

DETERMINANTS OF TAX COMPLIANCE  
BEHAVIOUR AMONG INDIVIDUAL TAXPAYERS IN  
MALAYSIA

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## LIST OF ABBREVIATIONS

CITA	Companies Income Tax
DV	Dependent Variable
FYP	Final Year Project
GDP	Gross Domestic Products
IRBM	Inland Revenue Board of Malaysia
ITA	Income Tax Act 1967
IV	Independent Variable
MOF	Ministry of Finance Malaysia
OECD	Organisation for Economic Co-operation and Development
PA	Power of Authorities
Ph.D.	Doctor of Philosophy
PITA	Petroleum Income Tax
RMCD	Royal Malaysian Customs Department
SAS	Self-Assessment System
SPSS	Statistical Package for Social Science
SSF	Slippery Slope Framework
SME	Small and Medium-sized Enterprise
SPM	Sijil Pelajaran Malaysia (Malaysian Certificate of Education)
SST	Sales and Services Tax
STPM	Sijil Tinggi Persekolahan Malaysia (Malaysian Higher School Certificate)
TCB	Tax Compliance Behaviour

TCI	Tax Compliance Intention
TG	Trust in Government
TK	Tax Knowledge
TM	Tax Morale
TPB	Theory of Planned Behaviour
TRA	Theory of Reasoned Action
UTAR	Universiti Tunku Abdul Rahman

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## PREFACE

As we reflect on our journey over the past three years at UTAR, the question, “What are you studying?” often filled us with both pride and a sense of wonder about where to begin our story. Public Administration may be a niche field, but it is precisely these unique challenges that have shaped us into who we are today.

We have witnessed the evolution of Public Administration, experienced our first off campus learning excursions, and had the opportunity to visit the Perak State Assembly (though the Parliament trip remains a dream). Our journey has been enriched by countless lectures and experiences that have profoundly impacted us.

We extend our heartfelt gratitude to our supervisor, Dr. Siti Fazilah binti Abdul Shukor, for her unwavering support throughout our FYP journey, and to Dr. Teoh Sok Yee, whose kindness and generosity in sharing her insights have been invaluable. We also wish to acknowledge the many lecturers who have guided us along this journey; your contributions are too numerous to list but are deeply appreciated.

This thesis is dedicated to all those who have supported us throughout this journey and most importantly, to our beloved land of Malaysia.

## ABSTRACT

This study explores the determinants of tax compliance behaviour among individual taxpayers in Malaysia, through the lenses of the Theory of Planned Behaviour (TPB) and the Slippery Slope Framework (SSF). The research examines the impact of four key variables: tax knowledge, tax morale, trust in government, and the power of authorities on tax compliance behaviour. A detailed literature review provides context for the theoretical and empirical relationships among these variables. The research framework is tested using multiple linear regression analysis. The findings reveal that tax morale, trust in government, and the power of authorities have a significant positive impact on tax compliance behaviour. Specifically, higher tax morale and greater trust in government are associated with increased compliance, while the perceived power of authorities also contributes positively to compliance levels. In contrast, tax knowledge is found to be an insignificant predictor of tax compliance behaviour in this context. These results suggest that fostering a positive tax morale, building trust in governmental institutions, and enhancing the perceived authority of tax authorities are crucial for improving tax compliance. The study highlights the limited role of tax knowledge in influencing compliance behaviour and provides actionable insights for policymakers seeking to enhance tax compliance strategies. The findings contribute to a deeper understanding of tax compliance behaviour in Malaysia, considering the country's unique socio-economic and cultural landscape.

# CHAPTER 1 RESEARCH OVERVIEW

## 1.0 Introduction

This is an introductory chapter that outlined the research problems with an overview of the study. It contained the research background, research problem, research objectives, research questions, and significance of study.

## 1.1 Research Background

No government can survive without taxes. In the most natural sense of understanding, taxes are designed to generate revenue for essential government operations, including the funding of public goods and services (Musimenta, 2020), contribute to sustainable development of the country (Avi-Yonah, 2005), and enhance institutional quality (Aizenman et al., 2019; Con Wright & Gedik, 2023). Furthermore, despite ongoing debates, taxes serve as a mechanism for redistributive policies, striving to mitigate the disparities in income and wealth that emerge from the inherent dynamics of the market economy (Andreoni et al., 1998). Additionally, it serves as one of the fiscal measures to guide private sector activities toward the directions favoured by governments.

However, the foundations of our modern understanding of taxation can be traced back to Enlightenment debates concerning the nature of the relationship between citizens and governments (Frecknall Hughes, 2007). Though holding different opinions regarding taxes, philosophers usually perceive tax as an inherent liability established under a social contract, which is the foundation of the social welfare system today, as shown in Table 1.1. This social contract places obligations on both sides: citizens are required to pay taxes, regardless of their level of support for the current government, while states are obligated to deliver public goods in return (Bodea & LeBas, 2013). It was the repeated rounds of state-society

bargaining that produced the social contract that characterises the successful tax regimes of today (Bodea & LeBas, 2013).

Table 1.1

*Taxes in Views of Philosophers*

<b>Philosopher</b>	<b>Nature of Taxes</b>	<b>Taxes Based On</b>
Thomas Hobbes	Price of security	Equally borne
John Locke	Cost of safeguarding property rights	Protection received from the supreme power
Montesquieu	A share of each citizen's resources is allocated to ensure security and the equitable enjoyment of property for everyone	The form of government and the extent of political liberty
David Hume	Contribution made to the society on which one depends to survive	<i>Not explicitly detailed</i>
Jean-Jacques Rousseau	Individuals relinquish a portion of their earnings to gain the opportunity to increase their profits more comfortably over time	Ability to pay
Adam Smith	Public contributions essential for funding public goods	Ability to pay and benefit received from the state

*Note.* Adapted from Gribnau and Hughes (2021)

Taxes are vital to every government, which is why raising tax compliance is a heated debate in many countries, including Malaysia. Malaysia has two primary categories of taxes: direct taxes and indirect taxes. Under the Income Tax Act 1967, the Inland Revenue Board of Malaysia (IRBM) oversees direct taxes, which encompass company income tax (CITA), individual income tax, petroleum income tax (PITA), real estate gains tax, and stamp duty. Conversely, the Royal Malaysian

Customs Department (RMCD) handles indirect taxes, including customs duties, excise taxes, sales tax, service tax, and the sales and services tax (SST).

COMPONENT	RM MILLION			CHANGE (%)			SHARE (%)		
	2022	2023 <sup>1</sup>	2024 <sup>2</sup>	2022	2023 <sup>1</sup>	2024 <sup>2</sup>	2022	2023 <sup>1</sup>	2024 <sup>2</sup>
<b>Tax revenue</b>	<b>208,765</b>	<b>229,020</b>	<b>243,620</b>	<b>20.2</b>	<b>9.7</b>	<b>6.4</b>	<b>70.9</b>	<b>75.5</b>	<b>79.2</b>
Direct tax	153,476	173,020	185,000	18.0	12.7	6.9	52.1	57.0	60.1
<i>of which:</i>									
CITA	82,133	98,435	106,420	2.9	19.8	8.1	27.9	32.5	34.6
Individual	33,776	39,725	42,460	24.9	17.6	6.9	11.5	13.1	13.8
PITA	23,421	20,520	21,750	102.4	-12.4	6.0	8.0	6.8	7.1
Indirect tax	55,289	56,000	58,620	26.8	1.3	4.7	18.8	18.5	19.1
<i>of which:</i>									
SST	31,368	34,200	35,800	22.5	9.0	4.7	10.7	11.3	11.6
Excise duties	12,556	13,100	13,600	22.6	4.3	3.8	4.2	4.3	4.4
Import duty	3,192	3,038	3,200	20.7	-4.8	5.3	1.1	1.0	1.0
Export duty	2,622	1,800	1,900	27.5	-31.4	5.6	0.9	0.6	0.6
<b>Non-tax revenue</b>	<b>85,592</b>	<b>74,180</b>	<b>63,980</b>	<b>42.5</b>	<b>-13.3</b>	<b>-13.8</b>	<b>29.1</b>	<b>24.5</b>	<b>20.8</b>
<i>of which:</i>									
Licences and permits	15,626	15,465	14,611	47.7	-1.0	-5.5	5.3	5.1	4.8
Investment income	58,223	47,775	39,710	66.3	-17.9	-16.9	19.8	15.8	12.9
<b>Total revenue</b>	<b>294,357</b>	<b>303,200</b>	<b>307,600</b>	<b>25.9</b>	<b>3.0</b>	<b>1.5</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Share of GDP (%)</b>	<b>16.4</b>	<b>16.4</b>	<b>15.6</b>						

Figure 1.1. Federal Government Revenue 2022-2024. Adopted from Ministry of Finance Malaysia (2023a)

As shown in Figure 1.1, tax revenue accounted for over three quarters of the revenue of Federal Government amongst all revenue sources, that is RM229,020 million (75.53%), consisting of direct tax (RM183,020 million, 60.39% of total revenue) and indirect tax (RM56,000 million, 18.47% of total revenue) (Ministry of Finance Malaysia [MOF], 2023b). The direct tax revenue collected by IRBM is RM7.8 billion, or approximately 4.9% higher than the target in the 2023 Federal Government Budget, which is RM175 billion (MOF, 2023b). As reported by Mahari (2024), IRBM is aiming to further raise the compliance level, targeting at RM197 billions of tax collection in 2024.

However, the key in raising tax compliance is not simply about by “who” the taxes are administrated, but “how” the taxes are administrated, and to what extent they are well administrated, particularly with the support of existing system and relevant tax law. Tax administration in Malaysia is relying on a system called Self-

Assessment System (SAS), which was introduced in 2001 to companies' taxpayers and further expanded its application to individual taxpayers in 2004 (Al-Maghrebi et al., 2022). This system is very different from the previous system, namely Official Assessment System (OAS) where the taxpayer's tax liability (payable amount) was calculated and informed to the taxpayers by IRBM. While under the SAS, taxpayers are required to report their income annually to the tax authority and calculate the payable amount by themselves. Taxpayers also need to calculate the relief and rebate available, then he or she is ready to pay the taxes correctly.

While aiming to create a sustainable tax system and reduce the workload of IRBM, SAS has imposed several burdens on taxpayers. Before complying with the tax requirements, taxpayers have to comprehend the tax law, calculation process, and payment process. This requires the taxpayers not only having adequate level of tax knowledge, but also a strong willingness to comply. If one perceives the compliance cost is too high that he or she is willing to pay the fines and penalties rather than paying taxes, it will directly demoralise the taxpayers, leading to lower tax compliance. Moreover, SAS, if administrated without sufficient oversight, possess risk of underreporting income or over-claiming deductions. Therefore, the efficiency and effectiveness of SAS also depends on taxpayers' trust in the tax system and their perception of fairness and transparency of government.

Recent years have seen numerous studies investigating the tax compliance behavior of taxpayers under SAS in Malaysia (Loo, 2011; Palil, 2010; Saad, 2009, 2011). A widely accepted view is that the SAS encourages higher tax compliance by making taxpayers more conscious of their responsibilities. However, recent research and empirical data indicate that tax compliance levels in Malaysia have declined compared to previous periods. Mixed results indicated that the same factors could have distinct effects in explaining tax compliance when applying in different sociocultural contexts. Undoubtedly, the issue of tax compliance is critical in both academic and real-world settings.

As Dato Seri Anwar Ibrahim, the Prime Minister of Malaysia, said, taxes not only nurture the sense of belonging or responsibility as citizens but also ensure that the deprived and marginalized can compete and survive (Bernama, 2023). The

government only taxes when absolutely necessary, and it shouldn't be considered a burden to taxpayers. During the recent National Tax Conference 2024, the Prime Minister again called for full support for IRBM to close tax leakage and to reduce the government debt (The Star, 2024). Therefore, it is of great importance to investigate tax compliance in Malaysia and the rationale underlying non-compliance.

## **1.2 Research Problem**

Malaysia's fiscal challenges have intensified over the years due to critical shifts in tax policy, most notably the introduction and subsequent removal of the Goods and Services Tax (GST). The GST, implemented in 2013, was designed to broaden the tax base and generate additional revenue for the government. According to the Ministry of Finance Malaysia (2018), GST generated a revenue of RM27 billion in the first nine months of its implementation, and accounted for RM41.2 billion (24.3% of the annual tax revenue) within one year. The move was seen as a step towards achieving the government's financial goal, successfully reducing the budget deficit to 3% in 2016 and the public debt to RM686.8 billion (50.8% of GDP) (Ministry of Finance Malaysia, 2018).

However, despite its initial success, the GST was abolished in 2018 due to public concerns over its impact on the cost of living, especially for low and middle-income households (Muslim, 2022). The removal of GST caused a substantial revenue loss of RM20 billion annually (Muslim, 2022), placing significant strain on the government's ability to fund public services and address fiscal imbalances. In this place, Sales and Service Tax (SST) was reinstated, but this system has proven less effective in generating revenue.

As a result, Malaysia's tax-to-GDP ratio has steadily declined, from 18.5% in the 1990s to just 11.8% in recent years (OECD, 2023). As shown in Figure 1.2, this places Malaysia among the countries with the lowest tax-to-GDP ratios in the Asia-Pacific region, severely limiting the government's ability to raise revenue

and finance development initiatives (OECD, 2023). Research indicates that a low tax-to-GDP ratio can undermine government effectiveness by restricting the resources available for public services and infrastructure projects (Aizenman et al., 2019). With Malaysia’s tax base shrinking and no plans to reintroduce GST (Azmi & Mahari, 2024), there is growing concern about the country’s ability to sustain its fiscal obligations.

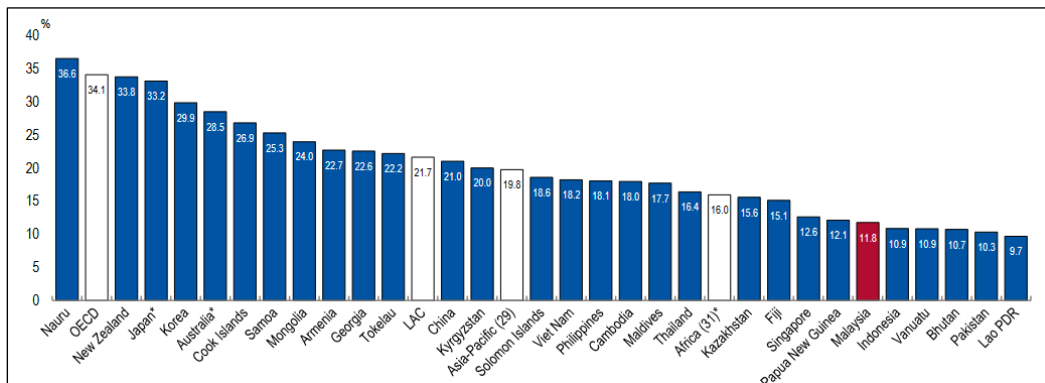


Figure 1.2. Tax-to-GDP Ratio of Asia Pacific and OECD Countries. Adopted from OECD (2023)

In addition to the revenue shortfall from the removal of GST, Malaysia is also facing a growing problem with tax evasion. The IRBM reported that uncollected taxes rose significantly from RM670.71 million in 2018 to RM2,432.25 million in 2019 (Inland Revenue Board Malaysia, 2020). By 2023, identified tax evasion cases amounted to RM6,340 million, a figure that far exceeds the development budget for Sabah and Sarawak combined (Pfordten, 2024). This sharp increase in tax evasion suggests that a significant portion of taxpayers is either unwilling or unable to comply with the existing tax system, further exacerbating the government’s revenue shortfall. The rise in non-compliance underlines the urgent need for more effective tax enforcement and administrative measures to close this gap.

Demographic changes are also complicating Malaysia’s income-based tax system. With an aging population—expected to reach 14% of the population aged 65 or older by 2044 (World Bank, 2020)—income tax contributions are likely to decline, further reducing government revenue, further reducing government revenue.



Income-based taxes, such as individual and corporate income taxes, depend heavily on a productive workforce, but Malaysia’s aging population threatens to erode this base over time. Consumption-based taxes, like GST and SST, are less affected by demographic changes but remain politically contentious. Without comprehensive reform, Malaysia risks falling into a cycle of fiscal instability, where rising government debt, currently at RM1,170 billion (Sallehuddin & Radhi, 2024), will be compounded by declining revenue and increased spending demands.

While the fiscal challenges facing Malaysia are evident, there remains a lack of clarity in the literature regarding the factors that influence taxpayer compliance behaviour in real-world settings. As shown in Table 1.2, various studies have identified several determinants of tax compliance, including tax knowledge, morale, power of authorities, perceived fairness, government effectiveness, tax education, etc. However, the significance of these factors remains contested in the literature, with some studies finding significant relationships, while others, including in Malaysia, report contrary results. Given the context-dependent nature of taxation, it is vital to reexamine these relationships, particularly in light of Malaysia’s evolving tax policies and fiscal landscape.

Table 1.2  
*Contrary Findings in Tax Compliance Literature*

Relationship	Significant Result		Insignificant Result	
	Malaysia	International	Malaysia	International
<b>with TCB</b>				
<b>Tax</b>	Yahya (2021),	Appiah et al.	Jusoh & Putri et al.	
<b>Knowledge</b>	Jusoh et al. (2021)	(2024), Hanum & Pohan (2024), Karo & Herawati (2024)	Mustapha (2024), Kamaruddin et al. (2024)	(2024), Sidik et al. (2024), Yeo et al. (2019)
<b>Tax Morale</b>	Bakar et al. (2023), Abu	Dwi et al. (2024), Kemme	Hayat et al. (2022), Chong	Eshemokhai & Olugbenga

	Bakar et al. et al. (2020), & Arunachalan (2024),, (2022), Castaneda (2018) Daryatno Kamarudin et (2023) (2023), Neve et al. (2024) al. (2019)
<b>Trust</b>	Abdul Rashid Appaih et al. - Taing & Chang et al. (2021), (2024), Alabi et (2020)
<b>Government</b>	Saruji et al. al. (2024), (2019), Faizal Nichelatti & et al. (2019) Hiilamo (2024)
<b>Power</b>	Kamaruddin et Tahar & Bandi Faizal et al. Seran et al. <b>of Authorities</b> al. (2024), (2024), (2019) (2020), Masud Rashid et al. Tusubira et al. et al. (2019), (2022), Abu (2024), Mardhiah et al. Hassan et al. Lemessa (2019) (2021) Bayissa (2024)

*Note.* Developed for research.

In sum, Malaysia’s government is grappling with substantial fiscal deficits and rising debt levels, which are exacerbated by a shrinking tax base and increasing tax evasion. As noted earlier, the country’s tax-to-GDP ratio has plummeted to just 11.8%, a figure significantly lower than many of its regional peers (OECD, 2023). With government debt exceeding RM1,170 billion (Sallehuddin & Radhi, 2024), Malaysia faces an urgent need to secure more stable sources of revenue to meet its financial obligations. Addressing these fiscal challenges by raising tax compliance can help ensure long-term fiscal sustainability.

By increasing compliance rates, the government can collect more revenue without needing to increase tax rates or introduce new taxes, both of which could face political resistance or economic backlash. For instance, research has shown that even a modest increase in compliance among individual taxpayers can

significantly boost revenue collection without imposing additional financial burdens on the economy (Alm & Torgler, 2011). In this way, raising compliance provides a more politically feasible and economically sustainable solution to Malaysia's fiscal challenges than alternatives such as introducing new taxes or cutting public spending.

Given the critical financial challenges and the significance of tax compliance, this research seeks to examine the factors influencing tax compliance behaviour among individual taxpayers in Malaysia. By analysing these determinants, the study aims to offer evidence-based recommendations to enhance tax compliance and ensure the sustainable generation of government revenue.

## **1.3 Research Objectives**

### **1.3.1 General Objectives**

The primary aim of this study is to explore the determinants of tax compliance behaviour among individual taxpayers in Malaysia. This investigation integrates established theoretical models of tax compliance, specifically: first, Ajzen's (1991) Theory of Planned Behaviour (TPB), incorporating variables such as attitude (including tax knowledge and tax morale), subjective norm (power of authorities), and perceived behavioural control (trust in government); and second, the Slippery Slope Framework (SSF) proposed by Kirchler et al. (2008), which examines the interplay between the power of authorities and trust in government in relation to tax compliance.

### **1.3.2 Specific Objectives**

- i. To examine whether there is a significant relationship between tax knowledge and tax compliance behaviour among individual taxpayers in Malaysia.
- ii. To examine whether there is a significant relationship between tax morale and tax compliance behaviour among individual taxpayers in Malaysia.
- iii. To examine whether there is a significant relationship between trust in government and tax compliance behaviour among individual taxpayers in Malaysia.
- iv. To examine whether there is a significant relationship between power of authorities and tax compliance behaviour among individual taxpayers in Malaysia.

### **1.4 Research Questions**

- i. Is there a significant relationship between tax knowledge and tax compliance behaviour among individual taxpayers in Malaysia?
- ii. Is there a significant relationship between tax morale and tax compliance behaviour among individual taxpayers in Malaysia?
- iii. Is there a significant relationship between trust in government and tax compliance behaviour among individual taxpayers in Malaysia?
- iv. Is there a significant relationship between power of authorities and tax compliance behaviour among individual taxpayers in Malaysia?

## **1.5 Research Hypotheses**

H<sub>1</sub>: There is a significant relationship between tax knowledge and tax compliance behaviour among individual taxpayers in Malaysia.

H<sub>2</sub>: There is a significant relationship between tax morale and tax compliance behaviour among individual taxpayers in Malaysia.

H<sub>3</sub>: There is a significant relationship between trust in government and tax compliance behaviour among individual taxpayers in Malaysia.

H<sub>4</sub>: There is a significant relationship between power of authorities and tax compliance behaviour among individual taxpayers in Malaysia.

## **1.6 Research Significances**

Firstly, this study is significant for its potential to influence the formulation of more effective economic and fiscal policies. By examining the behavioural aspects of tax compliance, the research provides evidence-based recommendations for improving tax administration strategies. This is particularly crucial for Malaysia, where enhancing tax compliance could lead to increased government revenues. These revenues are vital for funding essential public services and infrastructure projects, thereby supporting economic stability and growth.

Secondly, the study is significant for its contribution to the literature by integrating the Theory of Planned Behaviour (TPB) and the Slippery Slope Framework (SFF) into a comprehensive analytical framework. This innovative approach offers a more holistic understanding of the psychological and sociocultural factors influencing tax compliance. By combining these two widely recognized theoretical perspectives, the research provides a robust framework for analysing tax compliance behaviour, which is valuable for both academics and practitioners in the field.

Lastly, the study is significant for the general public as it addresses Malaysia's financial challenges by exploring the factors that drive tax compliance and evasion. By identifying these factors, the research aims to improve tax collection, which is crucial for maintaining funding for essential public services such as healthcare, education, and infrastructure. Enhanced tax compliance can help prevent budget cuts and resource shortages, foster public trust in the tax system, and ultimately strengthen Malaysia's financial stability, benefiting all citizens.

## **1.7 Chapter Layout**

This study is divided into five chapters.

Chapter one offered a thorough overview, detailing the research background, research problem, general and specific objectives, research questions, research hypotheses, as well as the significance of the study.

Chapter two reviewed previous literature on tax compliance behaviour and other independent variables, including key theories, variable reviews, the proposed conceptual framework, and hypothesis development.

Chapter three outlined the research methodology, covering the research design, data collection methods, sampling design, research instruments, construction of measurements, data processing, and data analysis techniques.

Chapter four presented and analysed the research findings, including descriptive analysis, scale measurement, and inferential analysis.

Chapter five discussed the study's conclusions, summarizing the inferential analyses, major findings, study implications, limitations, and recommendations for future research.

## **1.8 Chapter Summary**

This chapter introduced the study on tax compliance behaviour among individual taxpayers in Malaysia, detailing the research background, problem statement, objectives, questions, and significance. It emphasized the critical role of taxes in government revenue and public services, the challenges posed by declining tax-to-GDP ratios and rising tax evasion, and the necessity for enhanced compliance. The chapter outlined the study's objectives, focusing on examining the determinants of tax compliance behaviour through the TPB and the SFF. It also highlighted the study's potential to contribute to policy development, advance theoretical understanding, and address Malaysia's fiscal issues by improving tax compliance and ensuring financial sustainability.

