



### Abstract

- The study investigates the voluntary tax compliance intention among salaried taxpayers in Klang Valley. It aims to identify the determinants and their dimensions of the voluntary tax compliance intention via an e-filing system.
- An examination was performed on the applicability of Decomposed Theory of Planned Behaviour in voluntary tax compliance intention setting.
- The data collection on 20 participating headquarter offices, 303 usable responses were obtained and empirically tested for this study.
- The samples tested, using Smart PLS 3.2.8, found that the decomposed constructs presented a better explanatory power for behavioural intention. Most of the dimensions and constructs were proven to be significant.
- Overall, the findings have theoretical and practical impact, particularly to the tax administrators, in understanding the changes in salaried taxpayers voluntary tax compliance behavioural intention. Therefore, this study has created a platform for further studies with various available options of dimensions

### Problem Statement

- Despite the core strategy of IRBM is to maximise voluntary tax compliance through numerous initiatives, the outcome for voluntary tax compliance rate among the salaried taxpayers was unsatisfactory.
- Furthermore, the studies on voluntary tax compliance intention by salaried taxpayers were rare in recent years.
- Hence, the extended DTPB model with general tax filing knowledge, mass media referent, and ability to pay was believed to have a significant impact in this study which were not tested previously.

### Research Questions

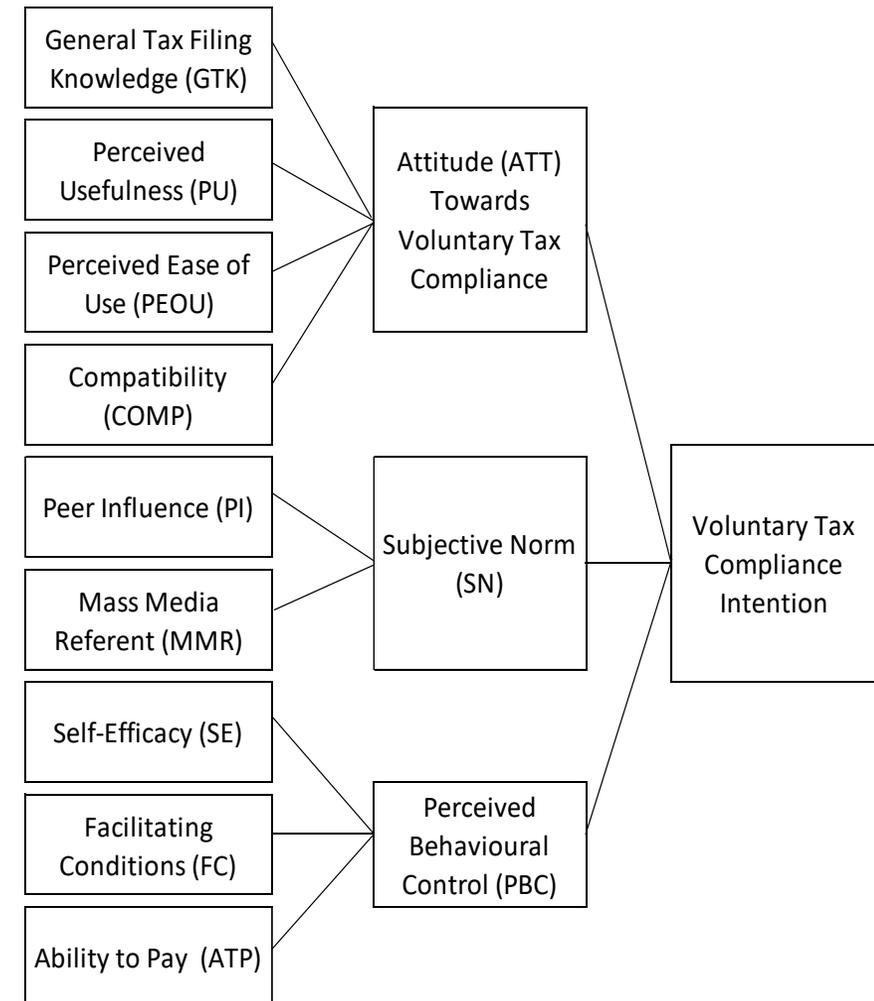
- Do attitude, subjective norm, and perceived behavioural control significantly predict the voluntary tax compliance intention among individual taxpayers via the e-filing system?
- Do the dimensions of perceived usefulness, perceived ease of use, and general tax filing knowledge significantly affect the individual taxpayer's attitude towards voluntary tax compliance intention via an e-filing system?
- Do the dimensions of peer influence and mass media referents significantly affect the individual taxpayer's subjective norm towards voluntary tax compliance intention via an e-filing system?
- Do the dimensions of self-efficacy, facilitating conditions, and ability to pay significantly determine the individual taxpayer's perceived behavioural control towards voluntary tax compliance intention via an e-filing system?

