

CHAPTER 6

CONCLUSION

6.1 SUMMARY OF THE STUDY

This study seeks to explore the strategies taken by the Royal Customs Malaysia to curb non-compliance activities as a result of the proposals in the Budget 2002 that is an increment of import duty on cigarettes and tobacco products and lowering of the threshold for professional services as well as for food and beverage operators. The various literatures of tax compliance and tax evasion also have been discussed in this study. The data used for this study was collected by conducting survey questionnaires, personal interviews, and sources in the library, newspapers, seminars papers and internet. Perceptions of service providers regarding the possible factors that contribute to non-compliance and the strategies that should be taken to enforce compliance were analysed by using descriptive analysis. Besides the strategies taken by the Customs to combat smuggling activities and to enforce compliance in service tax, the problems faced by the Customs also were discussed in this study and some recommendations are made as well.

6.2. IMPLICATIONS OF THE STUDY

Even though this study is not without limitations, it does add to the existing literature on tax compliance in Malaysia. It provides information on the functions of the Royal Customs Malaysia in administering indirect taxes as well as the perceptions of service providers regarding the service tax. The results of this study will give some insight to the tax administrators and policy makers to overcome the non-compliance in indirect tax.

Results from the survey reveal that most of the respondents agree that the lack of education and information given by the relevant authorities is the main factor

which contributes to non-compliance. Even though the Customs has indicated that promotions and campaigns are conducted throughout the year, the survey results show that 73.3% of respondents are not aware of any such campaign and 63.2% of respondents indicate that they do not get enough assistance and information from the Customs.

6.3.LIMITATIONS OF THE STUDY

Due to time and cost constraints faced by the researcher, the sample size was only limited to 30 respondents located in Bangsar and Petaling Jaya, of which only 19 respondents responded to the survey. Even though pre-testing of the questionnaire was carried out to remove any ambiguities, respondents may have had different interpretations of the statements used. This may arise due to different levels of competency in the command of English language and the level of education. Furthermore, the small sample size may not indicate the full representation of the overall perceptions of service providers in Malaysia.

Since the scope of the MBA research is not more than 10,000 words, this study does not cover the following aspects:

1. Non-compliance in Sales tax and Excise duty
2. Other forms of non-compliance under the Customs duties like Export duty.

6.4 RECOMMENDATIONS FOR FUTURE RESEARCH

The limitations mentioned above indicate a wider scope for future research in indirect tax compliance. The study could be replicated with a larger sample and cover a more diverse group of service providers in the country so as to have more generalizable findings. Future research might also explore other aspects of non-compliance in indirect taxes such as in excise duty and sales tax. Further, future study might extent the research to get the perceptions of the consumers who have to pay the service tax.

6.5 CONCLUSION

This chapter concludes the study by giving an overview of the study and the implication of the study. Based on the survey results, some suggestions are made for the tax administrators and policy makers to enforce compliance among service providers as well as to combat the smuggling activities. Limitations of the study and recommendation for future research are also discussed in this chapter.

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