## **CHAPTER 2 LITERATURE REVIEW**

### **2.0 Introduction**

The chapter begins by outlining the underlying theories that form the foundation of this research, namely the Theory of Planned Behaviour (TPB) and the Slippery Slope Framework (SSF). Following this, a comprehensive literature review is conducted on the dependent variable, tax compliance behaviour, and the independent variables: tax knowledge, tax morale, trust in government, and power of authorities. Moreover, a research framework is proposed. Finally, hypotheses are developed in alignment with the proposed framework to address the research objectives.



## 2.1 Underlying Theories

### 2.1.1 Theory of Planned Behaviour

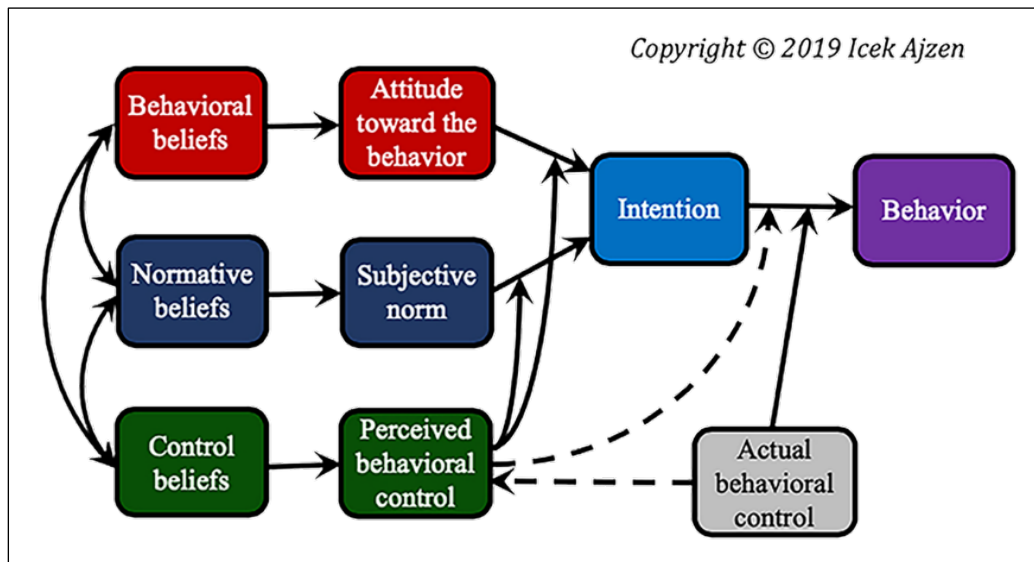
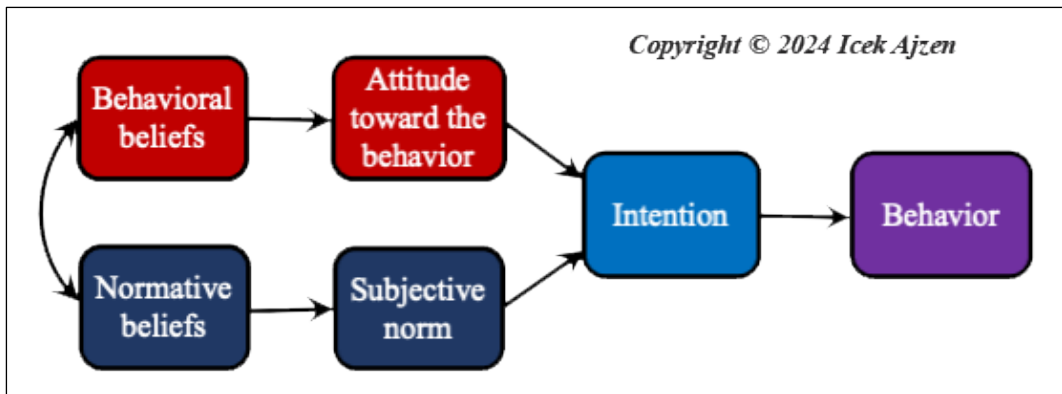


Figure 2.1. Theory of Planned Behaviour. Adopted from Ajzen (1991)

Theory of Planned Behaviour (TPB) is a well-known theory in psychology literature, which aims to connect beliefs, attitudes, intentions, and behaviour (Figure 2.1). It was proposed by Icek Ajzen to explain the antecedent of human behaviour (Ajzen, 1991). TPB suggests that human behaviour doesn't occur out of a sudden but rather is a consequence of plan unfolding which is designed in advance, that is intention (Ajzen, 1985). Action won't occur without being guided by an explicit or implicit plan that captures the motivational factors of behaviour (Ajzen, 1985).



*Figure 2.2.* Theory of Reasoned Action. Adopted from Fishbein and Ajzen (1975)

As shown in Figure 2.2, before TPB was developed in 1990s, The Theory of Reasoned Action (TRA) posits that an individual’s intention to engage in a behaviour is influenced by two main factors: attitude toward the behaviour and subjective norm.

First, attitude toward the behaviour involves an individual’s positive or negative evaluation of performing a specific action, such as viewing tax payment as a personal obligation. Second, subjective norm relates to the perceived social pressure to either engage in or avoid a particular behaviour, such as the level of trust in the government. Based on these beliefs, individuals are expected to have the volitional control needed to perform the behaviour.

In other words, the stronger the intention of individual to behave, the more likely that the behaviour will happen. The attitude and subjective norm along with the non-motivational factors (e.g., time, money, age, religion, culture, etc) form one’s actual control over his or her behaviour (Fishbein & Ajzen, 1975).

However, TRA is defective when individual doesn't possess complete volitional control, and the attitude and subjective norm can then be insufficient to explain the variance among human behaviours (Sheppard et al., 1988). For example, even if an individual is intended to pay taxes, lacking relevant tax knowledge however hinder his volitional control, leading to unintentional non-compliance. Therefore, TPB as an extension of TRA aims at understanding the motive beyond the volitional control, so called perceived behavioural control.

Perceived behavioural control refers to an individual's assessment of how easy or challenging it is to perform a specific behaviour, reflecting their confidence in their ability to execute it (Ajzen, 1991). Given the equal level of actual control (attitude and subjective norm) in behaviour between two individuals, the one with higher level of perceived behavioural control is of higher possibility to behave. The addition of perceived behavioural control in TPB further make the prediction of behaviour easier and more accurate by substituting the actual control which require accurate perception.

In conclusion, TPB argues that the three motivational factors, namely attitude towards behaviour, subjective norm, and perceived behavioural control are shown to result from sets of salient behavioural, normative, and control belief, while the motivational factors altogether lead to the intention to behave, and eventually motivate the actual behaviour (Ajzen, 1991). TPB is also found applied extensively across academic disciplines, notably in studies concerning health behaviour, substance abuse, environmental conservation, travel behaviour, consumer behaviour, and technology adoption, showing its validity in examining the factors underlying human behaviour.

While TPB has been the most frequently employed non-economic model in tax compliance literature (Alwi, Osman, & Sellywati Faizal, 2022; Marandu et al., 2015; Wan Mohd Azmi & Masuri Md Daud, 2024). By incorporating the non-economic factors through TPB, it is believed to enrich the understanding on tax compliance behaviour among individual taxpayers in Malaysia.

## 2.1.2 Slippery Slope Framework

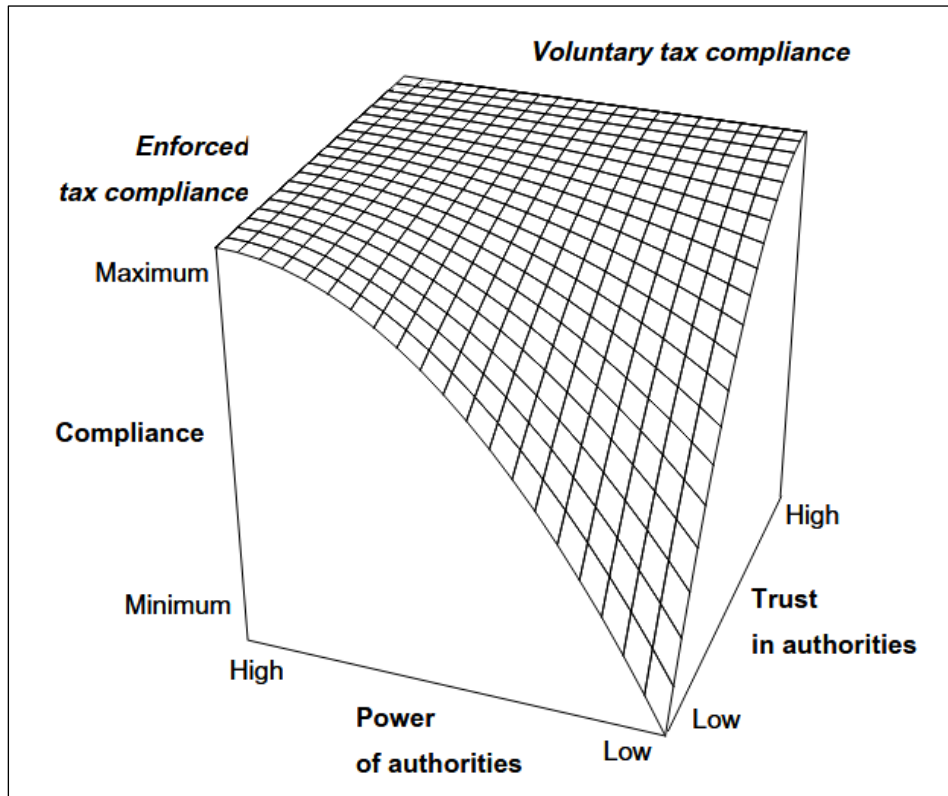


Figure 2.3. Slippery Slope Framework. Adopted from Kirchler et al. (2008)

Slippery Slope Framework (SSF) is a framework of tax compliance developed by Kirchler et al. (2008). SSF proposes two channels to tax compliance: enforced tax compliance, which results from the power of authorities by deterrence of tax evasion, such as audit and fine; and voluntary tax compliance, which stems from the trust in authorities (Kirchler et al., 2008). Overall increases in the compliance level can be achieved if either trust or power is raised as they are complementary to each other (L. Batrancea et al., 2019).

As shown graphically in Figure 2.2, SSF consists of three dimensions, namely power of authorities, trust in authorities, and tax compliance. Kirchler (2007) argued that tax climate will decide the form of compliance, and further differentiated two channels to tax compliance. When the tax climate is characterized by “officers and criminals”, tax authorities perceive those non-compliant as “criminals” who evade taxes, and act as a “officers” through audit

and punishment, which is power of authorities (Kirchler et al., 2008). When taxpayers perceive the cost of non-compliance is growing along the power of authorities, they have less incentive to evade and are forced to comply (moves along the left-bottom edge of the power of authorities).

In contrast, when the tax climate is characterised by a “service and clients” attitude, tax authorities perceive itself as a service provider for the community which taxpayers belong to (Kirchler et al., 2008). In this context, taxpayers who view authorities as benevolent and working for the common good are more likely to intend to comply with tax regulations voluntarily (moving along the right-bottom edge of the trust in authorities). Comprehensively, both dimensions moderate one another at a diminishing rate, and the compliance level is maximized when either trust or power reach its maximum (Kirchler, 2019; Wahl et al., 2010).

Furthermore, the power of authorities is also increased when it is trusted by taxpayers, as citizen’s support will usually ease their work (Kirchler et al., 2008). In turn, the trust is also influenced by power when taxpayers perceive the increase in power will result in more effective enforcement of fair audits. Similarly, decrease in either power or trust may lead to a slippery slope, where overall compliance decreases at an ascending rate (L. Batrancea et al., 2019).

Being widely adopted in tax compliance literature, SSF successfully offers a framework for revealing the complex interplay between tax compliance and two factors, namely trust and power of authorities, while remaining operationalisable and measurable.

## **2.2 Review of Variables**

### **2.2.1 Tax Compliance Behaviour**

Tax compliance is a multifaceted concept in behavioural economics that describes the degree to which taxpayers adhere to and meet their tax obligations (Wan Mohd Azmi & Masuri Md Daud, 2024). When taxpayers failed to comply, it is in turn called tax non-compliance, which may result in legal punishment. As tax law usually lacks explicit definition of tax compliance, the definition in tax compliance literature also varies across scholars.

Early research on tax compliance generally lacked practicability when interpreting as a part of public policy. They are usually too simplistic, such as tax gap (New Zealand Inland Revenue Department, 1997), the amount of projected total tax base collected (Brand, 1996), the magnitude of evasion (Andreoni, 1998), and what legally owned by taxpayers (Bergman, 1998) (as concluded by James & Alley, 2002). Given that tax law is not always accurate and cannot account for every possible scenario, the level of taxpayers can comply with the law must be considered for accurate assessment (James & Alley, 2002).

Andreoni et al. (1998) were the first to distinguish the concept of “voluntary compliance” by integrating non-economic factors into compliance models. He pointed out the basic difference between compliance without authorities’ enforcement, and those result from it, that is voluntary and enforced tax compliance. It called for a flexible approach of understanding tax compliance as a continuum, which at one extreme is the voluntary compliance due to commitment, and the other extreme is the enforced compliance due to audits and fines (James & Alley, 2002; McBarnet, 2001). Such idea is supported by various scholars, as they believed that tax compliance is a spectrum, which at the one end of the spectrum are individuals dedicated to fulfilling their tax duty for achieving societal and governmental goals, while at the other end of the spectrum are the fully enforcement of legal obligations (Kirchler, 2007; Kirchler et al., 2008; Wan Mohd

Azmi & Masuri Md Daud, 2024). In other words, tax behaviours are not simply a binary classification of compliance and non-compliance, while should be an extent of compliance to be measured precisely.

To further classify the multidimension of tax compliance behaviour, Kirchler et al. (2008) reviewed the past literatures and concluded four forms of compliance, including the conventional concepts of voluntary compliance and enforced compliance, and another two new forms of compliance: tax avoidance (legally minimising payable taxes through lawful methods) and tax evasion (illegally and deliberately violate the law by underreporting income or inflating deductions). This definition, along with the standardised scale for measurement developed by Kirchler and Wahl (2010) resolved the long-term existing problem of ad-hoc interpretation of tax compliance, leading to a more reliable and valid method in understanding the construct. Hence, it will be adopted as the operational definition in this study.

Notably, all four types of compliance are outcomes shaped by the interaction between trust and power of tax authorities, as outlined in the self-developed Slippery Slope Framework (SSF) (Kirchler et al., 2008). SSF suggests that tax compliance is influenced by public trust in tax authorities and perceived power of authorities. This makes SSF the first theoretical model focusing solely on the construct of tax compliance. Its validity has been examined in extensive research across different regions (L. Batrancea et al., 2019; Darmayasa & Hardika, 2024; Gangl et al., 2020; Kirchler, 2019; Kogler et al., 2015; Lemessa Bayissa, 2024, 2024; Prichard et al., 2019; Tahar & Bandi, 2024; Tusubira et al., 2024), including Malaysia (Abdul Rashid et al., 2021; Faizal et al., 2019; Rashid et al., 2022; Sritharan et al., 2020), signifying that this model is explanatory for determinants of tax compliance behaviour.

Apart from SFF, numerous scholars have also reviewed the past studies and underlying theories (Dularif & Rustiarini, 2021; Horodnic, 2018; Kirchler & Wahl, 2010; Ritsatos, 2014), while economic models have the most long-standing history amongst tax compliance literature. Traditional economic theories including Economic of Crime Approach (Becker, 1968), Economic Deterrence Model

(Allingham & Sandmo, 1972), and Fischer Model (Fischer et al., 1992, as cited in Chau & Leung, 2009) though having many differences, are mainly originated from the perspective of cost-benefit analysis under utilitarianism. For example, Economic Deterrence Model suggests that people only make decisions that maximise their benefits.

However, while traditional economic model made comprehensive analysis on the potential gain and loss in a well-structured and strictly-proof equation, extensive scholars have started to criticise the weakness, that is the absence of psychological and sociocultural factors. Traditional economic model usually assume that taxpayers are naturally unethical and intend to evade tax, overlooking that most individuals are in fact ethical or only amoral, but not unethical (Pyle, 1991). As Jayawardane (2015) and Taing and Chang (2020) suggested, social psychological determinants have to be included in tax compliance model for better understanding. McKerchar (2001) also held that the complexities in tax compliance behaviour make it difficult to be adequately explained by only a single theory. Hence, another widely adopted perspective in theorising tax compliance is found in behaviourism (Alm & Kasper, 2023).

Behaviourism, by incorporating techniques and insights from social sciences, especially psychology, allow scholars to understand tax compliance behaviour from institutional, societal, and individual levels (Alm et al., 2010). At institutional level, tax complexity (Musimenta, 2020), tax administration (Abu Hassan et al., 2023), tax law enforcement (Bruno, 2019), etc, are the key factors. While at societal and individual levels, Theory of Reasoned Action and Theory of Planned Behaviour are the most common behavioural model employed to explain the interplay between social and individual factors influencing tax compliance behaviour (Alwi, Osman, & Sellywati Faizal, 2022; Wan Mohd Azmi & Masuri Md Daud, 2024). As Marandu et al. (2015) suggests after reviewing 18 studies between 1985 and 2012, Theory of Planned Behaviour is the best framework to explain tax compliance behaviour.



In conclusion, tax compliance behaviour is a multifaceted construct which has been explored through various definitions and models. Early economic models focused on cost-benefit analysis and deterrence, but they often overlooked psychological and sociocultural factors. The SSF and the TPB have provided more comprehensive insights by incorporating trust in authorities, power dynamics, and behavioural behaviour. These newer models underscore the importance of understanding both economic and non-economic factors in shaping tax compliance behaviour. Future research should continue to integrate these perspectives to develop more effective tax policies that encourage voluntary compliance and address non-compliance holistically.

### **2.2.2 Tax Knowledge**

The topic of tax knowledge has garnered significant scholarly attention in recent decades in tax compliance literature. Tax knowledge encompasses individuals' awareness and understanding of tax laws, regulations, and obligations (Hantono, 2021). This literature review seeks to examine the impact of tax knowledge on tax compliance behaviour by drawing on a range of studies from various contexts and methodologies.

Early research usually broadly understand tax knowledge as a form of general knowledge which one acquire from education, also known as "tax consciousness", focusing mainly on the fiscal aspect of tax knowledge (Harris, 1989). However, Palil (2005), as cited by Bornman & Ramutumbu (2019), held that the such a construct of tax knowledge is too vague to be measured precisely. Scholars therefore urged developing a clear construct of tax knowledge which enable literature to accurately measure different types of knowledge (Udin, 2015).

Bornman & Ramutumbu (2019) reviewed the past literatures and concluded three forms of tax knowledge, namely general tax knowledge, legal tax knowledge, and procedural tax knowledge. Further supported by a series of secondary interview data, the authors suggested that public still possessed limited tax knowledge and proposed a conceptual framework for tax knowledge.

Firstly, general tax knowledge encompasses an individual's awareness of taxation, including their understanding of government fiscal policies, their own financial situation, and the impact of taxes (Bornman & Ramutumbu, 2019). Similar to other scholars' understanding, general tax knowledge can also refer to the subjective tax knowledge by ordinary individuals which increases their financial literacy and understand fiscal policies better (Bornman & Ramutumbu, 2019; Kirchler, 2007).

Secondly, legal tax knowledge is the understanding of tax laws and regulations, including how the taxation is structured and administered (Bornman & Ramutumbu, 2019). As tax law is usually full of abstraction and technical terms, legal tax knowledge is crucial in influencing individuals' tax compliance. For example, knowing the consequences of tax evasion, remember the deadline for submitting tax return form, and clearly understand one's liability as taxpayers through comprehension of tax law are all considered the forms of legal tax knowledge (Saad, 2009).

Thirdly, procedural knowledge is the understanding of the processes and steps necessary to comply with tax laws and regulations (Bornman & Ramutumbu, 2019). It is distinguished with legal tax knowledge as procedural tax knowledge signifies the interaction between taxpayers and tax authorities (Oladipupo & Obazee, 2016). The finding is supported by Tallaha et al. (2014). as taxpayers who were using e-filing have been found to be less dependent on legal tax knowledge due to the high manageability of e-filing system that enhanced their procedural knowledge of "knowing when and how to file a tax return." When tax laws may be changed frequently, possessing a significant level of procedural tax knowledge is equally challenging in raising tax compliance (Musimenta, 2020; Saad, 2014).

After examining the construct of tax knowledge in previous literature, the definition of tax knowledge by (Bornman & Ramutumbu, 2019) will be adopted as the operational definition.

To investigate the relationship of tax knowledge on tax compliance, numerous studies have been conducted internationally over the past decades, including Australia (McKerchar, 2001), Germany (Mir Djawadi & Fahr, 2013), Ghana (Appiah et al., 2024), Indonesia (Aryati, 2021; Dauna & Masdupi, 2023; Erasashanti et al., 2024; Hantono, 2021; Susyanti & Askandar, 2019; Susyanti Jeni & Sunardi, 2023), Libya (Sidik et al., 2024), Nepal (Poudel, 2018), New Zealand (Saad, 2014), Nigeria (Ayuba et al., 2016), Norway (Eriksen & Fallan, 1996), Tanzania (Mkenda et al., 2024), Uganda (Musimenta, 2020), and Vietnam (Dung et al., 2023).

Most scholars held that tax knowledge can significantly raise tax compliance behaviour. Early research, such as Eriksen & Fallan (1996) and Hantono (2021) have demonstrated that higher levels of tax knowledge are linked to greater tax compliance. Taxpayers who are well-informed are more likely to understand the importance of compliance and the repercussions of tax evasion. Nzioki and Peter (2014) also confirmed that tax non-compliance, either intentional or unintentional, can be reduced by raising general tax knowledge or tax awareness of taxpayers about their tax liability. As further confirmed by Saad (2014), among the three types of tax knowledge, procedural tax knowledge has the most significant impact, even when taxpayers have only limited tax knowledge.

Similarly, most recent studies by Appiah et al. (2024), Aryati (2021), Dung et al. (2023), Erasashanti et al. (2024), Hanifah et al. (2024), Hantono (2021), and Hanum and Pohan (2024) also identified a significantly positive relationship between tax knowledge and tax compliance behaviour. Hanifah et al. (2024), Aryati (2021) and Hanum and Pohan (2024) similarly found that higher levels of tax knowledge ease the understanding of tax laws for Indonesian and benefits them in fulfilling their tax obligations. Additionally, Karo and Herawati (2024) also indicated such significance among the taxpayers from millennial generations. Moreover, study by Appiah et al. (2024) further found that such raising compliance is majorly achieved through a voluntary channel as tax knowledge also raises the taxpayers' tax awareness.

Nevertheless, some findings, while also identified significant result, suggest that the relationship is negative as fairly good level of tax knowledge doesn't not necessarily result in a increment in compliance level (Susyanti Jeni & Sunardi, 2023). Instead, it may result in higher possibility of non-compliance and promotion for tax evasion as the knowledgeable taxpayers could exploiting loopholes and utilise more complicated tax evasion techniques (Ehima & Otivbo, 2024). Similar negative relationship was also found in Malaysia by Panirselvam (2018) who surveyed 250 business taxpayers in Penang and Alwi et al. (2022) who surveyed 204 Malaysian individual taxpayers.

Although the focus on the tax knowledge in Malaysia emerged relatively recently, extensive studies have been conducted in recent years (Ali & Ahmad, 2014; Amin et al., 2022; Amirrudin, 2007; Gayatri, 2018; Loo, 2011; Loo et al., 2009; Mat Nawi et al., 2020; Palil, 2010; Saad, 2009; Shaharuddin & Palil, 2016; Yahya, 2021). Early studies by Palil (2010) and Saad (2009) have found that tax knowledge can significantly influence Malaysian taxpayers' compliance at the early years of SAS implementation and further confirmed by Gayatri (2018) and Shaharuddin and Palil (2016). While Yahya (2021), who conducted a questionnaire survey on 198 sole proprietors recently, also confirmed that tax knowledge is strongly significant in predicting tax compliance in Malaysia, comparing to other factors. Additionally, Jusoh et al. (2021) after surveying 152 salaried workers from both private and government sectors, argued that tax knowledge can significant raise the overall compliance level of salaried worker. Interesting, university students in Malaysia, though not earning income, as surveyed by Amin et al. (2022), also found similar significance. All these results have shown consistency with the findings by previous scholars in Malaysia.

