



### Abstract

- In Malaysia, the implementation of the Monthly Tax Deduction (MTD) as a final tax scheme was introduced in 2014 for employment income taxpayers.
- After six years of implementation, the number of salaried taxpayers who choose this scheme is minimal, although it provides benefits, especially in terms of time-saving and costs.
- Thus, the purpose of this study is to examine taxpayers' intention to use MTD as final tax from the perspective of the Theory of Planned Behaviour (TPB). The study extends the TPB model by dividing Perceived Behavioral Control (PBC) into two dimensions i.e., **Knowledge and Awareness**.
- The results of this study indicate that **attitude, subjective norms**, and one dimension of PBC i.e., **awareness**, have a positive influence on intention to use MTD as final tax; while knowledge is found to be insignificant.
- Using a self-administered questionnaire, 175 usable responses were collected from salaried earners who filed their 2019 Income Tax Return Form (ITRF) at the Inland Revenue Board Malaysia (IRBM) Bangi Branch.
- All the hypotheses were tested using multiple regression analysis. Results show that 77.9% of the variance in intention to use MTD as final tax is explained by attitude, subjective norms, knowledge, and awareness.
- This study confirms the applicability of TPB in the intention to use MTD as the final tax setting. These findings would assist the IRBM in formulating strategies or mechanisms for improvement using MTD as the final tax.

### Problem Statement

- Statistics show that very few employees have opted for this scheme although the scheme offers huge savings, especially in terms of time and cost savings.
- Under the Monthly Tax Deduction Final Tax (MTDFT) system, the approach has been simplified but the acceptance rate by the target group is still low i.e. only 5.82% of total taxpayers with payable income have chosen final tax reporting in 2016. The percentage slightly decreased in 2017 to 5.74%. However, the percentage shows a dramatic decrease of 3.82% in 2018.
- The small percentage of those who opted for the final tax raises the question of why taxpayers are not taking advantage of the new tax scheme.
- Therefore, the introduction of MTDFT depends on the extent to which the tax authorities understand the importance of taxpayer behavior in Malaysia. There is a significant increase each year but not commensurate with the number of taxpayers who opted for the MTDFT.

### Research Questions

- What is the level of attitude, subjective norms, knowledge, awareness, and intention using MTDFT?
- What is the relationship between attitude, subjective norms, knowledge, awareness, and intention using MTDFT?

### Objectives

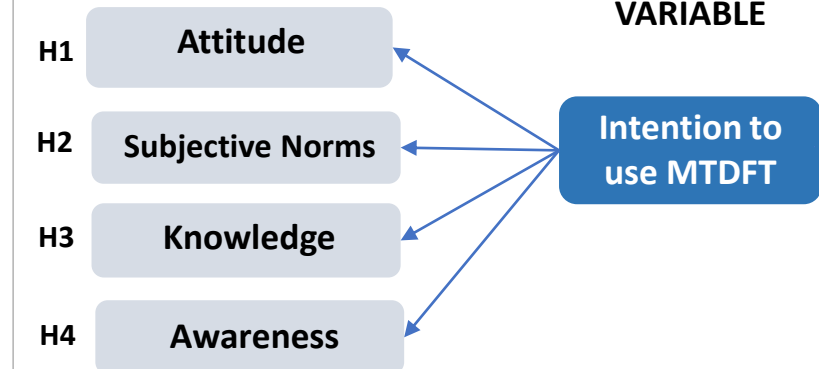
- To identify the level of attitude, subjective norms, knowledge, awareness, and intention using MTDFT.
- To examine the relationship between attitude, subjective norms, knowledge, awareness, and intention using MTDFT.

### Framework

#### Ajzen's Theory of Planned Behaviour (Ajzen, 1991)

The research framework has been established based on the Theory of Planned Behaviour (TPB) of Ajzen, which includes attitude, subjective norms and PBC. In this research, PBC elements concentrate on knowledge and awareness, which are the essential elements.

#### INDEPENDENT VARIABLES



#### DEPENDENT VARIABLE

The following **hypotheses** were tested:

- H1** : There is a significant positive relationship between attitude and intention to use MTD as the final tax.
- H2** : There is a significant positive relationship between subjective norms and intention to use MTD as the final tax.
- H3** : There is a significant positive relationship between knowledge and intention to use MTD as the final tax.
- H4** : There is a significant positive relationship between awareness and intention to use MTD as the final tax.

