



Abstract

E-invoicing is introduced in Malaysia on June 2024 to enhance the tax collection system of Inland Revenue Board Malaysia (IRBM) by integrating various transactions such as Business-to-Business (B2B), Business-to-Consumer (B2C), and Business-to-Government (B2G) transactions.

Accordingly, IRBM will mandate the implementation of an electronic invoicing system throughout all taxpayers regardless within individuals or businesses group and their annual turnover in order to enhance tax compliance and streamline financial transactions across the country.

Therefore, this study examines the perceptions of individual taxpayers among tax administrators (IRBM officers) regarding the adoption and usage of the e-Invoicing system introduced in Malaysia. The research is grounded in the **Technology Acceptance Model (TAM)**, incorporating four key determinants: **Perceived Ease of Use (PEOU)**, **Perceived Usefulness (PU)**, **Subjective Norms (SN)**, and **Attitude (ATT)** as independent variables influencing e-Invoice adoption.

A total of **100 questionnaires** were collected from individual taxpayers among tax administrators across Malaysia. The findings indicate that perceived ease of use, subjective norms, and attitude significantly influence the adoption of e-Invoicing, while perceived usefulness does not demonstrate a significant effect.

Problem Statement

The implementation of e-Invoicing represents a major transformation in Malaysia's tax administration system, aimed at improving tax compliance and reducing revenue leakage. Consequently, this study seeks to identify the factors influencing e-Invoice adoption among individual taxpayers who are also tax administrators.

Nevertheless, several challenges may hinder the successful adoption of the system, including:

1. Variations in users' readiness to embrace new technologies.
2. Limited digital and internet literacy among certain individuals.
3. Concerns regarding data security and system complexity.
4. Other country's experiences indicate that e-invoicing implementation require significant adjustments to user capabilities and systems.
5. Psychological and social factors, such as peer influence and perceptions of system benefits, which may affect users' willingness to adopt the technology.

Research Questions

The study addresses the adoption of e-invoicing for each question:

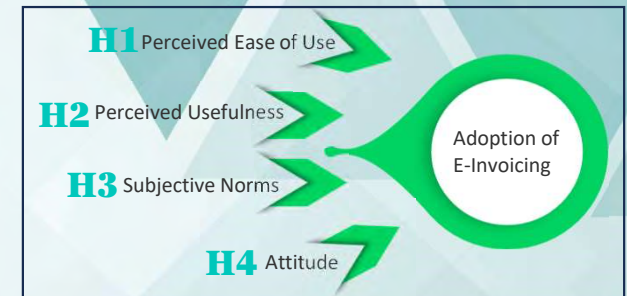
1. Does Perceived ease of use of individual taxpayer among tax administrator influence the adoption to use e-invoicing?
2. How Perceived usefulness of individual taxpayer among tax administrator enhance the intention to use e-invoicing?
3. Does Perceived subjective norms of individual taxpayer among tax administrator influence the adoption to implementation of e-invoicing?
4. How the attitude of individual taxpayer among tax administrator effects the adoption intention to implementation of e-invoicing?

Research Objectives

1. To examine the relationship between Perceived Ease of Use and e-Invoice adoption.
2. To assess the relationship between Perceived Usefulness and e-Invoice adoption.
3. To determine the influence of Subjective Norms on e-Invoice adoption.
4. To understand the influence of Attitude on e-Invoice adoption.

Framework

The study is based on the **Technology Acceptance Model (TAM)** introduced by **Fred D. Davis (1989)**. The model proposes conceptual framework through relationship between the **independent variables** (Attitude, Subjective Norms, Ease of Use and Usefulness) to the **dependent variable** (adoption e-Invoicing) as above.



The Framework Adoption of e-Invoice

Methodology

This study employed a quantitative research approach through the distribution of questionnaires to respondents comprising IRBM officers serving as tax administrators. A total of **100 respondents** participated in the study.

The collected data were analysed using:

1. Descriptive analysis
2. Normality testing
3. Correlation analysis
4. Multicollinearity testing
5. Multiple regression analysis

These statistical techniques were used to examine the relationships between TAM determinants and the adoption of e-Invoicing.