Notably, tax knowledge is becoming even more significant under SAS (Eriksen & Fallan, 1996; McKerchar, 2001). Loo et al. (2009) suggested that tax knowledge is the most crucial factor in motivating taxpayers' compliance behaviour, as it enables taxpayers to accurately determine their tax liabilities. Not only in Malaysia, scholars in Australia, New Zealand, Indonesia, Tanzania, Uganda, and other countries under which SAS is operated have also claimed the significance of tax knowledge in raising tax compliance under SAS, as tax knowledge will served

as the foundation of taxpayers' attitude towards taxation and enhance their capability to comply.

However, various research findings into tax knowledge have been inconsistent and contradictory (Ayuba et al., 2016; Harris, 1989; Kamarudin et al., 2024; Newman, 2018; Sidik et al., 2024). For instance, Susyanti and Askandar (2019) and Putri et al. (2024) both found that tax knowledge has no, or at most only partially significant relationship in Indonesia. Some insignificant results are also found in Nigeria (Ayuba et al., 2016) and Libya (Sidik et al., 2024).

While in Malaysia, similar insignificant results are found by Ghani et al. (2020), Jusoh and Mustapha (2024), Kamarudin et al. (2024), Xin (2016), and Yeo et al. (2019). Studies showed that Malaysian younger generation, even with accounting qualification, perceive income declaration as troublesome and resist to comply (Kamarudin et al., 2024; Yeo et al., 2019). Recent studies by Ghani et al. (2020) and Xin (2016) also found insignificant result among Malaysian self-employed, particularly in West Malaysia. Noticing the emergence of online business in post pandemic era, Jusoh and Mustapha (2024) has investigated the tax knowledge of individual online business operators and also found it insignificant with tax compliance behaviour. As a potential explanation of these insignificance, Newman (2018) argued that without resolving other issues in taxation, such as corruption, tax knowledge alone can hardly raise compliance behaviour.

These inconsistencies may be due to several factors. First, the diversity in targeted populations—ranging from salaried workers to self-employed individuals and online business operators—can influence the outcomes. Different tax knowledge requirements across these groups may explain why some studies find significant results while others do not. Second, the socio-economic and cultural contexts of the countries under study play a crucial role. Tax systems, enforcement levels, and public trust in tax authorities differ widely across regions, which can impact how tax knowledge translates into compliance.

Additionally, methodological differences contribute to the conflicting findings. Studies employing multiple linear regression (MLR) (Aryati, 2021; Hantono,

2021; Kamarudin et al., 2024; Mkenda et al., 2024; Musimenta, 2020; Putri et al., 2024; Sidik et al., 2024; Yahya, 2021), structural equation modelling (SEM) (Dauna & Masdupi, 2023), and partial least squares (PLS) analysis (Ghani et al., 2020; Hanum & Pohan, 2024; Jusoh et al., 2021; Karo & Herawati, 2024; Susyanti Jeni & Sunardi, 2023) may produce varying results due to differences in their sensitivity to latent variables and model specifications. For instance, SEM allows for a deeper exploration of complex relationships between variables, while MLR may be more suited to linear relationships. This diversity in methodology introduces potential biases, making it difficult to generalize findings across different contexts.

Moreover, as argued by Newman (2018), without addressing underlying issues such as corruption and inefficiencies within tax systems, tax knowledge alone may not be sufficient to enhance compliance. This observation underscores the need to consider additional factors like tax morale, trust, and fairness, which can moderate the relationship between tax knowledge with compliance behaviour.

By synthesizing findings from various literature, the review presents an overview of the current literature of tax knowledge within tax compliance literature. However, this review also identified significant gaps in the current literature of tax knowledge, particularly the inconsistent and contradictory findings from different scholars due to the distinct methodology and context of research. The identified gaps highlight key areas where additional investigation is needed to advance the understanding of tax knowledge.

### **2.2.3 Tax Morale**

Tax morale is an overarching term that generally refers to the enhancement of voluntary compliance with taxation and the establishment of a social norm of compliance (Luttmer & Singhal, 2014; Mohamad, 2014). Taxpayers with higher tax morale are more likely to demonstrate a greater level of compliance, as they view taxes as an intrinsic obligation that should be fulfilled (Taing & Chang,

2020). In other words, it is the taxpayers' intrinsic motivation to pay taxes (Cummings et al., 2009; OECD, 2019), also called as "committed compliance" (Gangl et al., 2015). When taxpayers failed to pay taxes, they might even feel guilty (Luttmer & Singhal, 2014).

The earliest studies on tax morale, such as Schmolders (1960), as cited by Jayawardane (2015), defined tax morale as the "collective attitude of the population to comply with tax law". Though being affected by the social norms, such attitude also represents one's voluntarily contribution to the public goods, as known as "tax morality", which is a moral standard or ideal (Torgler & Schneider, 2005). As argued similarly by Lomsadze (2021), the origin of tax morale is most likely developed from the moral and ethical values in the society in which the taxpayers live. In other words, tax morale is more to a psychological construct rather than something simply arise from pecuniary motivation (Luttmer & Singhal, 2014, p. 155), consistent with the idea of Cummings et al. (2009). Hence, based on the past literature, tax morale is defined as the "taxpayers' intrinsic motivation of paying taxes subject to the social ethical norms" in this study.

Just as how moral and ethical principles varies across the world, tax morale as a form of attitude towards taxation can be influenced by various factors in different sociocultural context, such as ease of evasion (Porcano, 1988), size of evasion (Dell'Anno, 2009), corruption in government (Horodnic, 2018), level of trust (Vythelingum et al., 2017), perception on fairness (Wan Mohd Azmi & Masuri Md Daud, 2024), fiscal transparency (Sipos, 2015), governance quality (Kirchler et al., 2008), public efficiency (Castañeda-Rodríguez & Lisi, 2024), tax rate (OECD, 2019), quality of tax administration (OECD, 2019), tax culture (Fonseca Corona, 2024), life satisfaction (Ciziceno & Pizzuto, 2022), reflexing the multidimensionality of the concept. As held by Prichard (2022), tax morale is a complex and multifaceted concept that is yet to be unified in literature, holding potential for further refinement.

Series of literatures have found solid evidence that tax morale will significantly influence tax compliance behaviour. An early study across 44 countries by Richardson (2006) found that tax morale is the most significant non-economic

factors influencing tax compliance, including in Austria, Germany, New Zealand, Singapore, South Africa, United Kingdom, etc. While most recent studies by Dwi et al. (2024) and Hantono (2021) in Indonesia both indicated a significant direct linkage between tax morale and tax compliance behaviour. Kemme et al. (2020) when studying offshore tax evasion, also found that most evaders are from countries with low tax morale. Lee (2016) held that the increased compliance due to high tax morale might be for the reason of increased moral cost of evasion corresponding to the level of morality in the society. Other studies likewise indicated significant results in different regions, either developed or developing, such as Albania (Balla, 2017), Australia (Devos, 2014), Cambodia (Taing & Chang, 2020), Indonesia (Parwati et al., 2021), Latin America (Castañeda, 2023), and United States (Lee, 2016).

While in Malaysia, tax morale also plays a critical role in determining tax compliance behaviour. Latest study by Bakar et al. (2023) found that tax morale shows significant relationship with tax compliance behaviour in taxpayers from East Malaysia, which is aligned with Abu Bakar et al. (2022)'s finding, though he claimed that the relationship should be negative. Another study by Kamarudin et al. (2024) focusing on 384 youth workers aged 15-30 years old in Malaysia also indicated significant result. These studies have further confirmed the findings from previous Malaysian studies by Mohamad (2014), Ali and Ahmad (2014), Ghani et al. (2020), Mat Nawi et al. (2020), Abd Shukor (2020), and Jusoh et al. (2021).

Yet, few scholars have also found opposite results. For example, Hayat et al. (2022) from Universiti Kebangsaan Malaysia found that tax morale has no significant impact on tax compliance in a survey of 500 individual taxpayers, aligned with the finding of Chong and Arunachalam (2018). Another insignificant result was found by Daryatno (2023) from Indonesia, who explained that such insignificance might be a temporary mess caused by Covid-19 pandemic. Eshemokhai and Olugbenga (2024) also held that such inconsistencies are due to the taxpayers' reservations when it comes to paying taxes. In addition, these results are aligning with earlier finding by Neve et al. (2019) in Belgium, showing



that such inconsistencies are not specifically in less developed countries, holding gap for further investigation.

A closer examination reveals significant variations in findings, particularly when comparing developed and developing countries. For instance, Richardson (2006) found that tax morale significantly influences compliance in countries like Austria, Germany, and New Zealand. These findings suggest that in societies with strong governance and high levels of trust in public institutions, tax morale acts as a robust predictor of compliance behaviour. Conversely, studies in developing countries, such as Malaysia and Indonesia, present a more complex picture. Research by Kamarudin et al. (2024) and Bakar et al. (2023) indicate significant relationship between tax morale and tax compliance among Malaysian taxpayers. These findings align with earlier studies by Mohamad (2014) and Jusoh et al. (2021), indicating a pervasive influence of tax morale in the Malaysian context. However, the inconsistency arises with studies like those by Hayat et al. (2022) and Daryatno (2023), which report insignificant impact of tax morale on tax compliance in Malaysia and Indonesia, respectively. These contradictory results highlight the influence of unique sociocultural contexts and the variability in research methodologies.

To further identified the gaps underlying these inconsistencies, the literatures are further reviewed in accordance with their methodology. Notably, very limited numbers of research are done in developed countries, while most are conducted in developing countries such as Malaysia (Abu Bakar et al., 2022; Jusoh et al., 2021; Kamarudin et al., 2024), Cambodia (Taing & Chang, 2020), Indonesia (Parwati et al., 2021), and Latin America countries (Castañeda, 2023). Partial least square structural equation modelling (PLS-SEM) is the most popular method in tax morale literature (Abu Bakar et al., 2022; Bakar et al., 2023; Dwi et al., 2024; Jusoh et al., 2021; Jusoh & Mustapha, 2024), followed by multiple linear regression (Hantono, 2021; Kamarudin et al., 2024; Kemme et al., 2020; Taing & Chang, 2020), and other methods such as hierarchical analysis (Castañeda, 2023), ordered logistics regression (Taing & Chang, 2020), experimental laboratory method (Parwati et al., 2021), and income model (Lee, 2016).

When comparing the context of research, most insignificant findings are also found in developing countries, including Malaysia (Chong & Arunachalam, 2018; Hayat et al., 2022), Indonesia (Daryatno, 2023), and Nigeria (Eshemokhai & Olugbenga, 2024), while only Neve et al. (2019) was conducting the research in Belgium. However, the methods adopted by the studies above are very different from the other scholars, including a dual stage of partial least square structural equation modelling (PLS-SEM) and artificial neural network (ANN) by Hayat et al. (2022) and a five-stage experiment by Neve et al. (2019), confirmatory factor analysis (CFA) by Chong and Arunachalam (2018), while Daryatno (2023) has used multiple linear regression in his study. The mixed results and diverse methods adopted in the literature underscore the need for more context-specific research. As Fonseca Corona (2024), who have reviewed all international tax morale literature from 1998-2022, recommended, more research should be focusing on specific country rather than cross-country as the diverse sociocultural context may lead to different findings. This is consistent with the findings from literature above, where more studies focusing on different sociocultural context should be conducted.

In conclusion, the literature underscores the critical role of tax morale as an intrinsic motivator for tax compliance, shaped by a complex interplay of sociocultural factors. Tax morale, characterized by taxpayers' intrinsic motivation to view tax payment as a social and ethical obligation, is widely recognised as a significant determinant of tax compliance behaviour. However, although tax morale is a strong predictor of it, the variations in findings across different regions and methodologies underscore the need for more context-specific research. Future studies should aim to explore the intricate sociocultural factors influencing tax morale, utilizing diverse methodological approaches to gain a comprehensive understanding.

## 2.2.4 Trust in Government

Trust has been a complex and multifaceted concept that has garnered significant attention in political science and public administration literature. It is generally defined as the willingness of one party to be vulnerable to the actions of another, based on the expectation that the latter will fulfil a specific action that is important to the trustor (Mayer et al., 1995). In other words, A trust B to do X which is in the interest of A (Hardin, 1993). Similarly, OECD (2022) also defined trust as “one’s belief that another individual or institution will act in accordance with their expectation of positive behaviour”.

Scholars have consistently found that trust in government is linked to increased social cohesion (Castiglione et al., 2008), higher interpersonal trust among citizens (Spadaro et al., 2020), public acceptance of government policy (OECD, 2022), and less belief in misinformation and conspiracy theories (Majid et al., 2021). Hence, it is of almost no objection to claim that trust in government signifies the public support of government in the territory (Burns et al., 2023) and potentially influence the quality of governance (Ferdous, 2024).

However, while trust at interpersonal level has been widely researched, the question on how to measure trust in larger institutions or government bodies consisting of a large number of agencies remain debated (Burns et al., 2023). For example, early scholars always measure trust in government using a unidimensional scale of political trust (Hetherington, 1998; Hooghe, 2011). As trust in one organisation and another might vary hugely, not to mention a large institution like government, it is important to make precise measurement for trust in government (Van de Walle, 2004).

Relying on the extensive literature on organisational trust, scholars have found that trust is originated from the perceived trustworthiness of an organisation, which is multidimensional (McEvily & Tortoriello, 2011). To validate the trust in the context of government is essential as Bachmann and Inkpen (2011) argued the institutional context influences how individuals decide whether to trust an

organization or not.. For example, one might trust the institution in one matter but not in another matter.

As summarised from past literature by Grimmelikhuijsen and Knies (2017), there are two basic elements of trust: a degree of risk and interdependence. The degree of risk reflects the public's confidence in whether the government will genuinely act in their best interests, while interdependence implies the level of reliance of the public on the government to achieve the interests. This is consistent with the past definition by Hardin (1993) and Mayer et al. (1995). To further conceptualise the construct, Grimmelikhuijsen and Knies (2017) proposed the three dimensions of trust in government, including perceived competence, benevolence, and integrity, which are adapted from the construct of organisational trust (Mayer et al., 1995; McEvily & Tortoriello, 2011).

According to Grimmelikhuijsen and Knies (2017), perceived competence is the extent to which the public views the government as effective and capable; perceived benevolence relates to the extent to which the public believes the government cares about their genuine interests; and perceived integrity pertains to the extent to which the public sees the government as honest and truthful. The multidimensional construct proposed a reliable and valid scale for measuring trust in government. Hence, this definition is adopted as the operational definition in this study.

Early research by Frey and Torgler (2007) and Torgler (2003) already found that the higher the confidence level of taxpayers on government, the more willing they to fulfil their tax obligations voluntarily. That is because taxpayers with trust in government usually tend to maintain a good relationship with government (Torgler & Schneider, 2005), thus showing a positive attitude towards taxation (Beck & Dye, 1982). In contrast, distrust in government urges the taxpayers to evade tax more frequently (Jimenez & Iyer, 2016). Extensive empirical studies in the past have also indicated that trust has significant impact on tax compliance behaviour, especially in developing countries. For example, studies by Cahyonowati et al. (2023) and Widuri and Irawan (2019) from Indonesia both indicated a significant linkage between trust in government and tax compliance.

They found that taxpayers' perception of fair governance enhances their trust, which in turn improves tax compliance. Significant results were also found in African countries, including Nichelatti and Hiilamo (2024) who also found linkage between citizen's perception of governance and trust in government in most Sub-Saharan African countries, Mishi and Tshabalala (2023) from South Africa, Appiah et al. (2024) from Ghana, and Alabi et al. (2024) and Appah and Aganaba (2024) from Jordan. Moreover, similar significant results are also found in Jordan (Alshira'h, 2023) and Turkey (Aktaş Güzel et al., 2019).

Notably, as behavioural approaches are more and more common in tax compliance literature, trust in government has also been a critical aspect of it. Kirchler et al. (2008), through their review of non-economic factors influencing tax compliance, argued that there is a complementary relationship between trust and the power of authorities. They further proposed the "Slippery Slope Framework." Through this framework, extensive scholars have successfully examined the linkage between trust and tax compliance behaviour, reinforcing the importance of trust for achieving effective tax administration (Adini et al., 2021; L. M. Batrancea et al., 2023; Bayissa, 2024; Darmayasa & Hardika, 2024; Gangl et al., 2020; Kirchler, 2019; Lemessa Bayissa, 2024; Masud et al., 2019; Seran et al., 2020; Tahar & Bandi, 2024; Tusubira et al., 2024).

In Malaysia, one of the earliest study on trust in government was done by Ali and Ahmad (2014), who administered 2,030 online survey among youth in Malaysia. Though the respondents were not registered taxpayers under IRBM, the empirical result shows that trust is determinant in tax compliance. His result was later confirmed by Saruji et al. (2019) who surveyed 172 adolescents between 13-19 years old from Klang Valley. Subsequently, Abdul Rashid et al. (2021) also indicated positive significant relationship after surveying 388 professional taxpayers in Malaysia, aligning with the previous finding by Faizal et al. (2019), Chong and Arunachalam (2018), Faizal et al. (2017b), and Faizal et al. (2017a). Notably, both studies above have employed SSF in their theoretical model.

Nevertheless, Taing and Chang (2020) found a contradictory result among Cambodian taxpayers. The finding is questionable as it employed a snowball

sampling in collecting survey responses, which may lead to underrepresentation of certain demographic group. Moreover, similar bias might arise due to the arbitrary selection of targeted region of research.

The literature on the relationship of trust in government and tax compliance reveals mixed findings. While many studies indicate a positive correlation, others report no significant relationship. This inconsistency highlights the complexity of trust as a multifaceted concept influenced by various contextual factors.

For example, numerous studies in developing countries have identified a significant relationship between trust in government and tax compliance. Research in Indonesia (Cahyonowati et al., 2023; Widuri & Irawan, 2019) and Ghana (Appiah et al., 2024) aligns with this trend, showing that higher trust in government leads to better tax compliance. Malaysian studies by Abdul Rashid et al. (2021) and Chong and Arunachalam (2018) using structural equation modeling also support this finding. Conversely, Taing and Chang (2020) found no significant relationship in Cambodia, which raises questions about the specific contextual factors.

The variability in findings can be attributed to differences in political stability, public service delivery quality, and socio-economic conditions across countries. For example, while studies in Ghana and Indonesia show a strong relationship, the lack of significant results in Cambodia may reflect different political and economic environments.

Additionally, methodological differences contribute to these inconsistencies. Early studies often used unidimensional scales of political trust (Hetherington, 1998; Hooghe, 2011), which may not fully comprehend the complexity of trust in large institutions. More recent research employing multidimensional scales (Grimmelikhuijsen & Knies, 2017) offers a more nuanced understanding but still shows varied results depending on the context and methodology used.

In conclusion, while there is a general consensus that trust in government is significantly raising tax compliance, the strength and nature of the relationship vary significantly. This variation underscores the importance of considering contextual factors and employing multidimensional measures of trust. Future research should address these gaps by exploring how cultural, economic, and political contexts affect trust and tax compliance. A deeper understanding of these dynamics will enhance the development of effective tax policies and administration strategies.

### **2.2.5 Power of Authorities**

Power of authorities refers to the tax authorities' ability to detect and penalise non-compliance (Gangl et al., 2015; Kirchler, 2019). It also includes taxpayers' perceptions of the tax authorities' ability to detect non-compliance (Kirchler et al., 2008). While these perceptions may not always be accurate, they contribute to the overall concept. It has traditionally been a strategies of policymakers in tax administration (Seligman, 2004) and is formalised by various economic models of tax compliance (Allingham & Sandmo, 1972; Becker, 1968).

According to French and Raven (1959), power encompasses both the actual and perceived ability of one party to influence another. They proposed six bases of social power, namely coercive, reward, legitimate foundation, information, expert, and referent. Kirchler et al. (2008) then differentiate the power of authorities into two main forms: coercive power, which involves harsh measures such as punishment and fines, and legitimate power, which stems from legitimacy, information, expertise, and referent power (Kirchler, 2019). Considering the comprehensiveness and feasibility, the definition by Kirchler et al. (2008) is adopted in this study as the operational definition.

While coercive power is more distinguishable as it is simply a form of enforcement, Kirchler (2019) held that legitimate power is highly relevant with trust. While coercive power can effectively deter and enforce compliance, it may

undermine trust, which is crucial for higher levels of voluntary compliance (Gangl et al., 2015). In contrast, use of legitimate power can increase trust in the authorities, leading to voluntary compliance (Hofmann et al., 2014). Hence, it is in social dilemma for the authorities to utilise its power wisely as the solely use of power might lead to an antagonistic climate between authorities and taxpayers (L. Batrancea et al., 2019; Gangl et al., 2015).

The Slippery Slope Framework (SSF) by Kirchler et al. (2008) is the first model to integrate psychological and sociological perspectives on taxpayer compliance. Enachescu et al. (2019) reviewed the studies the employed SSF and concluded that SSF generally lend support for the relevance of power and trust for understanding tax compliance. The framework has facilitated extensive research confirming the linkage between the power of authorities and tax compliance behaviour, underscoring its role in effective tax administration (Adini et al., 2021; Bayissa, 2024; Darmayasa & Hardika, 2024; Gangl et al., 2020; Kirchler, 2019; Lemessa Bayissa, 2024; Masud et al., 2019; Seran et al., 2020; Tahar & Bandi, 2024; Tsubira et al., 2024).

Hence, by employing SSF, extensive research have signified the relationship. For instance, Lisi (2019) found that the influence of power, though being significant, is weaker when independent of trust in European countries. This finding aligns with an empirical report by L. Batrancea et al. (2019) across 44 nations from five continents, which found that powerful authorities always registered highest enforced compliance but a much lower voluntary compliance. Some scholars also indicated that tax sanction, audit, and penalties as forms of coercive power will significantly urge the tax evasion, as they might function as deterrence (Frimpong, 2023; Kassaw, 2022; Neve et al., 2019; Sidik et al., 2024). In addition, more recent empirical evidence from Ethiopia (Lemessa Bayissa, 2024), Indonesia (Adini et al., 2021), Uganda (Tsubira et al., 2024), and sub-Saharan Africa (Mas'ud et al., 2017) have also confirmed the significant relationship, as well as the stronger influence on enforced compliance. Notably, little research also argued that the relationship is significant but negative, such as Tahar and Bandi (2024) from Indonesia, holding potential for further investigation.



In Malaysia, the power of tax authorities is also one of the determinants of compliance. For example, Chong and Arunachalam (2018) found that stronger power of the IRBM enhances enforced tax compliance and is bolstered by higher public trust, aligning with findings by Gangl et al. (2015) and Hofmann et al. (2014). However, Rashid et al. (2022) held that such enforcement through harsh power might lead to defiance of taxpayers at the same time, highlighting the potential of backfire effect. Similarly, deterrence by exercising authorities' power, such as tax penalty (Kamarudin et al., 2024) and threat of punishment (Abu Hassan et al., 2021), are also effective in raising tax compliance among Malaysian taxpayers, showcasing the significant linkage between power and compliance.

Nevertheless, several studies have proposed contradictory results. Most notably, Masud et al. (2019) investigated the relationship in 158 countries and found no significant link between power of authorities and tax compliance behaviour. However, even though the study has covered 150 out of the 193 countries, the low R-square of only 31.7% makes the generalisability of result questionable. Surprisingly, subsequent studies by Mardhiah et al. (2019) in Australia, Faizal et al. (2019) in Malaysia, and Seran et al. (2020) in Indonesia also discovered similar results, suggesting that the insignificance found by Masud et al. (2019) may not be an isolated case. In addition, such results also signify that the influence of power of authorities might not necessarily be stronger in developed countries with better governance like Australia.