## Methodology

- The primary data was collected from a questionnaire distributed using google Forms to employees working in the government sector and private companies in the Bandar Baru Bangi area. In addition, personal questionnaires were also used in this study, where the questionnaire was completed by 175 respondents who are salaried taxpayers working in the government and the private sector.
- The Bangi Branch regulates taxpayers' files covering the areas of Putrajaya, Cyberjaya, Kajang, Serdang, Seri Kembangan and Nilai.
- The sampling technique that has been done in this study is the random sampling technique. The number is deemed suitable for statistical purposes as indicated by the fact that it includes 20 samples for every single variable. Four variables are used in the present study, hence allowing a total sample size of 80.
- This study consists of four independent variables, i.e., attitude, subjective norms, knowledge, and awareness; and one dependent variable, i.e., intention to accept MTDFD.
- For each item or statement regarding MTDFD and its determinants, respondents were asked to express themselves using a 5-point Likert scale. The operational definitions of the variables and their measurement are presented in the following sub-sections.
- To facilitate respondents, the researcher has divided the questionnaire into two main sections. The first section asks for demographic information of the respondents. The second section aims to measure attitude, subjective norms, and PBC on intention to use MTDFD. Knowledge and awareness of tax compliance levels are the PBC dimensions in this study.
- The data collected were analysed using SPSS software.

## Findings

- The survey results showed that the highest number of male participants was 60.6%, while the number of females was 39.4%. The age-related analysis found the highest percentage of participants in the age group was 31 to 40 years old (45.1%) and those aged 41 years and above (43.4%). The highest education level is Bachelor's degree, which is 102 respondents (58.3%). Most of the respondents earn an income of RM 9,501.00 and above per month (40%). 53.1% of the total number of respondents were government services, while the remaining 46.9% were private-sector employees. 98.9% of the respondents had employment income, while 1.1% had business income.
- Results show that the data used in this analysis has a 77.9% variance (Adjusted R-squared) consistency match and is significant ( $P < 0.00$ ). This indicates the model can explain **77.9 %** of the variation in intent to use MTDFD. There are other factors outside of this model that also affect the remaining 22.1%. Therefore, the Adjusted R-Square proved that the model is suitable because it can predict the dependent variable.
- Intent to receive MTDFD has a mean value of 3.27, which indicates that the effect of the taxpayer's intention to use MTDFD as a final tax is above average.
- **The relationships between the three independent variables and the dependent variable are positively significant, except for the relationships between knowledge and intention.**
- The results show a significant relationship between awareness and intention to use MTDFD ( $t=2.235$ ,  $p=0.027$ ).
- The relationship between the subjective norms and the intention to use MTDFD also is significant ( $t=4.503$ ,  $p=0.000$ ).
- The relationship between attitude and intention to use MTDFD is also significant ( $t=4.056$ ,  $p=0.000$ ).
- Based on the results, hypotheses one, two, and four are accepted in this study.

- Knowledge ( $t=1.034$ ,  $p=0.303$ ) does not show a significant relationship with the intention to use MTDFD. Hence, hypothesis three is rejected in this study.
- Among the beta values, subjective norms are the highest (0.428), which indicates an essential factor influencing the intention of salaried taxpayers of accepting MTDFD.

## Conclusion

- The study shows that the degree of the intention of salaried taxpayers in the IRBM Bangi Branch to use MTDFD is 77.9% significant.
- Such a study was undertaken to establish factors that affect employees' willingness to use the TPB to accept MTDFD. This research accomplished both objectives.
- Three variables, i.e. attitude, subjective norms, and awareness, are found substantial relationships to intention.
- Through this study, variable awareness is more essential than knowledge. This means the consciousness enables the taxpayers to be understanding about using MTDFD whose implementation makes it easier for taxpayers.
- Therefore, increasing tax awareness is essential to the acceptance and confidence of the community in the intention to use MTDFD.

## Research Gap

- This study only focuses on employment taxpayers in IRBM Bangi Branch. In the future, researchers can carry out studies on a larger sample of salaried taxpayers.
- This study focuses on four independent variables only i.e. attitude, subjective norms, awareness, and knowledge.
- Future researchers can use the same theory, which is TPB, to investigate different factors to determine the intention to use MTDFD.