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THE FEASIBILITY OF DEVELOPING
A NEW TAX ADMINISTRATIVE SYSTEM
FOR INLAND REVENUE BOARD, MALAYSIA
BASED ON VOLUNTARY COMPLIANCE

By

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ABSTRACT

The goal of modern tax administration is to foster voluntary tax compliance, and that the level of voluntary compliance is one of the determinants of an effective tax administration.

It is the intention of the researcher to look at an alternative method that promises to be more effective than the present system of tax administration particularly in its assessment and collection function. The alternative system is based on voluntary taxpayer compliance.

To achieve this objective, the research effort explores the voluntary tax compliance and evasion determinants for individual taxpayers and policy and program responses introduced to ensure tax compliance and disincentives to tax evasion.

The research methodology included the construction and administration of a survey questionnaire distributed to 63 tax collectors and tax agents. The survey instrument was designed to measure the respondents' perceptions of the Malaysian tax administrative system, the level of taxpayer compliance, the literacy and ethics of taxpayers, and to identify alternative policy and program responses that will help promote voluntary compliance.

Results of the study revealed that most tax collectors believe that IRB should change the present practice and system in assessment and collection of taxes, enforcement of the tax law, and training of tax collectors. Most tax agents feel IRB should change the present tax assessment, taxpayer service, and technical procedures.

Tax collectors and tax agents are also of the view that IRB place greater emphasis on fiscal and tax education as well as tax assistance in order to promote voluntary tax compliance among the Malaysian public.

Since taxpayer's compliance level affects the tax collection, it becomes the responsibility of IRB to provide a favourable climate for exercising voluntary compliance. One of the ways is through an administrative reform with changes to the current assessment, collection, enforcement, and service procedures and practices.

TABLE OF CONTENTS

Chapter	Page
ACKNOWLEDGEMENT	i
ABSTRACT	ii
LIST OF TABLES	v
LIST OF FIGURES	vi
 1. INTRODUCTION	
1.1 Historical Background of the Malaysian Tax System	1
1.2 Problem Statement	2
1.3 Objectives of the Study	5
1.4 Significance of the Study	6
1.5 Structure of the Study	6
 2. LITERATURE REVIEW	
2.1 Background	9
2.2 Concept of Voluntary Compliance	9
2.3 Self-Assessment Tax System	11
2.4 Malaysian Official Assessment System	
- Filing of Returns and Tax Assessment	12
- Collection and Payment of Taxes	13
- Evaluation of the Present Administration of IRB	14
2.5 Tax Noncompliance	15
2.6 Model of Taxpayer Compliance Behaviour	19
2.7 Tax Compliance Determinants	21
2.8 Policies and Program Responses To Promote Compliance	23
 3. RESEARCH METHODOLOGY	
3.1 Research Questionnaire Design	30
3.2 Sampling Procedure	32
3.3 Data Collection Procedure	33
3.4 Data Analysis	33

Chapter		Page
4.	RESEARCH RESULTS	
4.1	A Profile of Respondents	35
4.2	Analysis and Interpretation of the Findings	
-	Evaluation of the Inland Revenue Board	39
-	The Current Tax Assessment Procedure	41
-	Taxpayers' Knowledge and Tax Awareness	43
-	Tax Compliance	46
-	Attitudes Toward Income Taxation	49
-	Causes of Tax Evasion	50
-	Self-Assessment of Taxes	53
5.	CONCLUSION	
5.1	Overview of the Study	55
5.2	Interpretation of Survey Findings	55
5.3	Contributions of the Study	57
5.4	Limitations of the Study	58
5.5	Recommendations for Future Research.	58
	REFERENCES	60
	APPENDIX	
	APPENDIX 1: RESEARCH QUESTIONNAIRE	

LIST OF TABLES

Table		Page
1.	Number of Technical Personnel Needed Based on Type of Returns for 1993.	4
2.	Compliance Level Based on the Returns Received.	15
3.	Demographic Profile of Respondents.	36
4.	Respondents' Perception on the Efficiency of IRB.	40
5.	Respondents' Perception of the Most Important IRB Practices that Need to be Changed.	42
6.	Respondents' Confidence Level with IRB's Assessment.	42
7.	Respondents' Perception of Taxpayer's Ability in Determining Income Taxes.	44
8.	Respondents' Perception of the Effectiveness of the Literacy Programs.	47
9.	Respondents' Perception of Taxpayer's Opportunity and Likelihood Not to Comply.	49
10.	Respondents' Perception of the Most Effective Program to Promote Voluntary Tax Compliance.	50
11.	Respondents' Perception of the Possible Causes of Tax Evasion.	52

LIST OF FIGURES

Figure		Page
1.	Compliance Behaviour Model.	20
2.	Respondents' Perception of Taxpayer's Literacy Level.	45
3.	Respondents' Perception of Taxpayer's Ethics Level.	51