The contradictory results may result from the diverse methodologies used, such as structural equation modelling (Adini et al., 2021; Rashid et al., 2022), hierarchical regression (Lemessa Bayissa, 2024), multiple linear regression (Chigenum, 2024; Sidik et al., 2024; Tsubira et al., 2024), partial least square (Tahar & Bandi, 2024), and serial mediation analyses (Gangl et al., 2020). While various opposing studies had also employed different methods, such as ordinary least square regression analysis (Masud et al., 2019), structural equation modelling (Faizal et al., 2019), and multiple linear regression (Mardhiah et al., 2019; Masud et al., 2019; Seran et al., 2020). The methodological diversity can lead to inconsistent findings. As power of authorities largely varies among different countries, a more

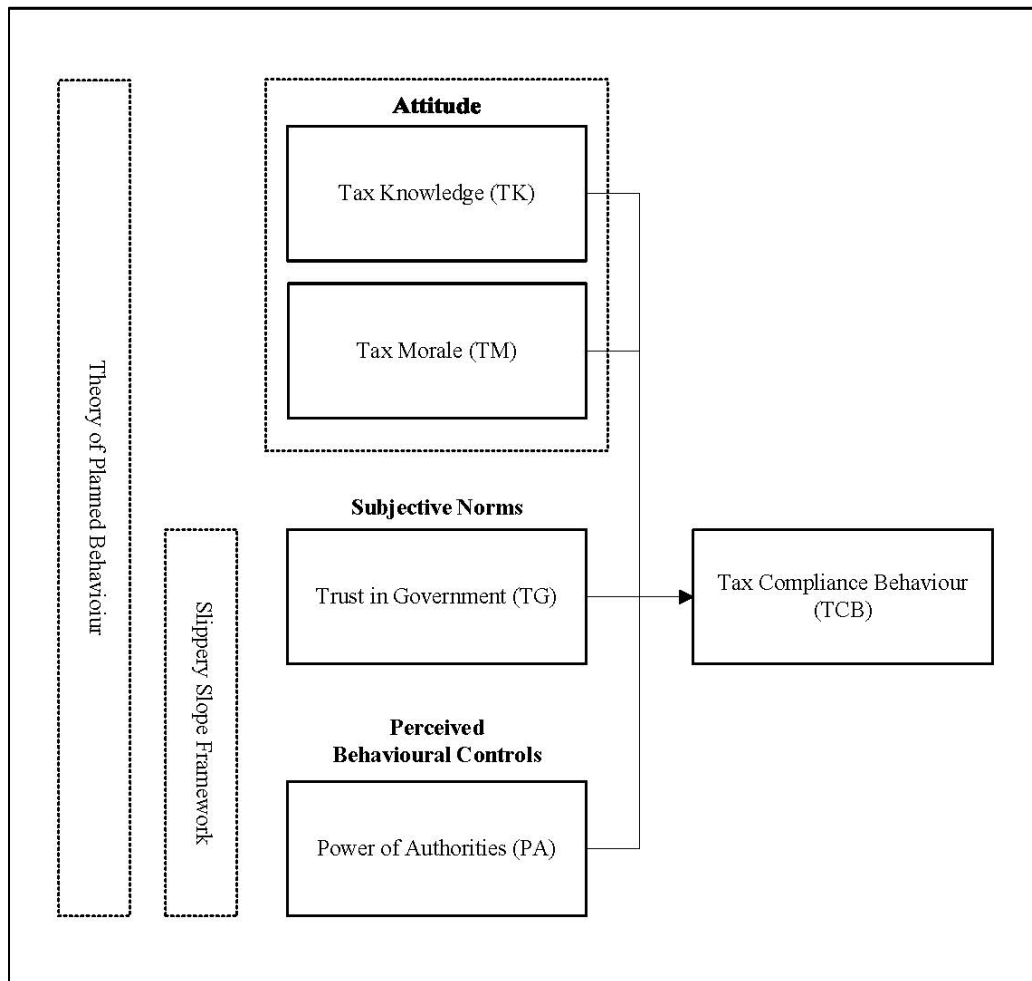
standardised methodological approach to validate the findings across different contexts.

Additionally, the effect of power of authorities also appears to vary significantly across different countries and regions. Studies in countries like Ethiopia (Lemessa Bayissa, 2024), Indonesia (Adini et al., 2021), Uganda (Tusubira et al., 2024), and sub-Saharan Africa (Mas'ud et al., 2017) have found significant relationships, whereas other studies in Australia (Mardhiah et al., 2019), Malaysia (Faizal et al., 2019), and a cross-national study covering 158 countries (Masud et al., 2019) have shown no significant relationship. These discrepancies suggest that contextual factors such as political stability, public service delivery quality, and socio-economic conditions might play a crucial role in moderating this relationship.

In conclusion, the relationship between the power of authorities and tax compliance behaviour is complex and multifaceted. Existing literature highlights the significant roles of both coercive and legitimate power in shaping tax compliance, while also emphasizing the intricate interplay between power and trust. The SSF has been instrumental in integrating psychological and sociological perspectives to provide a more holistic understanding of this relationship. However, inconsistencies in findings across different studies and contexts reveal critical research gaps. Methodological variability and contextuality of power all point to the need for more standardised and nuanced research approaches.

Future research should focus on standardising methodological approaches, exploring the role of contextual moderators, balancing coercive and legitimate power, expanding studies in developing countries, and implementing longitudinal designs. By addressing these gaps, researchers can enhance the understanding of how the power of authorities affects tax compliance behaviour in a more comprehensive and nuanced manner. This, in turn, will aid policymakers in developing more effective tax administration strategies that promote both enforced and voluntary compliance, ultimately fostering a more robust and equitable tax system.

## 2.3 Proposed Conceptual Framework



*Figure 2.4.* Proposed Conceptual Framework. Developed for research.

Based on the literature review of each variable, a conceptual framework is proposed for this study, as illustrated in Figure 2.4. This framework integrates the Theory of Planned Behaviour (TPB) and the Slippery Slope Framework (SSF) to provide a comprehensive understanding of tax compliance behaviour (TCB).

Firstly, the attitude construct comprises tax knowledge (TK) and tax morale (TM). Tax knowledge reflects taxpayers' understanding of tax laws and obligations, with higher knowledge expected to enhance compliance by promoting accurate fulfilment of tax duties. Tax morale represents the intrinsic motivation and ethical stance toward paying taxes, where a strong sense of duty encourages voluntary compliance.

Secondly, subjective norms focus on trust in government (TG), which is critical as it reflects the belief in the competence, benevolence, and integrity of the government. High trust can boost voluntary compliance, as taxpayers believe their contributions serve the public good.

Lastly, perceived behavioural controls are represented by the power of authorities (PA), encompassing the perceived strength and effectiveness of tax enforcement mechanisms. When taxpayers perceive authorities as capable and vigilant, they are more likely to comply due to fear of detection and penalties.

This framework posits that these constructs interact to shape tax compliance behaviour, acknowledging that compliance is influenced by both economic and non-economic factors. By incorporating these dimensions, the framework provides a holistic view of tax compliance motivations, facilitating more effective policy interventions that address both motivational and enforcement aspects.

## 2.4 Hypotheses Development

### 2.4.1 Relationship Between Tax Knowledge and Tax Compliance Behaviour

Tax knowledge is critical when it comes to shaping tax compliance behaviour. By understanding tax laws, obligations, and procedures, taxpayers are better equipped to accurately fulfil their tax responsibilities and avoid unintentional non-compliance.

Many studies have shown a significant positive link between tax knowledge and compliance rates. For instance, research by Hantono (2021) in Indonesia and Appiah et al. (2024) in Ghana revealed that increased tax knowledge tends to result in higher rates of compliance. These findings indicate that when taxpayers thoroughly understand tax laws and their obligations, they are more likely to comply.

In the Malaysian context, studies by Jusoh and Mustapha (2024) and Kamarudin et al. (2024) support the notion that tax knowledge positively impacts tax compliance. Jusoh & Mustapha (2024) found that procedural tax knowledge, even when general tax knowledge is limited, significantly affects compliance behaviour. Similarly, Kamarudin et al. (2024) noted that specific knowledge about tax procedures and regulations enhances compliance among Malaysian taxpayers.

Given the extensive literature supporting a significant relationship between tax knowledge and tax compliance behaviour, and the need to address inconsistencies in the Malaysian context, this study hypothesises:

*H<sub>1</sub>: There is a significant relationship between tax knowledge and tax compliance behaviour among individual taxpayers in Malaysia.*

## 2.4.2 Relationship Between Tax Morale and Tax Compliance Behaviour

Tax morale, which refers to the taxpayers' intrinsic motivation to pay taxes, particularly driven by moral and ethical values, is increasingly acknowledged as a key in influencing tax compliance. Studies have demonstrated that higher tax morale is associated with greater compliance, as individuals who view paying taxes as a civic responsibility are more inclined to follow tax regulations.

Recent studies provide strong evidence supporting this relationship. Dwi et al. (2024) in Indonesia and Kamarudin et al. (2024) in Malaysia have shown that higher tax morale is associated with increased tax compliance. Dwi et al. (2024) emphasized that when taxpayers perceive paying taxes as a civic duty aligned with their moral values, they are more likely to comply voluntarily. Similarly, Kamarudin et al. (2024) found that tax morale plays a significant role in promoting compliance among Malaysian taxpayers.

These findings align with earlier research, such as Bakar et al. (2023), which emphasizes the positive influence of tax morale on compliance behaviour in Malaysia. Such studies suggest that cultivating a strong sense of tax morale can be an effective approach to improving voluntary compliance. However, the variations in results across different studies indicate a need for more detailed research to fully grasp the relationship and its implications in different contexts.

Given the substantial literature supporting the significance of tax morale on tax compliance behaviour and the need to address inconsistencies in different contexts, this study hypothesises:

*H<sub>2</sub>: There is a significant relationship between tax morale and tax compliance behaviour among individual taxpayers in Malaysia.*

### **2.4.3 Relationship Between Trust in Government and Tax Compliance Behaviour**

Trust in government is a vital aspect affecting tax compliance behaviour. It involves the belief that governmental institutions will act in the public's best interest, and this trust is essential for encouraging voluntary compliance. Greater trust in government has been associated with higher tax compliance, as taxpayers are more likely to follow tax laws when they believe the government uses tax revenues effectively and fairly.

Studies by Appiah et al. (2024) in Ghana and Cahyonowati et al. (2023) in Indonesia have demonstrated that a high level of trust in government are linked to increased tax compliance. Appiah et al. (2024) found that when taxpayers believe their government uses tax revenues effectively, they are more likely to meet their tax obligations. Similarly, Cahyonowati et al. (2023) demonstrated that trust in government enhances the public's willingness to comply with tax laws.

In Malaysia, research by Faizal et al. (2021) and Abdul Rashid et al. (2021) also supports a positive relationship. Faizal et al. (2021) identified trust in government institutions as a predictive factor of compliance behaviour among Malaysian taxpayers. Abdul Rashid et al. (2021) further highlighted that trust in government boosts the legality of tax policies, leading to higher compliance rates.

Given the extensive literature supporting a significant relationship between trust in government and tax compliance behaviour, and the need to address inconsistencies in the Malaysian context, this study hypothesises:

*H<sub>3</sub>: There is a significant relationship between trust in government and tax compliance behaviour among individual taxpayers in Malaysia.*

#### **2.4.4 Relationship Between Power of Authorities and Tax Compliance Behaviour**

The power of authorities, defined as their ability to detect and punish non-compliance, significantly influences tax compliance behaviour. The literature distinguishes between coercive power, which involves enforcement through penalties and fines, and legitimate power, which relates to trust and voluntary compliance.

Research by Adini et al. (2021) and Gangl et al. (2020) highlights that while coercive power, such as penalties and fines, can increase enforced compliance, it may also undermine trust and reduce long-term compliance. Adini et al. (2021) found that excessive coercive measures could lead to taxpayer resistance and decreased trust in authorities.

Conversely, legitimate power, associated with fairness and trust, can enhance voluntary compliance. Gangl et al. (2020) observed that when tax authorities are perceived as fair and trustworthy, it fosters a cooperative compliance environment. In Malaysia, Chong and Arunachalam (2018) and Kamarudin et al. (2024) found that while strong authoritative power is associated with higher enforced compliance, there is a risk of taxpayer defiance if enforcement methods are too harsh. These findings suggest that a balanced approach, incorporating both coercive and legitimate power, is crucial for effective tax administration.

These insights suggest a complex and multifaceted relationship between the power of authorities and tax compliance behaviour, influenced by both coercive and legitimate power dynamics. Given this context, the hypothesis for this study is as follows:

*H<sub>4</sub>: There is a significant relationship between power of authorities and tax compliance behaviour among individual taxpayers in Malaysia.*



## **2.6 Chapter Summary**

The chapter has reviewed the key independent and dependent variables pertinent to the study, drawing on extensive literature and theoretical frameworks. Theoretical underpinnings from the TPB and the SSF have been explored to establish a robust research framework. Based on this review, hypotheses were formulated to explain the relationships between the variables. The subsequent chapter will detail the methodology designed to test these hypotheses and validate the proposed research framework.

## **CHAPTER 3    METHODOLOGY**

### **3.0    Introduction**

Research methodology is the procedure which the researcher carries out a systematic plan for testing the research hypotheses, solving the research questions, and achieving the research objectives (Creswell, 2009). It is a significant portion for every research.

### **3.1    Research Design**

Research design refers to a systematic set of approaches and procedures used to investigate and analyse the proposed model to validate the research hypotheses (Creswell, 2009). It encompasses both quantitative research and qualitative research. In this study, quantitative research using a questionnaire survey has been employed (Lazaraton, 2005). It involves collecting and analysing numerical data to understand phenomena, which is a widely adopted method in tax compliance literature (Abdul Rashid et al., 2021; Alwi et al., 2022; Hayat et al., 2022; Jusoh et al., 2021; Jusoh & Mustapha, 2024; Kamarudin et al., 2024; Rashid et al., 2021; Salleh et al., 2021; San et al., 2024; Sritharan et al., 2020; Yahya, 2021). Statistical methods, particularly SPSS software, is employed to conduct data analyses and make inference of the targeted population.

The study is descriptive, concentrating on examining tax compliance behaviour among individual taxpayers in Malaysia. It aims to detail the characteristics of a phenomenon or population under investigation, which, in this case, involves the tax compliance behaviour of Malaysian taxpayers (Abu Bakar, Palil, & Maelah, 2022; Abu Bakar, Palil, Maelah, et al., 2022; Kamarudin et al., 2024; Mohamad et al., 2023; Rashid et al., 2022; Salleh et al., 2021; Yahya, 2021). Descriptive research does not explore how, when, or why certain characteristics occur. Instead,

it concentrates on answering the “what” question, specifically identifying and detailing the features of the population or situation under study.

This study is also cross-sectional in nature, as respondents are selected based on specific criteria and their responses are measured simultaneously. This approach allows for a relatively quicker and more cost-effective examination (Setia, 2016). Considering its convenience, cross-sectional design is also widely observed in tax compliance literature (Abu Bakar, Palil, & Maelah, 2022; Abu Bakar, Palil, Maelah, et al., 2022; Alwi et al., 2022; Ghani et al., 2020; Hayat et al., 2022; Kamarudin et al., 2024; Rashid et al., 2021; Salleh et al., 2021; Yahya, 2021).

## **3.2 Data Collection Methods**

### **3.2.1 Primary data**

Primary data was gathered through a close-ended questionnaire survey using a five-point Likert scale. Using a close-ended questionnaire survey for large-scale data collection helps standardize respondents’ answers.

Primary data is considered more accurate and trustworthiness as it is obtained directly from the source (Pilcher et al., 1990). This method allows for quicker and more straightforward data collection compared to other methods, enhancing understanding, and directly evaluating the research topic by acquiring firsthand information.

### **3.2.2 Secondary data**

While this study primarily focuses on primary data, secondary data also plays a significant role data (Clark, 2013). Secondary data enriches the information for comparative analysis and cover the deficiency of cross-sectional study in lacking longitudinal dimension. It also enhances time efficiency for researching specialized information and historical analysis. Sources of secondary data adopted in this research including UTAR library resources, UTAR past year Final Year Projects (FYPs), journal articles, books, newspapers, and dissertations online.

## **3.3 Sampling Design**

### **3.3.1 Targeted Population**

The targeted population of the study refers to the group of individuals or elements which the researcher aims to investigate. his population serves as the basis for selecting a sample, allowing for generalizations about the entire group. The targeted population of the study consists of individual income taxpayers in Malaysia. According to (IRBM, 2024), the threshold of an individual to be classified as eligible individual income taxpayers is the annual income of RM37,333, or monthly income of RM3,133. Therefore, the estimated targeted population is approximately 4.187 million individual taxpayer 1.251 million solo filling taxpayers and 2.936 million joint filling taxpayers for this (Government of Malaysia, 2024).

### **3.3.2 Sampling Frame and Sampling Location**

A sampling frame is a list or method used to identify the units within the targeted population, serving as a basis for selecting the sample. In this research, a complete list of individual taxpayers is not available, and personal information such as contact details and addresses is protected as confidential by the government. Consequently, since non-probability sampling is employed in the study, a sampling frame is not applicable.

While for the sampling location, as the taxpayers is spread throughout Malaysia. In this research narrowed the targeted sampling location, this research will cover central of Malaysia, namely Klang Valley (Tiong Sa & Hui Boon, 2010), which are Kuala Lumpur, Selangor, and Putrajaya. These sampling locations will cover majority of population and the region with highest GDP in Malaysia. The household income at these region are also averagely higher and consists of higher portion of income taxpayers (Department of Statistics Malaysia, 2022). These populations are expected to provide representative data for inference.

### **3.3.3 Sampling Element**

The sampling element is the unit of analysis from which data will be gathered and analysed to make inferences of the entire population. In the study, the sampling element consists of individual taxpayers in Malaysia.

As shown in Table 3.1, there are five filter questions in Section A of the questionnaire, will be adopted to acquire the sampling frame. Only those who select specified answer in the filter questions will be included as sampling elements, while the others will be classified as ineligible respondents.

Table 3.1

*Summary of Filter Questions*

<b>Question</b>	<b>Selection of Answer</b>	<b>Reason of Ineligibility</b>
3. Age Group	Below 15	Minimum legal age for employment is 15 years old
4. Nationality	Others	Non-Malaysian is not included in the research population
5. Residence	Johor, Labuan, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Penang, Perak, Perlis, Sabah, Sarawak, Terengganu	Residents in these areas are not within the sampling locations
9. Employment Status	Unemployed	Unemployed individuals are not categorised as eligible individual income taxpayers
10. Annual Income	No	Annual income not reaching the threshold as eligible income taxpayer

*Note.* Developed for research.

### **3.3.4 Sampling Technique**

A sampling technique refers to the method used to choose a subset of individuals or items from a larger population. In this study, non-probability sampling methods are employed, specifically judgment sampling and snowball sampling. Judgment sampling involves choosing participants based on the researcher's expertise or judgment, targeting those who can provide valuable insights or represent particular characteristics. Snowball sampling, or chain referral sampling, begins with a small group of participants who then refer others, thereby expanding the sample. Both methods are widely used in quantitative research, including tax compliance literature (Ching, 2013; Dobos & Takács-György, 2020; Saptono & Khozen, 2023; Taing & Chang, 2020; Wahl et al., 2010).

Using judgment sampling enables the researcher to select participants who are expected to offer relevant and valuable information within the constraints of the limited time available. Since the population of individual taxpayers is too large to reach or identify comprehensively, snowball sampling is further employed to expand the sample size by leveraging existing connections and networks. Together, these methods help ensure that the research can achieve its goals within the constraints of limited time and resources, while still obtaining a diverse range of perspectives and experiences.

### **3.3.5 Sampling Size**

The sampling size for the study is determined based on the feasibility and resources available for data collection within the given time frame. As shown in Table 3.2, Krejcie and Morgan (1970) suggested that for a population exceeding 100,000, the minimum sample size should be 384 and above. As the individual taxpayer's population in Malaysia is approximately 4.187 million, the sample size of 384 is deemed sufficient to represent the entire targeted population.

However, as Frohlich (2002) argued that 32% of response rate is deemed adequate in questionnaire survey, that is around 123 responses. The final sample size in the study is 326, which is more than the required number of responses. Additionally, most tax compliance literature which adopted questionnaire survey also indicated a low response rate as low as 15.4% (Abu Bakar et al., 2022; Amin et al., 2022; Erasashanti et al., 2024; Rashid et al., 2022; Yahya, 2021). Hence, the sample size of 326 is deemed adequate for the study.

Table 3.2

*Determination of Sample Size from a Given Population*

<b>Size of Population</b>	<b>Size of Sample</b>
100	80
500	217
1,000	278
5,000	357
10,000	370
50,000	381
100,000	384

*Note.* Adopted from Krejcie and Morgan (1970)

Another method to determine sample size is through G\*Power Analysis. G\*Power is a multifunctional statistical software used to determine the required sample size for various statistical tests. By inputting parameters such as effect size, alpha level (the probability of a Type I error), power (the probability of correctly rejecting the null hypothesis), and the number of predictors, G\*Power assists researchers in ensuring that their study has adequate power to detect meaningful effects. This helps to minimise the risk of underpowered studies, which could lead to inconclusive or misleading results.



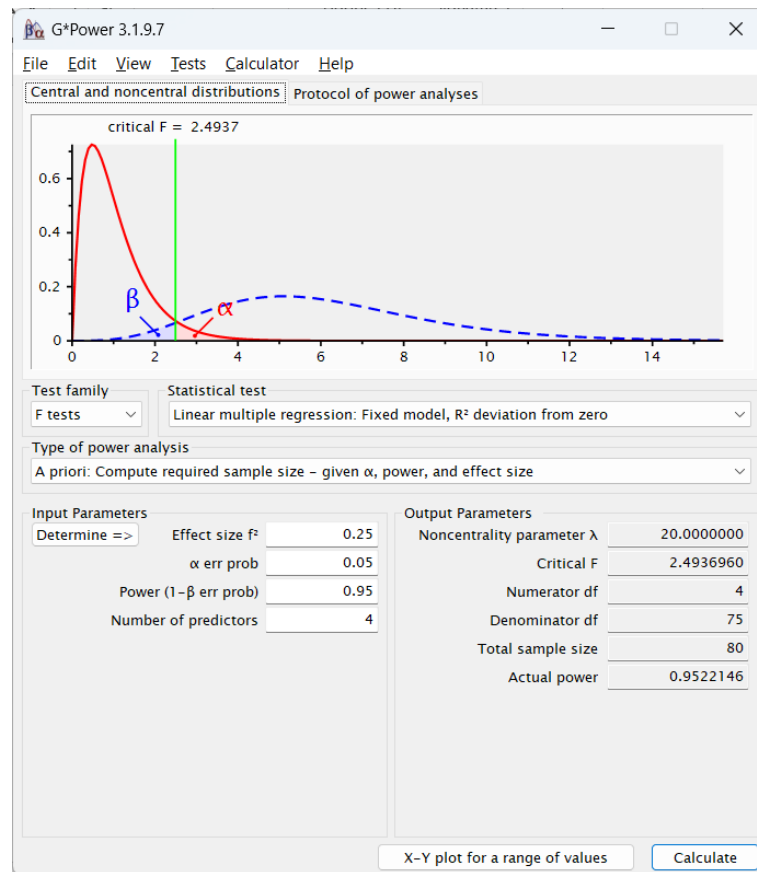


Figure 3.1. G\*Power Analysis. Developed for research.

As shown in Figure 3.1, a priori G\*Power analysis for multiple linear regression model with four predictors was performed. The input parameters included an effect size of 0.25, an alpha error probability of 0.05, and a desired power of 0.95. The analysis yielded a non-centrality parameter ( $\lambda$ ) of 20.00 and a critical F value of 2.4937. With these inputs, the total sample size required was calculated to be 80, with 75 degrees of freedom for the denominator. The actual power achieved with this sample size is approximately 0.9522, indicating that a sample size of 80 is also deemed enough to be well-powered and reduced the likelihood of Type II errors.

## **3.4 Research Instrument**

### **3.4.1 Questionnaire Design**

Questionnaire design involves creating a set of questions to collect data from respondents. This process requires careful attention to the research objectives, the target population, and the specific type of data required. A well-designed questionnaire ensures that the collected data is valid, reliable, and pertinent to the research aims. For this study, a set of questionnaires was developed in line with the research objectives, comprising three sections (see Appendix 1).

Section A includes 10 questions regarding the respondents' demographic information and eligibility as taxpayer in nominal and ordinal scale.