### Objectives

- To assess the voluntary tax compliance intention via e-filing system among individual taxpayers with employment income towards the compliance with income tax filing requirements and several selected factors that contribute to tax compliance behaviour.
- To assess the antecedent factors of attitudes, subjective norms, and perceived behavioural control in motivating individual taxpayers with employment income towards voluntary tax filing compliance.

### Framework

#### Conceptual Framework The Decomposed Theory of Planned Behaviour (DTPB) by Taylor and Todd (1995c)



# Methodology

- A random sampling study was designed to survey 2,000 individual taxpayers with employment income who have monthly tax deduction (MTD), stationed in the headquarters of private or public sectors located in Klang Valley.
- The self-administered questionnaires were distributed via electronic medium to each of the 100 randomly selected individuals working in the participating offices. As a result, a total of 303 useable responses were received electronically for analyses
- The relationship above will be estimated using **Partial Least Squares Structural Equation Modelling (PLS-SEM) technique.**
- The model is developed and run using **Smart PLS 3.2.8** while descriptive analysis is performed using **IBM SPSS statistical Version 23** software.

# Findings

- From 311 questionnaires, 303 (or 97%) are valid responses.
- **Demographic characteristics:**

AGE	MARITAL STATUS	HOUSEHOLE INCOME/MONTH
<ul style="list-style-type: none"> <li>• 30% aged between 35 to 44 years old</li> </ul>	<ul style="list-style-type: none"> <li>• 73% are married</li> </ul>	<ul style="list-style-type: none"> <li>• 30% income more than RM 20,001</li> </ul>

**KNOWLEDGE:** 60.4% holds Bachelor's Degree, 18.8% have a Masters, 18.1% have a Diploma/Certificated, 6% have PHD/Doctorate and 0.7% have High School

**SOURCE OF INCOME:** 71% salary income only, 29% salary and other income (non business income),

## • Demographic characteristics:

**EMPLOYMENT:** 46.9% served in the private sector, 40.9% served as government servants (under pension scheme), 8.9% served as government ministries (without pension scheme), 3.3% served in Government-link companies

**TAX DEDUCTION:** 100% have tax a deduction

**RETURN FORM:** 52.8% personal computer, 35% laptop, 8.9% PDA/smartphone/Handphone, 3.3% manual

## • Descriptive Analysis of Research Variables

Variables	Findings
Attitude (ATT)	Strongly agreed of having the attitude toward voluntary tax compliance via an e-filing system. Only GTK and PU were the main dimensions of ATT. While PEOU and COMP were not significant antecedents of ATT.
Subjective Norm (SN)	PI and MMR were found to be the main dimensions of SN. However, SN was found to be insignificantly related to voluntary tax compliance intention.
Perceived Behavioral Control (PBC)	Strongly influenced their voluntary tax compliance intention. Its was found that ABT and FC were the main dimensions of PBC unlike SE which was unable to provide significant result.

- The structural model was examined to test the hypothesised relationships. As a result, 8 out of 12 hypotheses were supported, while four hypotheses were rejected.
- Dimensions like general tax filing knowledge and perceived usefulness significant towards attitude.
- Peer influence and mass media referent were significant towards the SN.
- Facilitating conditions and ability to pay were also significant towards perceived behavioural control.

- Perceived ease of use and compatibility were not significant towards attitude.
- Self-efficacy was not significant towards perceived behavioural control
- The SN construct was also found to be insignificant in relation to intention.

# Conclusion

- The general tax filing knowledge dimension is vital in forming of attitude, together with the frequency of mass media advertisements or popups that serves as information providers and reminders.
- Through mass media referents, taxpayers may be able to obtain general tax filing knowledge which could instil the tax information in their mindset as an encouragement towards voluntary tax compliance.
- The result indicated the support and predictiveness of the Decomposed Theory of Planned Behaviour (DTPB) used in this study is justified.

# Research Gap

- As this study only focused on employees with no business-income, future studies should include individual taxpayers with business income or corporate sectors.
- Future research should be performed based on different classifications of taxpayers, localities, and its economic environment.
- The comparisons of tax compliance behaviour by different categorical group of taxpayers based on demographic details can also be part of future research.
- Research can also be conducted over a period of intervals to collect insights from the targeted respondents.
- Lastly, the model of this study may also extend to understand the taxpayers' actions rather than their intentions.