBC), and tax knowledge on intentions to spend on tax relief for education and health.
- Based on this paradigm, behaviour is driven by intentions, which are influenced by the components listed above.
- A proposed theoretical framework based on TPB (Ajzen, 1991) :



- Tax knowledge is introduced as an additional variable, supported by the KAP Model (Knowledge, Attitude, Practice) by Schwartz (1976).
- The hypotheses developed for the study are outlined as follows:

H1	Individual taxpayer attitude positively influence the intention on health and education tax relief spending behaviour
H2	Individual taxpayer subjective norm positively influence the intention on health and education tax relief spending behaviour
H3	Individual taxpayer perceived behavioural control positively influence the intention on health and education tax relief spending behaviour
H4	Individual taxpayer tax knowledge positively influence the intention on health and education tax relief spending behaviour

Research Questions

RQ

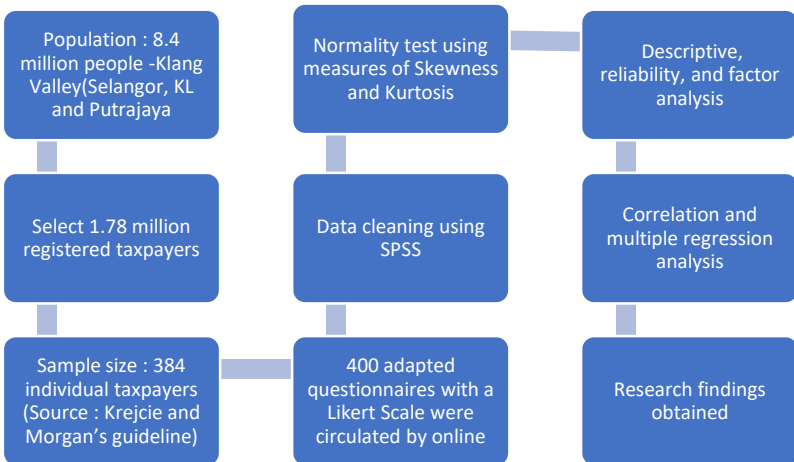
Do attitude, subjective norm, perceived behavioural control, and tax knowledge influence the intention to spend on health and education tax relief?

Objectives

RO

To determine the relationship between attitude, subjective norm, perceived behavioural control, tax knowledge and intention towards spending on health and education tax relief.

Methodology



Findings

- A total of 160 research respondents were obtained for this study consist of 87 are male and 73 are female. Majority of respondent was Malay and age of 41 to 45 years.
- The findings revealed a significant positive relationship between attitude and intention towards spending on health and education tax relief. This suggests that individuals with more favourable attitudes are more likely to have a higher intention to engage in such spending.
- The results showed a significant positive relationship between subjective norms and intention. This implies that individuals who perceive social pressure or influence from important others to spend on health and education relief are more likely to have a stronger intention to do so.
- The findings indicated a significant positive relationship between perceived behavioural control and intention. This suggests that individuals who perceive themselves as capable and in control of their spending on health and education relief are more likely to have a higher intention to engage in such spending.
- The hypothesis stating that individual taxpayer tax knowledge positively influences the intention on health and education tax relief spending behaviour is accepted. The results show a significant relationship between tax knowledge and intention. This implies that individuals' level of tax knowledge regarding health and education relief has a substantial impact on their intention to engage in such spending.
- The summary of the hypothesis result is presented as follows:

Summary of the hypothesis	Findings
Individual taxpayer attitude positively influence	Accepted
Individual taxpayer subjective norm positively influence	Accepted
Individual taxpayer perceived behavioural control positively influence	Accepted
Individual taxpayer tax knowledge positively influence	Accepted

Conclusion

- In conclusion, this study provides evidence that attitude, subjective norms, perceived behavioural control and tax knowledge are important factors influencing the intention towards spending on health and education tax relief among individual taxpayers in Klang Valley.
- These conclusions have implications for policymakers and practitioners in designing effective interventions and communication strategies to promote desired spending behaviours in the field of health and education relief.
- By fostering positive attitudes, social support, perceived control, and enhancing taxpayers' tax knowledge, policymakers can encourage individuals to make use of available tax relief options and contribute to the overall goal of promoting spending on health and education relief.
- These results should assist the government and tax authorities understand taxpayer behaviour, increase compliance, and prevent non-compliance.
- The results indicate that intention is important in ensuring improvements in taxpayers' understanding. Hence, any tax relief introduced needs to be communicated as this could ensure intention is created among the taxpayers. The medium of communication is important as effective communication could create an effective awareness of the matter highlighted by the IRBM.

Research Gap

- For future research, it is recommended to employ a combination of research methods to enhance the study's methodology by incorporating both survey methods and interviews.
- Future studies can also be conducted to determine whether spending on health and education tax relief will cause an increase in compliance cases or vice versa.