Section B includes 28 questions to measure the scale of independent variables, including 9 questions for tax knowledge (Saad, 2009), 7 questions for tax morale (Taing & Chang, 2020), 13 questions for trust in government (Burns et al., 2023), and 11 questions for power of authorities (Kastlunger et al., 2013) by using five-points Likert scale.

Section C includes 11 questions to measure the levels of tax compliance behaviour of the respondents by Kirchler and Wahl (2010) in five-points Likert scale.

### 3.4.2 Pilot Study

In the pilot study, 30 questionnaires were distributed to 30 individual taxpayers in Klang Valley via an online platform to pre-examine the reliability and validity of the scales of measurement. The responses were coded and analysed using SPSS software (Version 29).

#### 3.4.2.1 Reliability Test

Cronbach's Coefficient Alpha is used to evaluate the reliability and feasibility of a distributed questionnaire, as outlined in Table 3.3. Developed by Cronbach (1951), this measure assesses a test or scale's internal consistency, with values ranging from 0 to 1. Internal consistency measures how well all items within a test assess the same concept or construct, reflecting the degree of interrelatedness among the items. Though a 0.6 threshold is widely adopted, various scholars have re-examined the usefulness of Cronbach's Alpha in examining internal consistency of a scale and found it sometimes defective when measuring multidimensional construct (Chretien et al., 2020; Sijtsma & Pfadt, 2021). Hence, considering the distinct nature and multidimensionality of constructs, a minimum value of Cronbach's Alpha of 0.45 is also acceptable (Taber, 2018).

Table 3.3

*The Rule of Thumb of Cronbach's Coefficient Alpha*

<b>Cronbach's Alpha</b>	<b>Reliability</b>
Less than 0.6	Poor
0.6 to 0.69	Questionable
0.7 to 0.79	Acceptable
0.8 to 0.89	Good
0.89 and above	Excellent

*Note.* Adopted from Cronbach (1951) and Tavakol and Dennick (2011)

Table 3.4

*Cronbach's Alpha Reliability Pilot Analysis*

<b>Variable Type</b>	<b>Variable Name</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>	<b>Reliability</b>
Independent	Tax Knowledge	9	0.569	Poor
Independent	Tax Morale	7	0.950	Excellent
Independent	Trust in Government	13	0.945	Excellent
Independent	Power of Authorities	11	0.822	Good
Dependent	Tax Compliance Behaviour	11	0.858	Good

*Note.* Developed for research.

Table 3.4 showed the pilot result of reliability analysis, that is the Cronbach's alpha for each variable. As presented, two out of the four independent variables have an excellent level of reliability which is greater than 0.9, that are tax morale (0.950) and trust in government (0.945). While for another independent variable, power of authorities, it also has a good level of reliability of 0.822. While the last independent variable, namely tax knowledge, only has a Cronbach's alpha of 0.569, which is considered poor but acceptable as falling between 0.50 and 0.59. For the dependent variable, tax compliance behaviour, it has also shown a good level of reliability with a Cronbach's alpha of 0.858. After reviewing the results, the reliabilities of all variables are acceptable and are retained in the study.

### 3.4.2.2 Validity Test

Exploratory Factor Analysis (EFA) is utilized to examine the construct validity, determining how effectively the scale measures its intended construct. A valid scale should accurately represent and measure both the construct and its associated dimensions or factors. Exploratory Factor Analysis (EFA) is commonly used to assess construct validity by identifying the underlying structure of a set of variables. It groups these variables into factors based on their correlations, helping to reveal the dimensions or constructs being measured (Dziuban & Shirkey, 1974).

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an indicator of how suitable the data is for EFA (Kaiser & Rice, 1974). A higher KMO generally indicates greater common variance among the variables, which is more likely to yield valid factors. Table 3.5 demonstrates the KMO values for different variables, providing insights into their sampling adequacy and validity.

Table 3.5

*The Rule of Thumb of Kaiser-Meyer-Olkin Measure of Sampling Adequacy*

<b>KMO</b>	<b>Validity</b>
Less than 0.5	Unacceptable
0.5 to less than 0.6	Miserable
0.6 to less than 0.7	Mediocre
0.7 to less than 0.8	Middling
0.8 to less than 0.9	Meritorious
0.9 and above	Marvelous

*Note.* Adopted from Kaiser and Rice (1974)

Table 3.6

*Validity Pilot Analysis*

<b>Variable Type</b>	<b>Variable Name</b>	<b>Number of Items</b>	<b>Number of Factors Identified</b>	<b>KMO</b>	<b>Sig.</b>	<b>Validity</b>
Independent	Tax Knowledge	9	4	0.535	<.001	Miserable
Independent	Tax Morale	7	1	0.845	<.001	Meritorious
Independent	Trust in Government	13	2	0.765	<.001	Middling
Independent	Power of Authorities	11	3	0.669	<.001	Mediocre
Dependent	Tax Compliance Behaviour	11	3	0.677	<.001	Mediocre

*Note.* Developed for research.

Table 3.6 provided the result of validity analysis, offering insights into the adequacy of the different variables measured in the study. Tax morale has the highest KMO value of 0.845, indicated a meritorious level of sampling adequacy and high correlation between items with a significance level of 0.001. While trust in government and power of authorities has a meddling and mediocre level of validity with KMO value of 0.765 and 0.669 respectively, both significant at the 0.001 level. The last independent variable, tax knowledge, only has a KMO value of 0.535, showing a poor but acceptable sampling adequacy and weak correlation between items at the significance level of 0.001. Lastly, the dependent variable has a KMO value of 0.677, showing a mediocre level of sampling adequacy at the

significance level of 0.001. Despite varying levels of sampling adequacy, the validities of all variables are acceptable and are retained in the study.

## **3.5 Construct Measurement**

Measurement entails the assignment of symbols, including numerical values, to the attributes of an object according to established rules (Sekaran & Bougie, 2013). In this study, variables were categorized and quantified using distinct measurement scales: nominal, ordinal, and interval.

### **3.5.1 Nominal Scale**

There are ten questions in Section A which have adopted the nominal scale, which are Question 1 (gender), Question 2 (ethics group), Question 4 (nationality), Question 5 (residence), Question 7 (marital status), Question 9 (employment status), Question 10 (annual income).

### **3.5.2 Ordinal Scale**

There are three questions in Section A which have adopted the ordinal scale, which are Question 3 (age group), Question 6 (highest level of education), and Question 8 (number of children).

### **3.5.3 Interval Scale**

All the question in Section B and C of the questionnaire have adopted the interval scale, particularly a five-points Likert scale (including reversed coded items), for each question.

### 3.5.4 Origin of Measure of Construct

This study has adopted operational definitions for key constructs, including tax compliance behaviour, tax morale, trust in government, power of authorities, and tax knowledge. The operational definitions outline the variables, corresponding items, construct management, and sources related to each key construct.

Table 3.7

*Summary of Measures of Construct*

Variable	Source	Number of Items	Scale
Tax Knowledge	Saad (2009)	9	Strongly Disagree (1) to Strongly Agree (5)
Tax Morale	Taing & Chang (2020)	7	
Trust in Government	Burns et al. (2023)	13	
Power of Authorities	Kastlunger et al. (2013)	11	
Tax Compliance Behaviour	Kirchler & Wahl (2020)	11	

Note. Developed for research.

Four independent variables are identified through literature review to examine its relationship with tax compliance behaviour. All the constructs are using five-points Likert scale, ranging from 1 point (strongly disagree) to 5 points (strongly agree).



The scale of tax knowledge is adapted from Saad (2009), which consists of the dimensions of general tax knowledge, legal tax knowledge, and procedural tax knowledge. There are 9 items in total, such as “*The income tax system is a legitimate way for the government to collect revenue to manage an economy*” and “*To my knowledge, I can deduct all personal expenses in calculating my tax liability.*” Notably, there are three reversed coded items in the scale, which are item 2, 5, and 8.

The scale of tax morale is adapted from Taing & Chang (2020), which consists of only a single dimension. There are 7 items in total, such as “*I will not evade paying tax even if I have a chance to*” and “*I think evading tax is wrong.*”

The scale of trust in government is adapted from Burns et al. (2023), which consists of three dimensions, namely competence, benevolent, and integrity. There are 13 items in total, such as “*The federal government acts in the best interest of citizens*” and “*The federal government is honest.*”

The scale of power of authorities is adapted from Kastlunger et al. (2013), which consists of two dimensions, that are legitimate power and coercive power. There are 11 items in total, such as “*Tax authorities primarily aim to punish*” and “*Tax authorities primarily aim to punish.*”

## **3.6 Data Processing**

Data processing in the process of converting the data obtained from questionnaire responses into valuable and insightful information.

### **3.6.1 Data Checking**

Data checking was conducted to ensure data quality before the pilot test. This included identifying missing values, outliers, and inconsistencies, as well as

verifying that the data was correctly formatted and free of duplicates, ensuring the reliability and accuracy of the research.

### **3.6.2 Data Editing**

Data editing involved reviewing and correcting any inconsistencies, errors, or omissions in the responses. This process included addressing blank or inconsistent entries to ensure the accuracy of the data recorded by researchers.

### **3.6.3 Data Coding**

Data coding involved assigning numerical values to the responses collected from questionnaire participants for entry into a database (Sekaran & Bougie, 2016).

### **3.6.4 Data Transcribing**

Data transcribing involved converting spoken or written information, such as responses from questionnaires, into a digital format. This process was crucial for organizing and analysing data, especially in qualitative research. By transcribing data, researchers could easily review and analyse responses, ensuring accuracy and enabling further analysis.

### **3.6.5 Data Cleaning**

Data cleaning involved identifying and correcting errors, inconsistencies, and inaccuracies within the dataset. This process included removing duplicate entries, addressing missing values, correcting errors, standardizing data formats, managing outliers, and ensuring overall data consistency. Effective data cleaning enhanced the quality and reliability of the dataset, leading to more accurate

insights and conclusions. This process was performed using SPSS software (Version 29).

### **3.7 Data Analysis**

Data analysis involved thoroughly examining, cleaning, transforming, and modelling data to extract meaningful insights, draw accurate conclusions, and guide decision-making. This process utilized a variety of techniques and methods, including statistical analysis, machine learning, and data visualization, to effectively interpret and analyse the data. Essential across research, business, and various fields, data analysis helped in deriving insights, recognizing patterns, and making informed decisions based on the data.

#### **3.7.1 Descriptive Analysis**

Descriptive analysis is a statistical technique employed to summarise and outline the principal features of a dataset through various forms of data visualization, including bar charts, pie charts, and tables. It involves computing measures of central tendency, including mean, median, and mode, as well as measures of variability, like standard deviation and range, to offer a clear and straightforward overview of the data. Often serving as an initial step in data analysis, descriptive analysis helps in grasping the fundamental characteristics of the data before moving on to more advanced analytical methods.

## **3.7.2 Scale Measurement**

### **3.7.2.1 Reliability Test**

A reliability test evaluates the internal consistency of the data to ensure that participants' responses are stable and reliable (Sekaran & Bougie, 2016). Cronbach's Alpha Coefficient is employed as the reliability measure to assess the degree to which items within the questionnaire are consistently and strongly related to one another (Cronbach, 1951).

Besides, scale measurement involves assigning numbers or scores to represent characteristics of objects, events, or individuals. It allows researchers to quantify variables and make comparisons. It is essential in quantitative research for quantifying variables to analyse and draw conclusions from the data.

In the questionnaire, Section A will adopt both nominal and ordinal scale, majorly concerns the demographic information and tax declaration experience of the respondents. For Section B and C of the questionnaire, interval scale will be adopted.

### **3.7.2.2 Validity Test**

A validity test was performed to assess whether the measurement tool accurately measures the concept it is designed to assess (Taherdoost, 2016). Various types of validity tests include content validity (ensuring the relevance of the tool's content), criterion validity (comparing the tool to an established standard), and construct validity (evaluating the tool's relationship with other relevant measures). These tests ensure that research findings are based on accurate measurements, enabling researchers to draw meaningful and reliable conclusions.

### 3.7.4 Inferential Analysis

#### 3.7.4.2 Multiple Linear Regression Analysis

Multiple linear regression (MLR) analysis is a statistical technique used to examine the relationship between two or more independent variables (predictors) and a single dependent variable (outcome). This method extends simple linear regression, which involves only one predictor, to accommodate multiple predictors.

The goal of MLR is to create a linear equation that effectively predicts the value of the dependent variable based on the values of the independent variables. The general form of the regression equation is:

$$TCB = \beta_0 + \beta_1TK + \beta_2TM + \beta_3TG + \beta_4PA + \varepsilon$$

where:

$TCB$  is the dependent variable, while  $TK$ ,  $TM$ ,  $TG$ , and  $PA$  are the independent variables,  $\beta_0$  is the intercept and  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$  are the coefficients (slopes) associated with each independent variable, and  $\varepsilon$  is the error term.

In MLR, the coefficients (slopes) indicate the strength and direction of the relationship between each independent variable and the dependent variable, while the intercept represents the value of the dependent variable when all independent variables are set to zero. This method is widely used in research to analyze and predict outcomes based on multiple predictors.

### **3.8 Chapter Summary**

This chapter outlined the methodology employed in the study. It detailed the design of the questionnaire, which consisted of three sections addressing demographic information, tax knowledge, tax morale, trust in government, power of authorities, and tax compliance behaviour. Pilot study was conducted to validate the reliability and validity of the questionnaire. The chapter also described the data processing steps undertaken to ensure data quality. Various data analysis techniques, including descriptive statistics, scale measurement, validity testing, and inferential analysis, were utilized to analyse the data and test hypotheses. This methodological approach established a robust foundation for the data analysis in the subsequent chapter, ensuring that the collected data is reliable for drawing meaningful conclusions.

## **CHAPTER 4 DATA ANALYSIS**

### **4.0 Introduction**

This chapter focuses on analysing the data gathered from respondents. It begins with descriptive analysis to offer an overview of the data, including the demographic profile of respondents and the central tendencies and dispersion of the constructs. Scale measurement follows to ensure that each scale reliably and validly represents the intended concepts. Preliminary data screening is then conducted to detect issues such as multicollinearity and non-normality, establishing a solid foundation for inferential analysis. Finally, multiple linear regression is used for inferential analysis to test the hypotheses. All analyses are performed using SPSS Version 29.

### **4.1 Descriptive Analysis**

Firstly, descriptive analysis is performed to provide an overview of the respondents' demographic profile from Section A of the questionnaire and central tendencies and dispersion of constructs from Section B and C of the questionnaire. Additionally, table and pie chart are utilised in the presentation for clarification.

## 4.1.1 Respondents' Demographic Profile

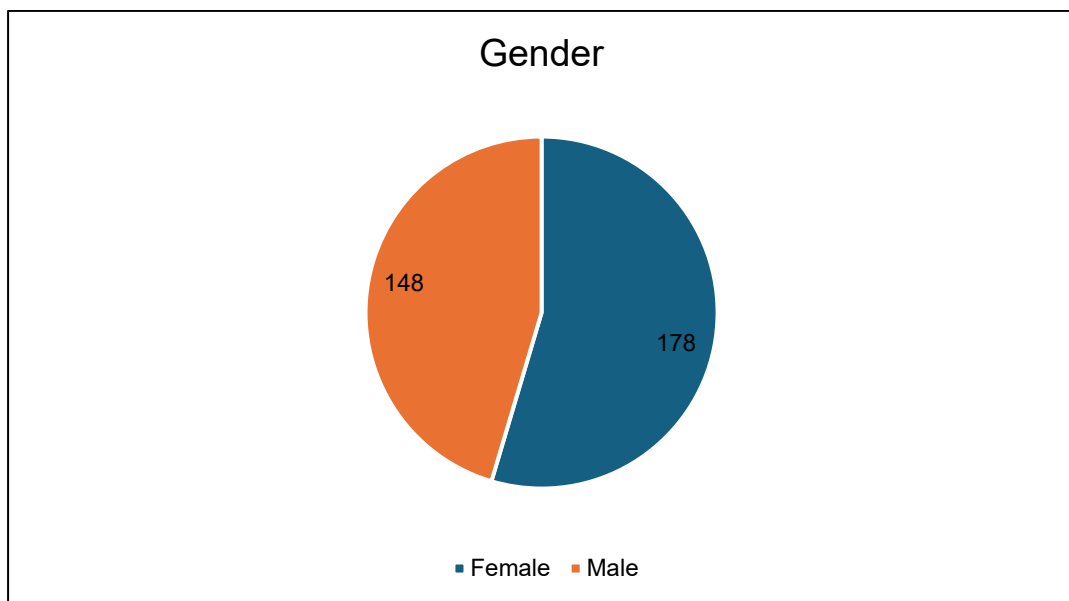
### 4.1.1.1 Gender

Table 4.1

*Descriptive Analysis for Gender*

Gender	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Percentage (%)
Male	178	54.60	178	54.60
Female	148	45.40	326	100.00

*Note.* Developed for research.



*Figure 4.1.* Descriptive Analysis for Gender. Developed for research.

Firstly, the respondents are categorised based on gender. Table 4.1 and Figure 4.1 have shown the distribution of gender of all 326 respondents. There are 178 male respondents (54.6%) and 148 female respondents (45.4%).



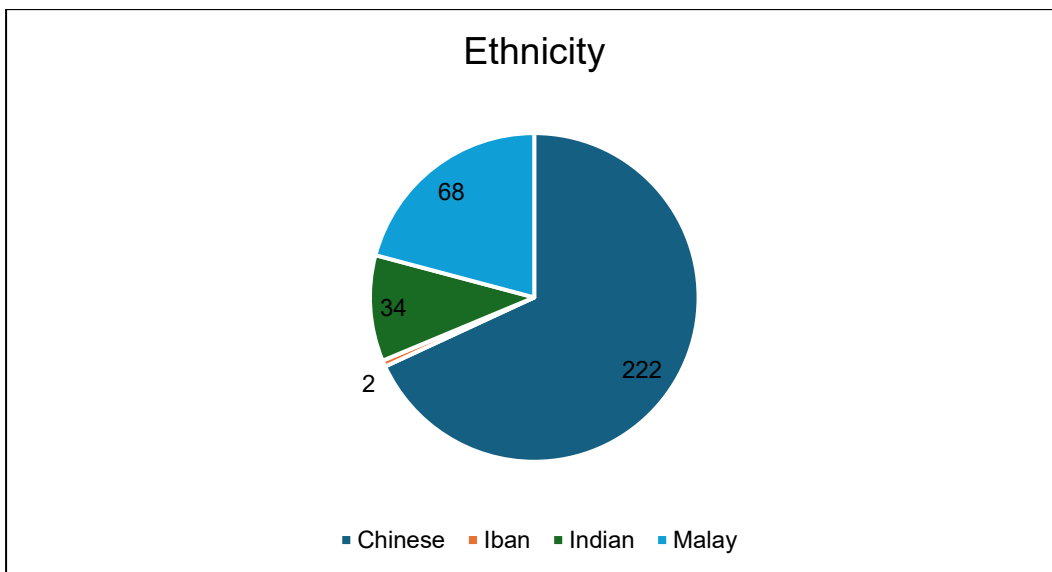
#### 4.1.1.2 Ethnicity

Table 4.2

*Descriptive Analysis for Ethnicity*

<b>Ethnicity</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percentage (%)</b>
Malay	68	20.86	68	20.86
Chinese	222	68.10	290	88.96
Indian	34	10.43	324	99.39
Iban	2	0.0061	326	100.00

*Note.* Developed for research.



*Figure 4.2.* Descriptive Analysis for Ethnicity. Developed for research.

Secondly, the respondents are categorised based on ethnicity. Table 4.2 and Figure 4.2 have shown the distribution of ethnicity of all 326 respondents. There are 68 Malay respondents (20.86%), 222 Chinese respondents (68.10%), 34 Indian respondents (10.43%), and 2 Iban respondents (0.0061%).

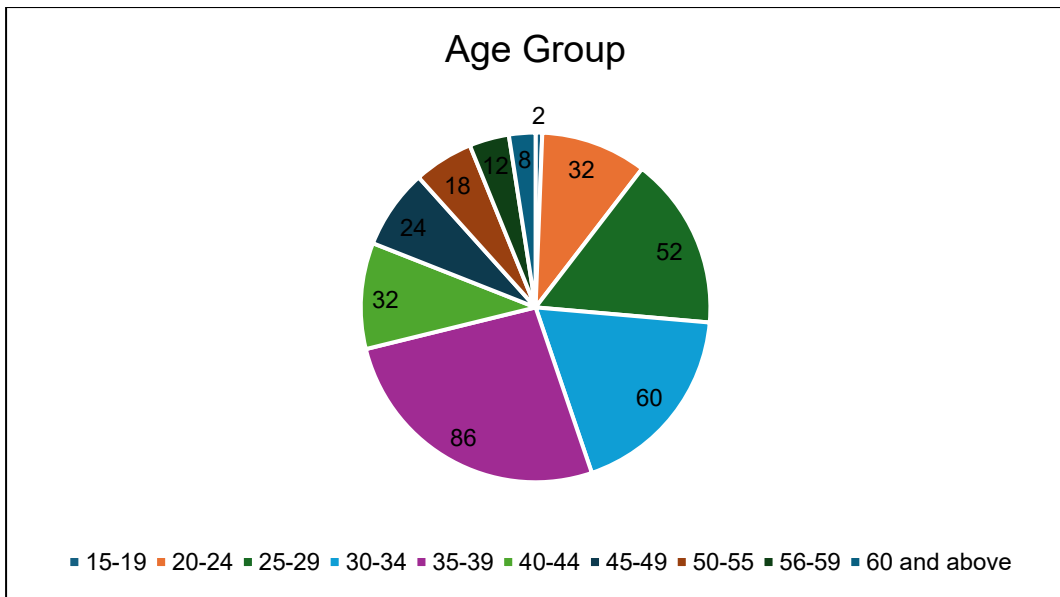
### 4.1.1.3 Age Group

Table 4.3

*Descriptive Analysis for Age Group*

<b>Age Group</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percentage (%)</b>
15-19	2	0.613497	2	0.61
20-24	32	9.815951	34	10.43
25-29	52	15.95092	86	26.38
30-34	60	18.40491	146	44.79
35-39	86	26.38037	232	71.17
40-44	32	9.815951	264	80.98
45-49	24	7.361963	288	88.34
50-55	18	5.521472	306	93.87
56-59	12	3.680982	318	97.55
60 and above	8	2.453988	326	100.00

*Note.* Developed for research.



*Figure 4.3.* Descriptive Analysis for Age Group. Develop for research.

Thirdly, the respondents are categorised based on age group. Table 4.3 and Figure 4.3 have shown the distribution of age group of all 326 respondents. Most respondents are 35-39 years old, that is 86 (26.38%), followed by 60 respondents from 30-34 years old (18.40%), 52 respondents from 25-29 years old (15.95%), and 32 respondents from 20-24 years old (9.81%). The least number of respondents are from 15-19 years old, that is 2 (0.61%). Meanwhile, there are also 32 respondents (9.81%) from 40-44 years old, 24 respondents (7.36%) from 45-49 years old, 18 respondents (5.52%) from 50-55 years old, 12 respondents (3.68%) from 56-59 years old, and 8 respondents (2.45%) from 60 years old and above.

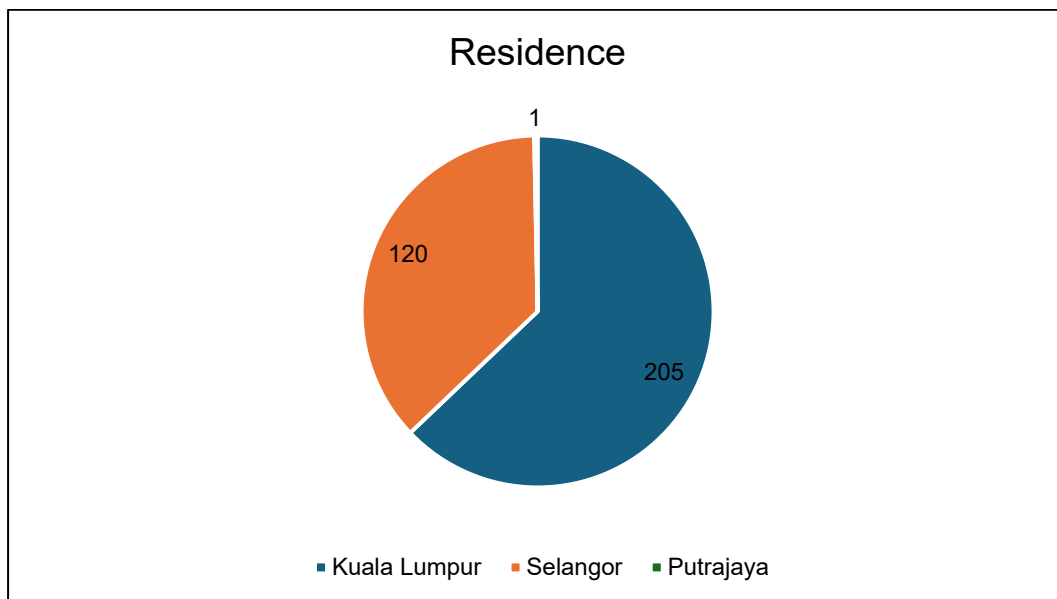
#### 4.1.1.4 Residence

Table 4.4

*Descriptive Analysis for Residence*

Residence	Frequency	Percentage (%)	Cumulative Frequency	Cumulative Percentage (%)
Kuala Lumpur	205	62.88	205	62.88
Selangor	120	36.81	325	99.69
Putrajaya	1	0.31	326	100.00

*Note.* Developed for research.