Findings

The regression analysis revealed that the research model possesses strong explanatory power, with an **R² value of 0.799** and an **Adjusted R² value of 0.719**.

The hypothesis testing results are summarised as follows:

Hypothesis	Result
H1: Perceived Ease of Use has positive effect on adoption of e-invoicing	Supported
H2: Perceived Usefulness has positive effect on adoption of e-invoicing	Not Supported
H3: Subjective Norms has positive effect on adoption of e-invoicing	Supported
H4: Attitude has positive effect on adoption of e-invoicing	Supported

1. ATTITUDE

As **most influential factor** affecting e-Invoice adoption, Attitude come out with a **regression coefficient of $\beta = 0.579$** . The findings suggest that individuals who possess positive perceptions towards digitalisation and technological innovation are substantially more likely to accept and utilise the e-Invoicing system. Positive beliefs regarding the benefits of digital tax administration contribute directly to users' willingness to embrace the new system. This highlights the importance of cultivating positive user perceptions through awareness campaigns, engagement initiatives, and change management programmes.

2. PERCEIVED EASE OF USE

With regression coefficient of **$\beta = 0.299$** , Perceived Ease Of Use became **second strongest determinant**. The results demonstrate that users are more inclined to adopt e-Invoicing when they perceive the system as simple, user-friendly, and easy to learn. Complicated procedures, technical difficulties, or excessive system requirements may negatively affect user acceptance. The findings reinforce the importance of designing intuitive interfaces, simplifying processes, and providing adequate user guidance and support.

3. SUBJECTIVE NORMS

Subjective Norms also found to **significantly influence** adoption behaviour (**$\beta = 0.115$**). This indicates that social influence, including opinions and expectations from colleagues, supervisors, peers, and professional networks, plays a meaningful role in shaping users' decisions regarding e-Invoicing adoption. Users are more likely to accept and utilise the system when adoption is encouraged and supported within their organisational and social environments.

4. PERCEIVED USEFULNESS

Contrary to expectations, Perceived Usefulness was **not found to significantly influence** e-Invoice adoption (**$\beta = 0.029$**). The study suggests that because e-Invoicing is still relatively new in Malaysia, many respondents may not yet have experienced its practical benefits directly. As a result, perceived benefits alone are currently insufficient to drive adoption behaviour. This finding indicates that awareness of benefits may increase over time as users gain greater exposure to the system and observe tangible improvements in efficiency and compliance processes.

Discussion & Conclusion

The study concludes that e-Invoice adoption among tax administrators is largely influenced by the ease of system usage, social influences, and users' attitudes. When the system is perceived as user-friendly, individuals are more likely to accept and utilise it. Social influences from colleagues, organisations, and reference groups also play an important role in shaping behavioural intentions towards e-Invoicing.

Furthermore, a positive attitude towards technology emerged as the most influential factor affecting adoption. Conversely, perceived usefulness was not found to have a significant impact. The researcher suggests that this outcome may be attributed to the relatively recent introduction of e-Invoicing, whereby many users have yet to experience its practical benefits directly.

Overall, the study confirms that successful implementation of e-Invoicing requires a user-friendly system, continuous awareness initiatives, and the cultivation of positive attitudes towards digital tax transformation. Regulatory authorities such as IRBM should focus on these three critical factors to enhance adoption and compliance levels.

Research Gap

The study identifies several areas for further investigation:

1. The relatively small sample size (100 respondents), attributable to the recent introduction of e-Invoicing and limited public awareness.
2. The concentration of respondents within IRBM's officer, which may limit the generalisability of findings to the private sector and the broader public.
3. The study only examined four TAM variables and did not consider other potentially influential factors such as:
 - i. User readiness
 - ii. Technical knowledge
 - iii. System security
 - iv. Financial support
 - v. Regulatory support
4. The study focused exclusively on individual taxpayers among tax administrators and did not extensively investigate the readiness of businesses and corporations to comply with e-Invoicing requirements.

Future research should therefore involve larger and more diverse samples across various sectors to provide a more comprehensive understanding of e-Invoice adoption and compliance in Malaysia.