*Figure 4.4.* Descriptive Analysis for Residence. Develop for research.

Fourthly, the respondents are categorised based on residence. Table 4.4 and Figure 4.4 have shown the distribution of residence of all 326 respondents. There are 205 respondents reside at Kuala Lumpur (62.88%), 120 respondents reside at Selangor (36.81%), and only 1 respondent resides at Putrajaya (0.31%%).

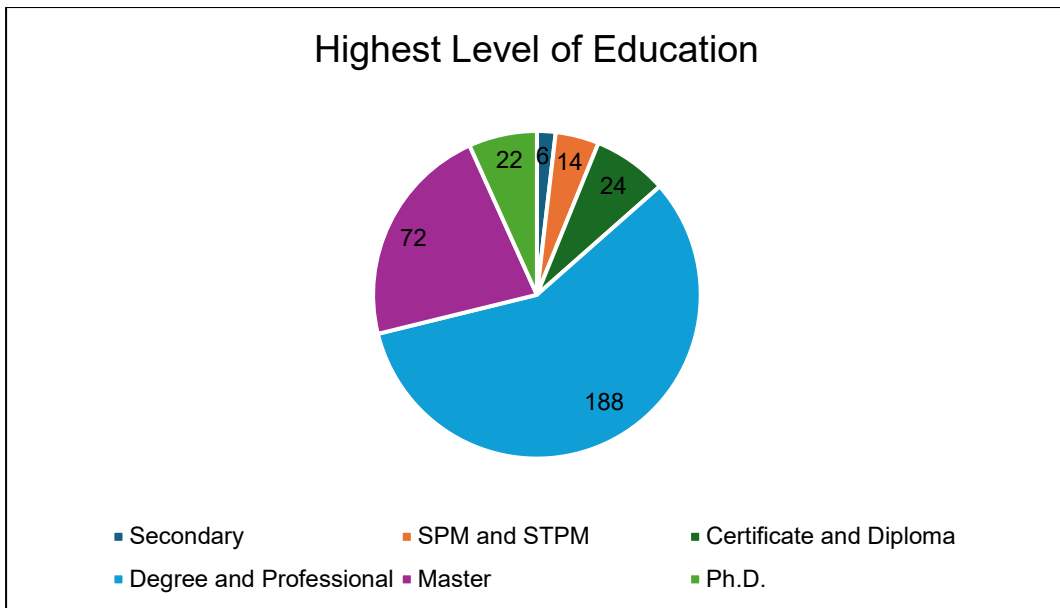
#### 4.1.1.5 Highest Level of Education

Table 4.5

*Descriptive Analysis for Highest Level of Education*

<b>Highest Level of Education</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percentage (%)</b>
Secondary	6	1.84	6	1.84
SPM and STPM	14	4.29	20	6.13
Certificate and Diploma	24	7.36	44	13.50
Degree and Professional	188	57.67	232	71.17
Master	72	22.09	304	93.25
Ph.D.	22	6.75	326	100.00

*Note.* Developed for research.



*Figure 4.5.* Descriptive Analysis for Highest Level of Education. Developed for research.

Fifthly, the respondents are categorised based on highest level of education. Table 4.5 and Figure 4.5 have shown the distribution of highest level of education of all 326 respondents. Most respondents possess degree and professional level of education, that is 188 respondents (57.67%), followed by master level with 72 respondents (22.09%) possessing and certificate and diploma with 24 respondents (7.36%) possessing. There are also 22 respondents (6.75%) have obtained Ph.D. degree, as well as 6 respondents (1.84%) and 14 respondents (4.29%) possess secondary level and SPM and STPM level of education respectively.

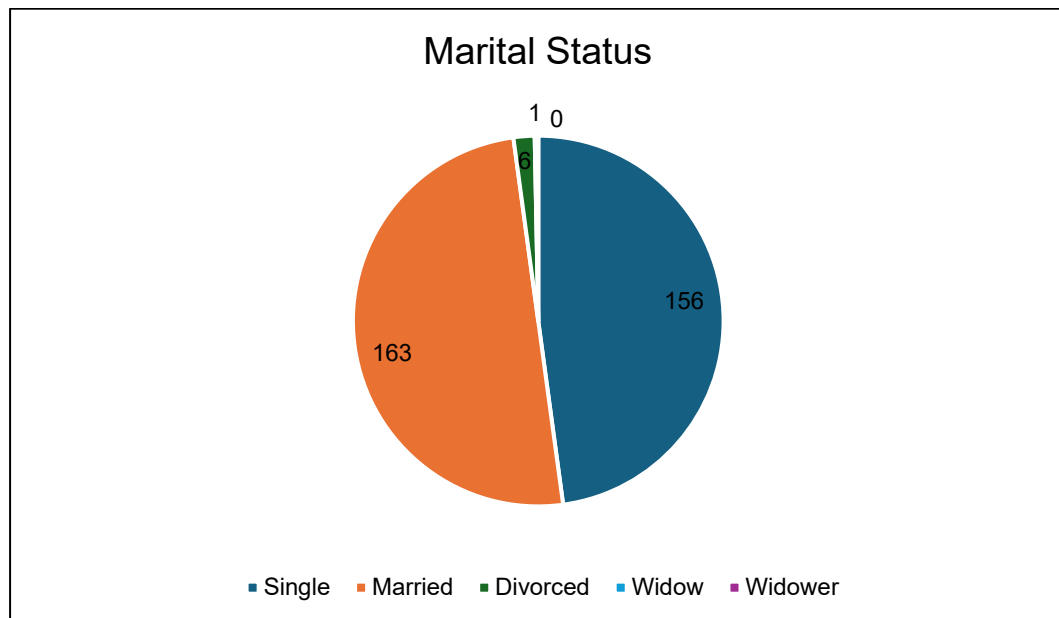
#### 4.1.1.6 Marital Status

Table 4.6

*Descriptive Analysis for Marital Status*

<b>Marital Status</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percentage (%)</b>
Single	156	47.85	6	47.85
Married	163	50.00	169	97.85
Divorced	6	1.84	325	99.69
Widow	1	0.31	326	100.00
Widower	0	0	326	100.00

*Note.* Developed for research.



*Figure 4.6.* Descriptive Analysis for Marital Status. Develop for research.

Sixthly, the respondents are categorised based on marital status. Table 4.6 and Figure 4.6 have shown the distribution of marital status of all 326 respondents. Most respondents are married, that is 163 respondents (50%), followed by 156 respondents (47.85%) who are single. There are also 6 respondents (1.84%) are divorced and 1 respondent (0.31%) is widow. None of the respondents is a widower.

#### 4.1.1.7 Number of Children

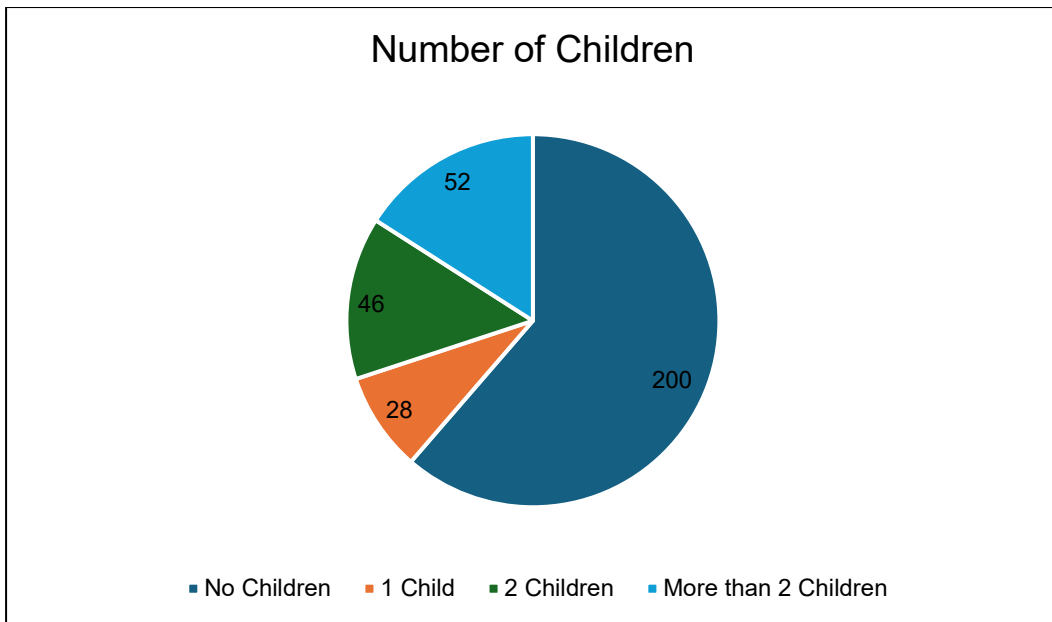
Table 4.7

*Descriptive Analysis for Number of Children*

<b>Number of Children</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percentage (%)</b>
No Children	200	61.35	200	61.35
1 Child	28	8.59	228	69.94
2 Children	46	14.11	274	84.05
More than 2 Children	52	15.95	326	100.00

*Note.* Developed for research.





*Figure 4.7.* Descriptive Analysis for Number of Children. Developed for research.

Seventhly, the respondents are categorised based on number of children. Table 4.7 and Figure 4.7 have shown the distribution of number of children of all 326 respondents. More than half of the respondents have no children, that is 200 respondents (61.35%). Followingly, there are 28 respondents (8.59%) with 1 child, 46 respondents (14.11%) with 2 children, and 52 respondents (15.95%) with more than 2 children.

#### 4.1.1.8 Employment Status

Table 4.8

*Descriptive Analysis for Employment Status*

<b>Employment Status</b>	<b>Frequency</b>	<b>Percentage (%)</b>	<b>Cumulative Frequency</b>	<b>Cumulative Percentage (%)</b>
Full-Time Employed	298	91.41	298	91.41
Part-Time Employed	6	1.84	304	93.25
Self-Employed	18	5.52	322	98.77
Gig Worker	4	1.23	326	100.00
Unemployed	0	0	326	100.00

*Note.* Developed for research.



*Figure 4.8.* Descriptive Analysis for Employment Status. Developed for research.

Lastly, the respondents are categorised based on employment status. Table 4.8 and Figure 4.8 have shown the distribution of employment status of all 326 respondents. More than four fifth of the respondents, that is 298 respondents (91.41%), are working full time. Followingly, there are 18 respondents (5.52%) are self-employed, 6 respondent (1.84%) are part-time employed, and 4 respondents (1.23%) are gig worker. None of the respondents is unemployed.

## **4.1.2 Central Tendencies and Dispersion Measurement of Constructs**

### **4.1.2.1 Tax Knowledge**

The central tendencies and dispersion measurements for the construct of tax knowledge have been shown in Appendix 2.

Item TK1 has the highest mean of 4.15 and ranks sixth in terms of standard deviation at 0.96. Item TK2 has the second lowest mean of 3.22 and the highest standard deviation of 1.38. Item TK3 follows with the second highest mean of 4.06 and ranks eighth for standard deviation at 0.94. Item TK4 holds the third highest mean of 4.02 and is seventh in terms of standard deviation at 0.96. Item TK9 has the fourth highest mean of 3.99, with the lowest standard deviation at 0.87. Item TK6 ranks fifth in mean at 3.86 and fifth in standard deviation at 1.08. Item TK5 ranks sixth in mean at 3.79 and third in standard deviation at 1.29. Item TK8 has the seventh highest mean of 3.53 but the second highest standard deviation at 1.34. Item TK7 has the lowest mean of 3.20 and the fourth highest standard deviation at 1.26.

#### **4.1.2.2 Tax Morale**

The central tendencies and dispersion measurement for the construct of tax morale have been shown in Appendix 2.

Firstly, item TM7 has the highest mean of 4.14 with the lowest standard deviation of 0.91. Secondly, item TM5 has the second highest mean of 4.13 with the third lowest standard deviation of 0.96. Thirdly, item TM1 has the third highest mean of 4.11 with the second lowest standard deviation of 0.95. Fourthly, item TM6 has the fourth highest mean of 4.08 with also the fourth highest standard deviation of 0.99. Fifthly, item TM4 has the fifth highest mean of 4.01 with the second highest standard deviation of 1.01. Sixthly, item TM2 has the sixth highest mean of 4.00 with the highest standard deviation of 1.06. Lastly, item TM3 has the lowest mean of 3.99 with also the second highest standard deviation of 1.38 with item TM4.

### 4.1.2.3 Trust in Government

The central tendencies and dispersion measurement for the construct of trust in government have been shown in Appendix 2.

Firstly, item TG1 has the highest mean of 3.45 but also the highest standard deviation of 1.06. Secondly, item TG3 has the second highest mean of 3.23 with the second lowest standard deviation of 0.96. Thirdly, item TG9 has the third highest mean of 3.21 with the third lowest standard deviation of 0.97. Fourthly, item TG7 has the fourth highest mean of 3.19 with the fifth highest standard deviation of 1.00. Fifthly, item TG8 has the fifth highest mean of 3.18 with also the fifth lowest standard deviation of 0.99. Sixthly, item TG4 has the sixth highest mean of 3.17 with the fourth lowest standard deviation of 0.98. Seventhly, item TG5 has the seventh highest mean of 3.13 with the fourth highest standard deviation of 1.00. Eighthly, item TG10 has the eighth highest mean of 3.13 with the seventh highest standard deviation of 0.99. Ninthly, item TG2 has the ninth highest mean of 3.12 with the sixth highest standard deviation of 0.99. Tenthly, item TG6 has the tenth highest mean of 3.10 with the second highest standard deviation of 1.02. Additionally, item TG11 and TG13 have the third and second lowest mean of 2.96 and 2.94, with a standard deviation of 0.99 and 0.96 respectively. Lastly, item TG12 has the lowest mean of 2.91 with the third highest standard deviation of 1.01.

#### **4.1.2.4 Power of Authorities**

The central tendencies and dispersion measurement for the construct of power of authorities have been shown in Appendix 2.

Firstly, item PA8 has the highest mean of 3.59 with the third lowest standard deviation of 0.84. Secondly, item PA3 has the second highest mean of 3.26 with the fourth lowest standard deviation of 0.90. Thirdly, item PA4 has the third highest mean of 3.46 with the second lowest standard deviation of 0.82. Fourthly, item PA5 has the fourth highest mean of 3.44 with the lowest standard deviation of 0.79. Fifthly, item PA1 has the fifth highest mean of 3.39 with also the fifth lowest standard deviation of 0.91. Sixthly, item PA2 has the sixth highest mean of 3.33 with also the sixth highest standard deviation of 0.93. Seventhly, item PA9 has the seventh highest mean of 3.22 with the fifth highest standard deviation of 0.94. Eighthly, item PA7 has the eighth highest mean of 3.20 with the second highest standard deviation of 1.01. Ninthly, item PA10 has the third lowest mean of 3.19 with the highest standard deviation of 1.01. Tenthly, item PA12 has the second lowest mean of 3.18 with the third highest standard deviation of 1.00. Lastly, item PA6 has the lowest mean of 3.13 with the fourth highest standard deviation of 0.95.

#### **4.1.2.5 Tax Compliance Behaviour**

The central tendencies and dispersion measurement for the construct of power of authorities have been shown in Appendix 2.

Firstly, item TCB6 has the highest mean of 3.80 with the second lowest standard deviation of 0.99. Secondly, item TCB1 has the second highest mean of 3.79 with the lowest standard deviation of 0.90. Thirdly, item TCB3 has the third highest mean of 3.58 with the sixth highest standard deviation of 1.07. Fourthly, item TCB2 has the fourth highest mean of 3.58 with the fourth lowest standard deviation of 1.07. Fifthly, item TCB10 has the fifth highest mean of 3.50 with also the fifth highest standard deviation of 1.08. Sixthly, item TCB5 has the sixth highest mean of 3.45 with the fourth highest standard deviation of 1.10. Seventhly, item TCB4 has the seventh highest mean of 3.28 with the third highest standard deviation of 1.12. Eighthly, item TCB9 has the eighth highest mean of 3.25 with the second highest standard deviation of 1.14. Ninthly, item TCB8 has the third lowest mean of 3.23 with the third lowest standard deviation of 1.03. Tenthly, item TCB7 has the second lowest mean of 3.20 with the seventh highest standard deviation of 1.04. Lastly, item TCB11 has the lowest mean of 3.06 with the highest standard deviation of 1.16.



## 4.2 Scale Measurement of Construct

### 4.2.1 Reliability Test

Table 4.9

*Cronbach's Alpha Reliability Analysis*

<b>Variable Type</b>	<b>Variable Name</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>	<b>Reliability</b>
Independent	Tax Knowledge	9	0.570	Poor
Independent	Tax Morale	7	0.925	Excellent
Independent	Trust in Government	13	0.966	Excellent
Independent	Power of Authorities	11	0.881	Excellent
Dependent	Tax Compliance Behaviour	11	0.824	Good

*Note.* Developed for research.

Table 4.9 has shown the result of scale measurement, that is the Cronbach's alpha for each variable. As presented, two out of the four independent variables have an excellent level of reliability which is greater than 0.9, that are tax morale (0.925) and trust in government (0.966), while power of authorities also has a good level of reliability (0.996). For tax knowledge, it only has a Cronbach's alpha of 0.570, which is considered poor but still acceptable as falling between 0.50 and 0.59. For the dependent variable, tax compliance behaviour, it has also shown a good level of reliability with a Cronbach's alpha of 0.824. After reviewing the results, the reliabilities of all variables are acceptable and are kept in the study.

## 4.2.2 Validity Test

Table 4.10

*Validity Analysis*

<b>Variable Type</b>	<b>Variable Name</b>	<b>Number of Items</b>	<b>KMO</b>	<b>Sig.</b>	<b>Validity</b>
Independent	Tax Knowledge	9	0.67	<.001	Acceptable
Independent	Tax Morale	7	0.871	.000	Good
Independent	Trust in Government	13	0.947	.000	Excellent
Independent	Power of Authorities	11	0.855	.000	Good
Dependent	Tax Compliance Behaviour	11	0.817	.000	Good

*Note.* Developed for research.

Table 4.10 has shown the result of validity analysis, offering insights into the adequacy of the different variables measured in the study. Firstly, for tax knowledge, the KMO value of 0.673 indicates an acceptable level of sampling adequacy for factor analysis, suggesting that the correlations between items are sufficient for identifying underlying factors at the significance level of less than 0.001. Secondly, tax morale has a KMO value of 0.871, showing that the sampling adequacy for tax morale is good, indicating strong correlations among items at the significance level of .000. Thirdly, trust in government has the highest KMO value of 0.947 which shows excellent sampling adequacy, suggesting that the items are highly suitable for factor analysis at the significance level of .000. Fourthly, power of authorities has a KMO value of 0.855 which indicates good sampling adequacy,

showing strong correlations among the items at the significance level of .000. Lastly, tax compliance behaviour has a KMO value of 0.817, suggesting good sampling adequacy for the tax compliance behaviour variable, with sufficient correlations among the items at the significance level of .000.

### 4.3 Preliminary Data Screening

Before performing inferential analysis, preliminary data screening is crucial to ensure that the data are normally distributed and free of multicollinearity. Hence, it will increase the reliability and generalisability of the result of inferential analysis subsequently.

#### 4.3.1 Multicollinearity Test

Table 4.11

*Multicollinearity Analysis*

Independent Variable	Collinearity Statistics	
	VIF	Tolerance
Tax Knowledge	0.665	1.504
Tax Morale	0.592	1.689
Trust in Government	0.779	1.284
Power of Authorities	0.877	1.141

*Note.* Developed for research.

As shown in Table 4.11, all independent variables have a VIF value of less than 10. In addition, all the tolerance values show as more than 0.1. Therefore, it clearly indicates that independent variables are free of multicollinearity problem.

### 4.3.1 Normality Test

Table 4.12

*Normality Analysis*

<b>Variable</b>	<b>Skewness</b>	<b>Kurtosis</b>	<b>K-S Test</b>	<b>S-W Test</b>
Tax Knowledge	-0.092	-0.351	0.093	0.326
Tax Morale	-0.827	0.639	0.137	0.901
Trust in Government	-0.311	0.320	0.111	0.971
Power of Authorities	0.452	0.723	0.118	0.962
Tax Compliance Behaviour	-0.056	0.062	0.067	0.990

*Note.* Developed for research.

Table 4.12 showed the normality analysis for the variables tax knowledge, tax morale, trust in government, power of authorities, and tax compliance behaviour with a sample size of 326. For tax knowledge, the skewness is -0.092 and kurtosis is -0.351, with Kolmogorov-Smirnov (K-S) and Shapiro-Wilk (S-W) test values of 0.093 and 0.326, respectively, indicating a normal distribution. Tax morale has a skewness of -0.827 and kurtosis of 0.639, with K-S and S-W values of 0.137 and 0.901, showing a slight negative skew but still within normality. Trust in government shows skewness of -0.311 and kurtosis of 0.320, with K-S and S-W values of 0.111 and 0.971, indicating normal distribution. Power of authorities has skewness of 0.452 and kurtosis of 0.723, with K-S and S-W values of 0.118 and 0.962, suggesting slight positive skew but still normal. Finally, tax compliance behaviour shows skewness of -0.056 and kurtosis of 0.062, with K-S and S-W values of 0.067 and 0.990, indicating a normal distribution. Hence, despite slight deviations in some variables, all K-S and S-W test values are above typical

significance levels, suggesting that none of the variables deviate significantly from normality.

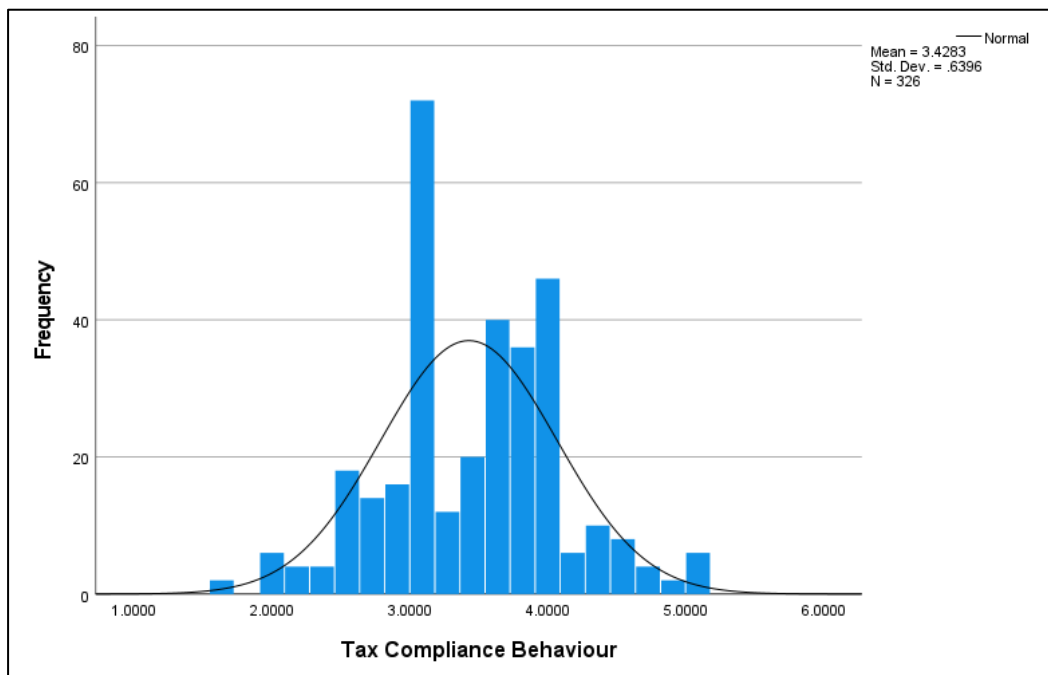


Figure 4.9. Histogram of Tax Compliance Behaviour. Developed for research.

As shown in Figure 4.9, the histogram of tax compliance behaviour illustrates the distribution of tax compliance behaviour scores for a sample of 326 respondents. The scores range from 1 to 5, with most scores clustered around the mean of 3.4283. This central tendency indicates that most individuals exhibit moderate tax compliance behaviour. The standard deviation of 0.6396 shows that the scores are relatively close to the mean, reflecting moderate variability in the data. Notably, the shape of the distribution is slightly right skewed, with a longer tail on the right side, suggesting that fewer individuals have higher tax compliance behaviour scores. Despite some deviations, the normal distribution curve suggests that the tax compliance behaviour approximates a normal distribution.

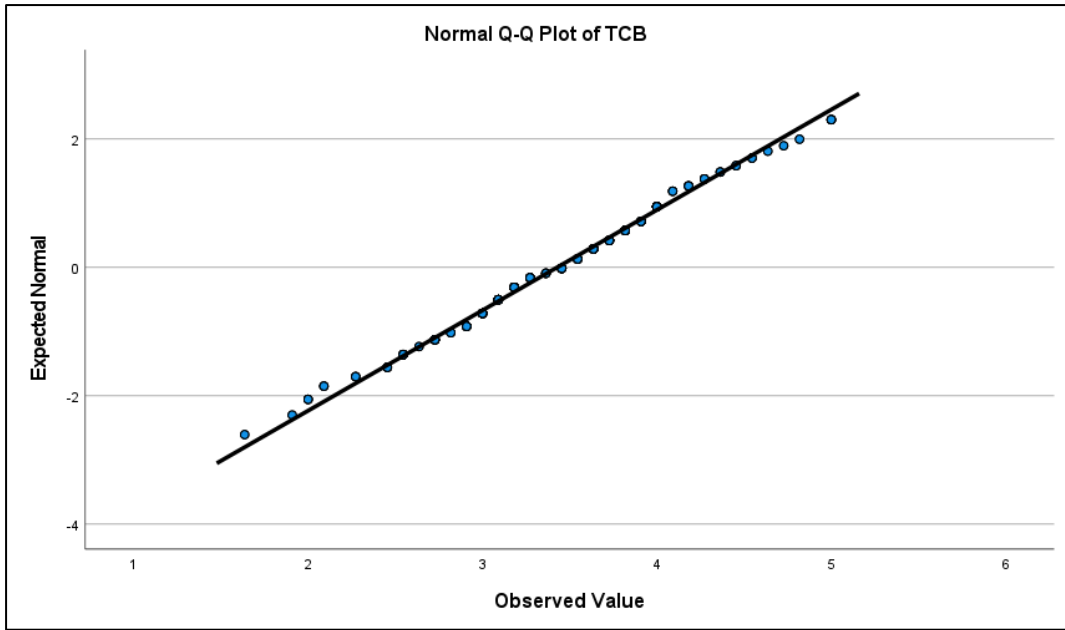
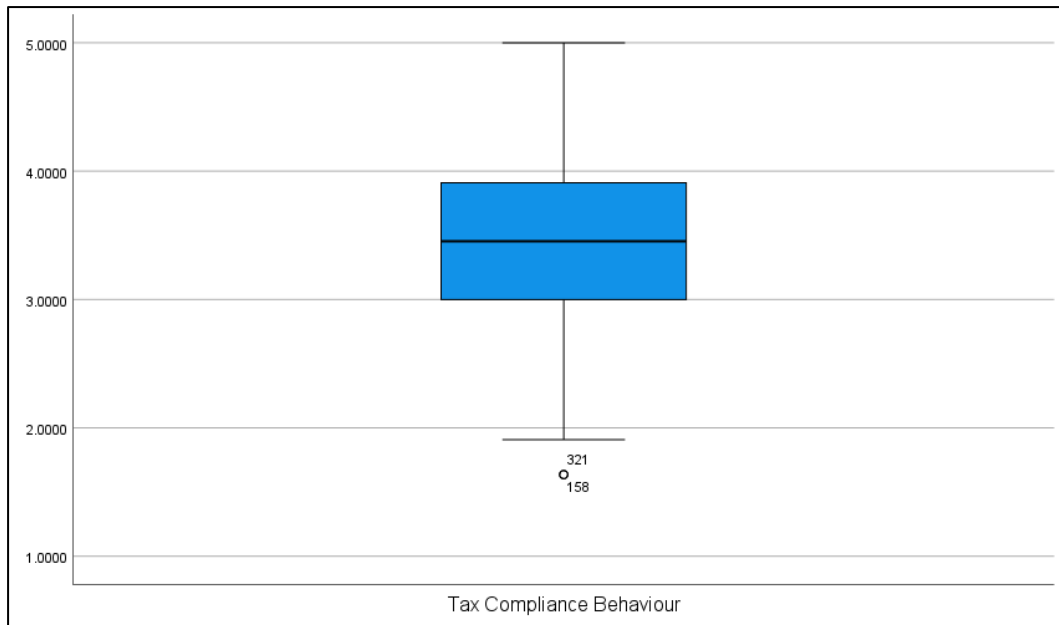


Figure 4.10. Normal Q-Q Plot of Tax Compliance Behaviour. Developed for research.

As shown in Figure 4.10, the normal Q-Q plot for the dependent variable, tax compliance behaviour illustrates the relationship between the observed data values and the expected values if the data were normally distributed. In this plot, the X-axis represents the observed values, while the Y-axis represents the theoretical quantiles from a normal distribution. Each point on the plot corresponds to a pair of observed and expected values. The points closely following the diagonal line indicate that the distribution of tax compliance behaviour is approximately normal. Minor deviations from the line are typical in real-world data and do not significantly impact the conclusion of normality. Overall, the Q-Q plot supports the earlier statistical analysis, suggesting that the data for tax compliance behaviour follows a normal distribution.



*Figure 4.11.* Box Plot of Tax Compliance Behaviour. Developed for research.

The box plot presents the distribution of tax compliance behaviour scores for the same sample of 326 individuals. The box represents the interquartile range (IQR), containing the middle 50% of the data, with the bottom and top edges indicating the first quartile (Q<sub>1</sub>) and third quartile (Q<sub>3</sub>) respectively. The median score is represented by the line inside the box, which is around 3.5, indicating that half of the scores lie below this value and half above. The whiskers extend to the smallest and largest values within 1.5 times the IQR from Q<sub>1</sub> and Q<sub>3</sub>, respectively. Observations outside this range are considered outliers and are marked individually. In this plot, there are a few outliers below the lower whisker at around 1.6, indicating lower than typical tax compliance behaviour scores. The overall spread of the box plot shows a relatively symmetrical distribution with a slight skew towards lower scores, consistent with the histogram. The central placement of the median within the IQR and the approximately equal lengths of the whiskers suggest that the data is normally distributed, though the presence of outliers and slight skewness indicate some deviations from perfect normality.

## 4.4 Inferential Analysis

### 4.4.1 Multiple Linear Regression Analysis

Table 4.13

*Multiple Linear Regression Analysis*

	<b>Unstandardized Coefficients Beta</b>	<b>Coefficients Std. Error</b>	<b>Standardized Coefficients Beta</b>	<b><i>t</i></b>	<b>Sig.</b>
Multiple <i>R</i>					0.622
<i>R</i> Square					0.387
Adjusted <i>R</i> Square					0.379
Std. Error					0.504
<i>F</i>					50.584
Sig. <i>F</i>					<.001
Durbin Watson					1.852
(Constant)	1.340	.269		4.975	<.001
TK	-.121	.063	-.102	-1.923	.055
TM	.251	.044	.321	5.738	<.001
TG	.248	.038	.326	6.516	<.001
PA	.224	.048	.218	4.642	<.001

*Note.* Developed for research.



The summary of multiple linear regression analysis is showed in Table 4.13.

According to the regression model, the  $p$ -value associated with the  $F$  test for an overall regression relationship is less than 0.001. Since the  $p$ -value is less than the 0.05 level of significance, the overall regression relationship is significant at the level of 0.05 level of significance. The estimated regression coefficients of tax morale, trust in government, and power of authorities are significant and consistent with what would be expected, while only tax knowledge shows insignificant coefficient.

The multiple  $R$  for the model is 0.622, which indicates a strong positive relationship between the observed and predicted values of the dependent variable. Furthermore, this model has a coefficient of determination of  $R^2 = 0.387$  and adjusted  $R^2 = 0.379$ , which implies that the four independent variables in the regression model altogether explain approximately 38.7% of the variation in tax compliance behaviour, or 37.9% of the variation in tax compliance behaviour after adjusting for the number of predictors, while the remaining 62.1% of the variation in the tax compliance behaviour is explained by other factors absent in this study. The standard error of the model is 0.504, indicating the average distance that the observed values fall from the regression line is relatively small comparing to the standard deviation of the dependent variable of 0.639. Additionally, the Durbin Watson statistic shows a value of 1.852, which is very close to 2, indicating that there is no autocorrelation problem in the model.

Firstly, for the constant, the  $p$ -value associated with the estimated regression parameter  $\beta_0$  is less than 0.001. Since this  $p$ -value is smaller than the 0.05 level of significance, the null hypothesis of  $\beta_0 = 0$  is rejected. Conclusion can be made that there is significant evidence showing that the  $\beta_0$  is different from zero at the 0.05 level of significance. The best estimation is that when all other four independent variables are zero, the tax compliance is significantly different from zero, or approximately hold constantly at 1.340.

Secondly, for tax knowledge. the  $p$ -value associated with the estimated regression parameter  $\beta_1$  for  $X_1$  (which now corresponds to tax knowledge) is 0.055. Since this  $p$ -value is greater than the 0.05 level of significance, the null hypothesis of  $\beta_2 = 0$  is not rejected. Conclusion can be made that there is no significant relationship between tax knowledge and tax compliance behaviour at the 0.05 level of significance. The best estimation suggests that if the score of all other variables holds constant, a one-point increase in the score of tax knowledge, though not statistically significant, corresponds to a decrease of 0.121 in the score of tax compliance behaviour.

Thirdly, for tax morale. the  $p$ -value associated with the estimated regression parameter  $\beta_2$  for  $X_2$  (which now corresponds to tax morale) is less than 0.001. Since this  $p$ -value is less than the 0.05 level of significance, the null hypothesis of  $\beta_2 = 0$  is rejected. Conclusion can be made that there is a significant relationship between tax morale and tax compliance behaviour at the 0.05 level of significance. The best estimation suggests that if the score of all other variables holds constant, a one-point increase in the score of tax morale corresponds to an increase of 0.251 in the score of tax compliance behaviour.

Fourthly, for trust in government. the  $p$ -value associated with the estimated regression parameter  $\beta_3$  for  $X_3$  (which now corresponds to trust in government) is less than 0.001. Since this  $p$ -value is less than the 0.05 level of significance, the null hypothesis of  $\beta_3 = 0$  is rejected. Conclusion can be made that there is a significant relationship between trust in government and tax compliance behaviour at the 0.05 level of significance. The best estimation suggests that if the score of all other variables holds constant, a one-point increase in the score of trust in government corresponds to an increase of 0.248 in the score of tax compliance behaviour.

Lastly, for power of authorities. the  $p$ -value associated with the estimated regression parameter  $\beta_4$  for  $X_4$  (which now corresponds to power of authorities) is less than 0.001. Since this  $p$ -value is less than the 0.05 level of significance, the null hypothesis of  $\beta_3 = 0$  is rejected. Conclusion can be made that there is a significant relationship between power of authorities and tax compliance

behaviour at the 0.05 level of significance. The best estimation suggests that if the score of all other variables holds constant, a one-point increase in the score of power of authorities corresponds to an increase of 0.224 in the score of tax compliance behaviour.

## **4.5 Chapter Summary**

This chapter has effectively summarized and analyzed data collected from 326 individual taxpayers in Kuala Lumpur, Selangor, and Putrajaya. With reliable scales and no issues of multicollinearity or non-normality identified, multiple linear regression analysis was conducted. The results revealed that three of the four independent variables—tax morale, trust in government, and power of authorities—had a significant relationship with tax compliance behavior. In contrast, tax knowledge did not show a significant effect. Furthermore, the regression model demonstrated a highly significant coefficient of determination, indicating that the model is robust in explaining and predicting tax compliance behaviour.

# CHAPTER 5

## DISCUSSION, CONCLUSION AND IMPLICATIONS

### 5.0 Introduction

The chapter will discuss the empirical results of multiple linear regression from the previous chapter. Summary of the inferential analysis and the major findings will be discussed and compare with past literatures. Subsequently, the managerial implications of the findings are proposed to policymakers, tax practitioners, and academics. Lastly, the limitation of the study is presented to make suggestion for future research.

### 5.1 Summary of Inferential Analysis

*Table 5.1*

Summary of Inferential Analysis

	<i>t</i>	<i>P</i> -value	Result
Tax Knowledge	4.975	<.001	Insignificant
Tax Morale	-1.923	.055	Significant
Trust in Government	5.738	<.001	Significant
Power of Authorities	6.516	<.001	Significant

*Note.* Developed for research.

As shown in Table 5.1, three out of the four independent variables, namely tax morale, trust in government, and power of authorities, have shown a significant relationship with tax compliance behaviour. While tax knowledge is the only independent variable that shows no significant relationship with tax compliance behaviour. Hence, the result indicates that tax morale, trust in government, and

power of authorities are valid determinants of tax compliance behaviour among individual taxpayers in Malaysia, while tax knowledge is vice versa.

## **5.2 Discussion on Major Findings**

### **5.2.1 Relationship Between Tax Knowledge and Tax Compliance Behaviour**

The multiple linear regression analysis indicates that tax knowledge does not have a significant relationship with tax compliance behaviour among individual taxpayers in Malaysia. This finding, evidenced by a t-value of -1.816 and a p-value of 0.070, suggests that within this specific context, tax knowledge does not significantly influence whether individuals comply with tax regulations. It doesn't support with the hypothesis (H<sub>1</sub>) that posits a significant relationship between tax knowledge and tax compliance behaviour.

This finding diverges from several studies in the literature that have identified a positive relationship between tax knowledge and tax compliance. For example, research by Loo et al. (2009) and Palil (2010) in Malaysia found that greater tax knowledge is associated with higher tax compliance, suggesting that informed taxpayers are more aware of their responsibilities and thus more likely to comply. Similarly, studies conducted in Ghana (Saad, 2014) and Nigeria (Oladipupo & Obazee, 2016) support the notion that tax knowledge is a key determinant of compliance, indicating that taxpayers with a thorough understanding of tax regulations are more inclined to meet their tax obligations.

However, the results of this study are consistent with literature that questions the direct impact of tax knowledge on compliance. Kirchler et al. (2008) contend that while tax knowledge is important, it alone may not be sufficient to guarantee compliance. They suggest that factors such as trust in authorities and the perceived fairness of the tax system may mediate this relationship. This perspective implies

that, despite having extensive tax knowledge, other factors might be more decisive in influencing tax compliance behaviour.

The lack of significance for the tax knowledge variable in this study might be attributed to contextual factors specific to Malaysia, especially in the Klang Valley region. Research by Ali et al. (2014) suggests that the effect of tax knowledge on compliance might be diminished by other factors such as tax morale and trust in government. Similarly, Saad (2011) found that even well-informed taxpayers might avoid compliance if they view the tax system as unfair or the government as untrustworthy. These contextual influences may clarify why tax knowledge alone did not significantly impact tax compliance in this study.

The literature on tax knowledge and tax compliance is marked by inconsistencies. While some studies, such as Eriksen & Fallan (1996) and Hantono (2021), support a positive relationship, others, including Susyanti & Askandar (2019) and Putri et al. (2024), found no significant or even negative impacts. In Malaysia, similar discrepancies are observed, with some studies finding significant relationships (e.g., Palil, 2010; Saad, 2009) while others report insignificant results (e.g., Ghani et al., 2020; Jusoh & Mustapha, 2024).

These inconsistencies could also be attributed to differences in targeted populations, methodologies, and contextual factors. Research focusing on diverse populations—such as self-employed individuals, online business operators, and salaried workers—can yield varying results based on compliance levels. Moreover, variations in research methodologies, including multiple linear regression, structural equation modelling, and partial least square methods, contribute to differing outcomes.

Another potential reason of the insignificant result is that despite possessing tax knowledge, taxpayers in Malaysia may face significant challenges due to the complexity and accessibility of tax regulations. Malaysian tax laws are often detailed and subject to frequent amendments, which can create confusion even for those with a solid understanding of tax principles. The intricate nature of tax regulations may include various exemptions, deductions, and compliance

requirements that are not easily navigable. For instance, frequent updates to tax codes or procedural changes can make it difficult for taxpayers to stay current with the latest requirements, thereby diminishing the effectiveness of their tax knowledge. Additionally, the bureaucratic process of filing taxes and the availability of resources or support services to assist taxpayers in understanding and applying complex rules can further exacerbate the issue. Consequently, even well-informed taxpayers might struggle to apply their knowledge effectively if the system's complexity impedes their ability to comply accurately.

One potential reason is the educational gap within the Malaysian system. The current educational framework, including university-level programs, often lacks a focused curriculum on financial management, taxation, or finance. This deficiency means that while taxpayers may possess a basic understanding of tax principles, their education may not provide the detailed, practical guidance required for effective compliance. Tax education in Malaysia tends to cover broad concepts rather than specific compliance procedures or recent legislative changes. This gap can lead to a superficial understanding of tax regulations, which does not necessarily translate into improved compliance behaviour. Without comprehensive and practical tax education, taxpayers may not be adequately prepared to navigate complex compliance scenarios, thereby limiting the impact of their tax knowledge.

In conclusion, although the literature commonly supports a positive link between tax knowledge and tax compliance, this study's findings indicate that tax knowledge alone does not independently drive compliance behaviour among individual taxpayers in Malaysia. This result underscores the necessity for multifaceted strategies that address various factors influencing tax compliance, such as trust in government and perceived fairness of the tax system. It also highlights the need for further research to examine how tax knowledge interacts with other determinants of compliance, aiming to develop more effective tax administration strategies.

## **5.2.2 Relationship Between Tax Morale and Tax Compliance Behaviour**

The multiple linear regression analysis indicates a significant positive relationship between tax morale and tax compliance behaviour among individual taxpayers in Malaysia, with a t-value of 5.638 and a p-value of  $<0.001$ . This finding aligns with the hypothesis ( $H_2$ ) that posits a significant relationship between tax morale and tax compliance behaviour. It aligns with a substantial body of literature affirming the critical role of tax morale in fostering tax compliance.

The significant finding highlights tax morale as a crucial determinant of tax compliance. Tax morale, which reflects the intrinsic motivation to fulfil tax obligations, has been consistently identified in the literature as a vital factor affecting compliance behaviour. Studies by Luttmer and Singhal (2014) and Cummings et al. (2009) emphasize that taxpayers with high tax morale, who perceive tax payment as a civic duty, are more likely to comply voluntarily. This intrinsic motivation is influenced by societal norms and ethical standards, as noted by Torgler and Schneider (2005) and Lomsadze (2021), which play a significant role in shaping taxpayer behaviour.

In the Malaysian context, the finding is corroborated by recent studies by Bakar et al. (2023) and Kamarudin et al. (2024), which demonstrate significant correlations between tax morale and tax compliance. These studies confirm that higher tax morale among Malaysian taxpayers is associated with increased compliance, supporting the broader findings observed in other regions like Austria, Germany, and New Zealand (Richardson, 2006). This relationship is further supported by recent studies in Indonesia (Dwi et al., 2024) and Cambodia (Taing & Chang, 2020), which indicate that tax morale plays a crucial role across different sociocultural contexts.

One of the main reasons that tax morale is significantly influencing tax compliance behaviour among Malaysian taxpayers is the sociocultural values and norms. Malaysian society places a high value on communal responsibility and



social harmony, which extends to the realm of tax compliance. The concept of “gotong-royong” or mutual assistance, deeply rooted in Malaysian culture, fosters a sense of communal duty. Taxpayers are likely to view tax payments as a contribution to the collective good, aligning with the intrinsic motivation to fulfil their civic responsibilities. This cultural emphasis on community and cooperation strengthens the internal motivation to comply with tax obligations, reflecting a strong tax morale among Malaysians.

Besides, Islamic principles also play a vital role for shaping tax morale in Malaysia. As a predominantly Muslim country, Malaysia’s tax morale is significantly influenced by Islamic teachings, which emphasize the importance of financial contributions to societal welfare. Zakat, a form of almsgiving, is a fundamental pillar of Islam and reinforces the idea of supporting the community. This religious framework encourages Muslims to view their tax contributions as part of their moral and ethical duties, thereby enhancing their tax morale. The alignment of tax payments with religious values further strengthens taxpayers’ commitment to comply.

Public education and awareness campaigns aimed at highlighting the importance of tax compliance also has a significant role in shaping tax morale in Malaysia. Government initiatives that educate taxpayers about the benefits of tax contributions and the role of taxes in national development help in building a culture of compliance. By increasing taxpayers’ understanding of how their contributions support public goods and services, these campaigns foster a sense of civic duty and moral obligation, thereby enhancing tax morale.

In conclusion, the observed significant relationship between tax morale and tax compliance behaviour in this study supports a large body of existing research, reinforcing the importance of tax morale as a key intrinsic motivator for tax compliance. Future research should delve deeper into the complex sociocultural factors that influence tax morale to create targeted strategies for improving tax compliance across different contexts.

### **5.2.3 Relationship Between Trust in Government and Tax Compliance Behaviour**

The multiple linear regression analysis reveals a significant positive relationship between trust in government and tax compliance behaviour, as indicated by a t-value of 6.662 and a p-value of less than 0.001. This finding aligns with the hypothesis (H3) that posits a significant relationship between trust in government and tax compliance behaviour. The result supports the notion that when taxpayers perceive the government as trustworthy, they are more likely to comply voluntarily with tax regulations.

This finding aligns with prior research conducted in various developing countries. For example, studies in Ghana (Appiah et al., 2024), Indonesia (Cahyonowati et al., 2023; Widuri & Irawan, 2019), Jordan (Alshira'h, 2023), Nigeria (Alabi et al., 2024; Appah & Aganaba, 2024), and Turkey (Aktaş Güzel et al., 2019) have all shown that higher levels of trust in government are associated with increased tax compliance. These studies underscore the significance of trust in fostering a cooperative relationship between taxpayers and tax authorities.

Additionally, the significant relationship observed in this study supports the Slippery Slope Framework (SSF) proposed by Kirchler et al. (2008), which highlights the complementary roles of trust and power in enhancing tax compliance. The framework posits that increased trust in authorities fosters greater voluntary compliance, a notion that is corroborated by substantial empirical evidence (Adini et al., 2021; Gangl et al., 2020).

The significant link between trust in government and tax compliance behaviour can be attributed to various factors. Malaysia's notable political stability and effective governance likely enhance public trust. A stable political environment boosts confidence in the government's capability to implement policies and manage resources efficiently, leading to greater predictability and security for taxpayers. This, in turn, strengthens their willingness to voluntarily comply with

tax regulations. Conversely, political instability or frequent governmental changes may erode trust and discourage compliance.

The Malaysian government's efforts in transparency and anti-corruption measures might also enhance taxpayers' trust, leading to increased voluntary compliance. Efforts to combat corruption and promote transparency enhance the credibility of government institutions, making taxpayers more likely to believe that their contributions are being used appropriately. The implementation of anti-corruption campaigns, such as those by the Malaysian Anti-Corruption Commission (MACC), can positively influence taxpayers' perceptions of government integrity and reliability.

Moreover, Malaysia's ongoing efforts to enhance public service delivery and tax administration likely strengthen the relationship between taxpayers and the government. Enhancements in public services, such as streamlined administrative processes, effective public health initiatives, and accessible educational facilities, can positively influence taxpayer perceptions. When taxpayers recognize tangible benefits from their contributions through improved services, their willingness to meet tax obligations voluntarily increases. These efforts foster a sense of value and satisfaction, reinforcing the link between trust in government and tax compliance.

Overall, the significant relationship between trust in government and tax compliance behavior highlighted by this study emphasizes the crucial role of trust in improving tax compliance. These findings support the existing literature by underscoring trust as a fundamental element in effective tax administration and provide valuable evidence for policy measures aimed at strengthening taxpayer-government relationships. They reaffirm the necessity for context-specific analyses and consistent measurement approaches to fully grasp the complexities of this relationship.

## **5.2.4 Relationship Between Power of Authorities and Tax Compliance Behaviour**

The multiple linear regression analysis reveals a significant positive relationship between the power of authorities and tax compliance behaviour, with a t-value of 4.795 and a p-value of less than 0.001. This finding aligns with the hypothesis (H4) that posits a significant relationship between power of authorities and tax compliance behaviour. It supports the notion that the perceived effectiveness and enforcement capacity of tax authorities play a critical role in influencing taxpayer behaviour.

Extensive research has explored the influence of authority power on tax compliance. For example, Kirchler et al. (2008) developed the “Slippery Slope Framework,” which illustrates how trust in authorities and their perceived power work together to affect tax compliance. This model asserts that both elements are crucial in shaping compliance behavior. Recent studies, including those by Gangl et al. (2020) and Tahar & Bandi (2024), further support this view by highlighting the pivotal role of perceived authority power in encouraging tax compliance, reinforcing the current study’s findings.

In the context of Malaysia, these insights are consistent with previous research emphasizing the significance of authority power in tax compliance. Research by Faizal et al. (2017) and Chong and Arunachalam (2018) shows that effective enforcement and a strong perception of authority contribute significantly to tax compliance. These studies indicate that when taxpayers view tax authorities as competent and authoritative, their likelihood of adhering to tax regulations increases. This finding aligns with the current study’s conclusion that authority power is a key factor influencing tax compliance behaviour in Malaysia.

One reason for the significance of these findings in Malaysia could be attributed to the country’s unique socio-economic and cultural context. In Malaysia, where tax compliance is intertwined with perceptions of government effectiveness and public trust, the perceived power of authorities can significantly impact

compliance behaviour. When taxpayers perceive tax authorities as capable and empowered, they are more inclined to comply, partly due to the deterrent effect of potential penalties and the assurance of effective tax collection.

Furthermore, Malaysia's history of tax enforcement and compliance issues may amplify the impact of perceived authority power. Taxpayers in Malaysia may have heightened sensitivity to the enforcement capabilities of tax authorities due to past experiences or the perception of tax administration as stringent. This perception can enhance the effectiveness of authoritative power, leading to higher compliance rates.

In Malaysia, cultural attitudes also significantly shape compliance behaviour. The hierarchical nature of Malaysian society and the deep respect for authority influence taxpayers' willingness to comply when they perceive tax authorities as both powerful and effective. This respect for authority can enhance the impact of perceived power, making enforcement measures more effective. Malaysian culture aligns with Hofstede's "power-distance" dimension, which suggests that individuals are inclined to accept and expect an unequal distribution of power (Hofstede, 2011). This cultural perspective supports the notion that strong authority figures, such as tax authorities, are to be followed, thereby reinforcing compliance.

Overall, the evidence suggests that enhancing the power and effectiveness of tax authorities can significantly impact tax compliance behaviour. As such, policies aimed at strengthening the enforcement capabilities of tax authorities may contribute to increased enforced compliance and a more effective tax administration system.

### **5.3 Implications of Study**

Firstly, the lack of significance of tax knowledge in influencing tax compliance suggests that simply improving taxpayer knowledge may not be enough to boost compliance rates. This finding implies that policymakers and practitioners need to adopt a more comprehensive approach. Alongside educational initiatives, they should focus on improving the perceived fairness and efficiency of the tax system, building trust in government institutions, and addressing socioeconomic factors affecting taxpayer behaviour. By integrating educational efforts with other motivational and contextual elements, a more effective strategy for enhancing tax compliance can be developed, leading to a fairer and more efficient tax system.

Secondly, the positive relationship between tax morale and tax compliance emphasizes the importance of enhancing taxpayers' intrinsic motivation to comply. Policymakers should focus on strategies that foster trust in government, improve the perceived fairness of the tax system, and promote transparency and accountability in tax administration. Initiatives such as public awareness campaigns that highlight the societal benefits of tax compliance, the implementation of ethical standards, and clear communication about the utilization of tax revenues can strengthen tax morale. Addressing these areas can increase voluntary compliance, boost tax revenue, and support the effective operation of public services.

Thirdly, the significant impact of trust in government on tax compliance highlights the crucial role of building public trust. Policymakers should prioritize transparency, accountability, and effective communication within government institutions. Demonstrating a commitment to fair tax administration and responsible use of tax revenues can strengthen taxpayer trust and promote voluntary compliance. Additionally, establishing robust feedback mechanisms and involving the public in tax policy discussions can further enhance trust. By focusing on these aspects, policymakers can create a more supportive environment for tax compliance and improve fiscal stability.

Lastly, the significant effect of the power of authorities on tax compliance underscores the need for effective and assertive enforcement of tax regulations. Policymakers should enhance the authority's capacity to enforce tax laws through more rigorous audits, penalties for non-compliance, and improved detection mechanisms. Strengthening the power and credibility of tax authorities can create a stronger deterrent against tax evasion and improve compliance rates. Transparent communication about enforcement actions and consistent application of tax laws can also bolster the perceived authority and legitimacy of tax institutions, leading to higher compliance levels.

## **5.4 Limitations of Study**

Firstly, the descriptive nature of the quantitative method used in this study limits its ability to uncover deeper causal relationships between the variables. While the analysis provides valuable insights into correlations, it cannot fully capture the underlying motivations or nuanced factors that influence tax compliance behaviour. This methodological limitation prevents a more comprehensive understanding of how different factors, such as trust, tax morale, and authority, interact in shaping taxpayer decisions.

Secondly, the cross-sectional nature of the study due to time limitation, which focuses on a specific period, restricts its ability to compare tax compliance behaviour across different government administrations, authorities, or policies. Since public perception of tax authorities and compliance behaviour can vary significantly based on changes in governance or the introduction of new policies, this study does not account for these temporal shifts. Consequently, it limits the ability to understand how such changes may influence long-term tax compliance behaviour.

Lastly, the limited sample size, which primarily focuses on urban populations in Malaysia, poses a challenge to the generalizability of the study's findings. As tax compliance behaviour may differ significantly between urban and rural

populations, the results are skewed toward the urban experience. This limitation means that the conclusions drawn from this study may not fully reflect the diversity of taxpayer experiences across different regions, particularly in rural areas where socioeconomic factors and access to resources vary.

## **5.5 Recommendations for Future Research**

Firstly, future research should explore qualitative methods to gain deeper insights into the relationships between variables influencing tax compliance behaviour. Techniques such as interviews or focus groups can offer more detailed and nuanced perspectives on taxpayer motivations, attitudes, and perceptions. These methods can reveal underlying factors that quantitative approaches might miss, leading to a more comprehensive understanding of the complexities involved in tax compliance decisions.

Secondly, conducting a longitudinal study across different government administrations and policies would offer valuable insights into how shifts in governance or tax policy influence tax compliance behaviour over time. By tracking changes in taxpayer attitudes and behaviours across different contexts, researchers could better understand the long-term impacts of various governmental actions on tax compliance, providing more robust conclusions about the dynamic relationship between governance and taxpayer behaviour (Yahya, 2021).

Lastly, expanding the sample size and including diverse sampling locations, such as rural areas, would improve the generalizability of future studies. By incorporating a broader range of respondents from various regions and socioeconomic backgrounds, researchers can gain a more comprehensive understanding of tax compliance behaviour throughout Malaysia. This approach would reveal potential differences between urban and rural populations, leading to more representative and inclusive findings.



## 5.6 Conclusion

This study explored the determinants of tax compliance behaviour among individual taxpayers in Malaysia, focusing on tax knowledge, tax morale, trust in government, and the power of authorities. The results reveal that tax morale, trust in government, and the power of authorities significantly influence tax compliance behaviour, while tax knowledge does not appear to have a substantial impact. These findings emphasize the importance of cultivating civic duty, enhancing institutional trust, and implementing effective enforcement measures to improve tax compliance.

However, the study has several limitations. Firstly, the descriptive nature of the quantitative method employed limits the ability to uncover deeper causal relationships between the variables, providing only a surface-level understanding of taxpayer behaviour. Secondly, the cross-sectional design restricts the analysis to a specific time period, hindering the ability to assess how changes in governance or policies might affect tax compliance over time. Lastly, the study's focus on urban populations limits the generalizability of the findings, as tax compliance behaviour may differ significantly in rural areas due to varying socioeconomic factors and resource access.

Future research should address these limitations by adopting qualitative methods to explore underlying motivations and interactions between factors influencing tax compliance. Additionally, employing longitudinal designs and including a more diverse sample from both urban and rural areas will provide a more comprehensive understanding of tax compliance behaviour and inform more effective tax policy and practices in Malaysia. Overall, this research highlights key determinants of tax compliance behaviour and suggests areas for further investigation to strengthen tax administration and enhance compliance strategies.

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## Appendix 1: Questionnaire



**UNIVERSITI TUNKU ABDUL RAHMAN**

**FACULTY OF BUSINESS AND FINANCE (FBF)**

**BACHELOR OF PUBLIC ADMINISTRATION (HONOURS)**

Dear Respondents,

We are final-year students from the Faculty of Business and Finance at Universiti Tunku Abdul Rahman, currently pursuing a Bachelor of Public Administration (Honours). We are conducting a research study on “**Determinants of Tax Compliance Behaviour among Individual Taxpayers in Malaysia.**” The purpose of this survey is to investigate the determinants of tax compliance behaviour among individual taxpayers in Malaysia.

This questionnaire consists of **THREE (3)** sections. **Section A** covers your demographic information; **Section B** covers your tax knowledge, tax morale, trust in government, and (perceived) power of authorities; while **Section C** focuses your tax compliance behaviour. We kindly ask that you take 10 to 15 minutes to answer **ALL** questions in this form. Your participation in this study is invaluable and will greatly contribute to our research.

Your response will be kept strictly **PRIVATE AND CONFIDENTIAL** and be used solely for **ACADEMIC PURPOSE**. Your data privacy is important to us, and all personal data collected will be protected in accordance with the **Personal Data Protection Act 2010**. If you have any enquires, please feel free to contact us at: [lws0511@lutar.my](mailto:lws0511@lutar.my) (Lim Wei Sern), [limyihang@lutar.my](mailto:limyihang@lutar.my) (Lim Yi Hang), and [xuan29@lutar.my](mailto:xuan29@lutar.my) (Low Wei Xuan).

## **PERSONAL DATA PROTECTION NOTICE**

Please be informed that in accordance with Personal Data Protection Act 2010 (“PDPA”) which came into force on 15 November 2013, Universiti Tunku Abdul Rahman (“UTAR”) is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

1. Personal data refers to any information which may directly or indirectly identify a person which could include sensitive personal data and expression of opinion. Among others it includes a) Name b) Identity Card c) Place of Birth d) Address e) Education History f) Employment History g) Medical History h) Blood type i) Race j) Religion k) Photo l) Personal Information and Associated Research Data.
2. The purposes for which your personal data may be used are inclusive but not limited to: a) For assessment of any application to UTAR b) For processing any benefits and services c) For communication purposes d) For advertorial and news e) For general administration and record purposes f) For enhancing the value of education g) For educational and related purposes consequential to UTAR h) For replying any responds to complaints and enquiries i) For the purpose of our corporate governance j) For the purposes of conducting research/ collaboration
3. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining, and storing records. Your data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.
4. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.
5. UTAR is committed in ensuring the confidentiality, protection, security, and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure



that your personal data shall not be used for political and commercial purposes.

Consent:

6. By submitting or providing your personal data to UTAR, you had consented and agreed for your personal data to be used in accordance with the terms and conditions in the Notice and our relevant policy.
7. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfil our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.
8. You may access and update your personal data by writing to us at lws0511@lutar.my, limyihang@lutar.my, or xuan29@lutar.my.

**Acknowledgment of Notice**

- I have been notified and that I hereby understood, consented and agreed per UTAR above notice.
- I disagree, my personal data will not be processed.

.....

Name:

Date:

## **Section A: Demographic Information**

The following set of statements relates to your demographic information. Please select the options that best describe you.

1. Gender

- Male       Female

2. Ethnic Group

- Malay       Chinese       Indian       Others: \_\_\_\_\_

3. Age Group

- Below 15     15-19       20-24       25-29       30-34  
 35-39       40-44       45-49       50-55       56-59  
 60 and above

4. Nationality

- Malaysian     Others: \_\_\_\_\_

5. Residence

- Kuala Lumpur     Labuan       Putrajaya     Johor  
 Kedah             Kelantan     Malacca       Negeri Sembilan  
 Pahang            Penang       Perak         Perlis  
 Sabah             Sarawak      Selangor      Terengganu

6. Highest Level of Education

- Secondary    SPM and STPM    Certificate and Diploma  
 Degree and Professional    Master    Ph.D.

7. Marital Status

- Single    Married    Divorced    Widow    Widower

8. Number of Children

- No Children    1 Child    2 Children  
 More than 2 Children

9. Employment Status

- Full-Time Employed    Part-Time Employed  
 Self-Employed    Gig Worker    Unemployed

10. Is your annual income in 2023 more than RM37,333 (i.e., monthly income more than RM3,111)?

- Yes    No

**Section B: Tax Knowledge, Tax Morale, Trust in Government, and Power of Authorities**

The following set of statements relates to your tax knowledge, tax morale, trust in government, and (perceived) power of authorities. Please indicate the extent to which you agree or disagree with each statement by circling one number per line on the five-point Likert scale, where:

**1 = Strongly Disagree (SD)**

**2 = Disagree (D)**

**3 = Neutral (N)**

**4 = Agree (A)**

**5 = Strongly Agree (SA)**

**Part 1: Tax Knowledge (Saad, 2009)**

Tax knowledge refers to an extent to which individuals understand and fiscally aware of the process, and responsibilities to comply with tax laws, regulations, and obligations.

No	Question	SD	D	N	A	SA
1	The income tax system is a legitimate way for the government to collect revenue to manage an economy.	1	2	3	4	5
2	To my knowledge, individuals are subject to a single flat rate of income tax under the current tax system.	1	2	3	4	5
3	As far as I am aware, non-compliant taxpayers can be imprisoned, if found guilty of evading tax.	1	2	3	4	5
4	Similar to other criminal offences, I believe that individuals can also be prosecuted for not complying with the Income Tax Act.	1	2	3	4	5
5	I believe that I do not have to abide by the deadline for the submission of tax return form (s) as the deadline is only a guideline with no penalties for missing it.	1	2	3	4	5
6	As far as I am aware, everyone who earns income	1	2	3	4	5

	sourced in this country needs to register with the Inland Revenue Board of Malaysia, regardless of whether that person is resident or not.					
7	I am sure that I am not required to file a tax return on interest income that I earn from money deposited in a bank account in Malaysia as it will be subject to income tax at source.	1	2	3	4	5
8	To my knowledge, I can deduct all personal expenses in calculating my tax liability.	1	2	3	4	5
9	I have little idea about the deductions that I can claim as a taxpayer in the computation of my tax liability.	1	2	3	4	5

## Part 2: Tax Morale (Taing & Chang, 2020)

Tax morale refers to the taxpayers' attitudes to comply with the tax laws.

No	Question	SD	D	N	A	SA
1	I think I should honestly declare all my tax liability.	1	2	3	4	5
2	I think taxpayers should not underreport tax liability.	1	2	3	4	5
3	I will not evade paying tax even if I have a chance to.	1	2	3	4	5
4	I think paying tax is my obligation.	1	2	3	4	5
5	I think evading tax is wrong.	1	2	3	4	5
6	I always obey the tax law.	1	2	3	4	5
7	I always follow the tax law.	1	2	3	4	5

## Part 3: Trust in Government (Burns et al., 2023; from Grimmelikhuijsen & Knies, 2017; and Holroyd et al., 2021)

Trust in government refers to the belief that government institutions will act in a competent, benevolent, and integrous manner.

No	Question	SD	D	N	A	SA
<i>When it concerns taxation...</i>						
1	The federal government can protect the rights of the population.	1	2	3	4	5
2	The federal government communicates with citizens	1	2	3	4	5

	effectively.					
3	The federal government makes decisions that help citizens.	1	2	3	4	5
4	The federal government shows good judgment.	1	2	3	4	5
5	The federal government has sufficient expertise to lead the country.	1	2	3	4	5
6	The federal government acts in the best interest of citizens.	1	2	3	4	5
7	If citizens need help, the federal government will do its best to help them.	1	2	3	4	5
8	The federal government makes decisions that support citizen autonomy.	1	2	3	4	5
9	The federal government does everything they should to protect the population.	1	2	3	4	5
10	The federal government is genuinely interested in the wellbeing of its citizens.	1	2	3	4	5
11	The federal government is truthful in communication with citizens.	1	2	3	4	5
12	The federal government delivers on its promises.	1	2	3	4	5
13	The federal government is honest.	1	2	3	4	5

### Part 3: Power of Authorities (Kastlunger et al., 2013)

Power of authorities refers to the capacity of tax authorities to detect and punish non-compliance effectively.

No	Question	SD	D	N	A	SA
1	Tax evasion is detected in a high percentage of the cases.	1	2	3	4	5
2	Tax authorities combat tax crimes in an efficient way.	1	2	3	4	5
3	Tax evasion is likely to be detected.	1	2	3	4	5
4	Tax authorities control frequently.	1	2	3	4	5
5	Tax authorities control profoundly.	1	2	3	4	5
6	Tax authorities are able to detect nearly every act of tax evasion.	1	2	3	4	5
7	Tax authorities primarily aim to punish.	1	2	3	4	5
8	Tax authorities investigate as long as they find something.	1	2	3	4	5
9	Tax authorities' interventions are too severe.	1	2	3	4	5
10	Tax authorities nurture hostile feelings towards taxpayers.	1	2	3	4	5
11	Tax authorities interpret tax laws in order to punish the highest number of taxpayers.	1	2	3	4	5

**Section C: Tax Compliance Behaviour (Kirchler & Wahl, 2010)**

The following set of statements relates to your tax compliance behaviour. Please indicate the extent to which you agree or disagree with each statement by circling one number per line on the five-point Likert scale, where:

**1 = Strongly Disagree (SD)**

**2 = Disagree (D)**

**3 = Neutral (N)**

**4 = Agree (A)**

**5 = Strongly Agree (SA)**

Tax compliance behaviour is the willingness of taxpayers to pay taxes, including voluntarily or enforcedly.

No	Question	SD	D	N	A	SA
<i>When I pay my taxes as required by the regulations, I do so ...</i>						
1	Because to me it's obvious that this is what you should do.	1	2	3	4	5
2	To support the state.	1	2	3	4	5
3	To support other citizens.	1	2	3	4	5
4	Because I like to contribute to everyone's good.	1	2	3	4	5
5	Because for me it's the natural thing to do.	1	2	3	4	5
6	Because I regard it as my duty as citizen.	1	2	3	4	5
7	Because a great many tax audits are carried out.	1	2	3	4	5
8	Because the tax office often carries out audits.	1	2	3	4	5
9	Because I know that I will be audited.	1	2	3	4	5
10	Because the punishments for tax evasion are very severe.	1	2	3	4	5
11	Because I do not know exactly how to evade taxes without attracting attention.	1	2	3	4	5



## Appendix 2: Central Tendencies and Dispersion

### Measurement of Constructs

Independent Variable 1: Tax Knowledge

Item	Statement	Sample Size (n)	Mean	Standard Deviation	Mean Ranking	Standard Deviation Ranking
TK1	The income tax system is a legitimate way for the government to collect revenue to manage an economy.	326	4.15	0.96	1	6
TK2	To my knowledge, individuals are subject to a single flat rate of income tax under the current tax system.	326	3.15	1.36	9	1
TK3	As far as I am	326	4.06	0.94	2	8

---

aware, non-compliant taxpayers can be imprisoned, if found guilty of evading tax.

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Similar to other criminal offences, I believe that individuals can

TK4	also be	326	4.02	0.96	3	7
-----	---------	-----	------	------	---	---

prosecuted for not complying with the Income Tax Act.

---

I believe that I do not have to abide by the deadline for the submission of tax return form (s) as the deadline is

TK5		326	3.79	1.29	6	3
-----	--	-----	------	------	---	---

---

only a  
guideline with  
no penalties for  
missing it.

---

As far as I am  
aware,  
everyone who  
earns income  
sourced in this  
country needs  
to register with  
TK6 326 3.86 1.08 5 5  
the Inland  
Revenue Board  
of Malaysia,  
regardless of  
whether that  
person is  
resident or not.

---

I am sure that I  
am not  
required to file  
TK7 326 3.20 1.26 8 4  
a tax return on  
interest income  
that I earn from  
money

---

---

deposited in a  
bank account  
in Malaysia as  
it will be  
subject to  
income tax at  
source.

---

To my  
knowledge, I  
can deduct all  
TK8 personal 326 3.53 1.34 7 2  
expenses in  
calculating my  
tax liability.

---

I have little  
idea about the  
deductions that  
TK9 I can claim as a 326 3.99 0.87 4 9  
taxpayer in the  
computation of  
my tax  
liability.

---

*Note.* Developed for research.

Independent Variable 2: Tax Morale

Item	Statement	Sample Size (n)	Mean	Standard Deviation	Mean Ranking	Standard Deviation Ranking
	I think I should					
TM1	honestly declare all my tax liability.	326	4.11	0.95	3	6
	I think					
	taxpayers					
TM2	should not underreport tax liability.	326	4.00	1.06	6	1
	I will not evade					
TM3	paying tax even if I have a chance to.	326	3.99	1.01	7	2
	I think paying					
TM4	tax is my obligation.	326	4.01	1.01	5	2
	I think evading					
TM5	tax is wrong.	326	4.13	0.96	2	5
	I always obey					
TM6	the tax law.	326	4.08	0.99	4	4
TM7	I always follow	326	4.14	0.91	1	7

---

the tax law.

---

*Note.* Developed for research.

Independent Variable 3: Trust in Government

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Item	Statement	Sample Size (n)	Mean	Standard Deviation	Mean Ranking	Standard Deviation Ranking
	The federal government can					
TG1	protect the rights of the population.	326	3.45	1.06	1	1
	The federal government					
TG2	communicates with citizens effectively.	326	3.12	0.99	9	6
	The federal government					
TG3	makes decisions that help citizens.	326	3.23	0.96	2	12
	The federal government					
TG4		326	3.17	0.98	6	10

---

	shows good judgment.					
TG5	The federal government has sufficient expertise to lead the country.	326	3.14	1.00	7	4
TG6	The federal government acts in the best interest of citizens.	326	3.10	1.02	10	2
TG7	If citizens need help, the federal government will do its best to help them.	326	3.19	1.00	4	5
TG8	The federal government makes decisions that support citizen autonomy.	326	3.18	0.99	5	9

	The federal government does everything they should to protect the population.	326	3.21	0.97	3	11
TG9						
	The federal government is genuinely interested in the wellbeing of its citizens.	326	3.13	0.99	8	7
TG10						
	The federal government is truthful in communication with citizens.	326	2.96	0.99	11	8
TG11						
	The federal government delivers on its promises.	326	2.91	1.01	13	3
TG12						
	The federal government is honest.	326	2.94	0.96	12	13
TG13						

*Note.* Developed for research.



Independent Variable 4: Power of Authorities

Item	Statement	Sample Size (n)	Mean	Standard Deviation	Mean Ranking	Standard Deviation Ranking
PA1	Tax evasion is detected in a high percentage of the cases.	326	3.39	0.91	5	7
PA2	Tax authorities combat tax crimes in an efficient way.	326	3.33	0.93	6	6
PA3	Tax evasion is likely to be detected.	326	3.48	0.90	2	8
PA4	Tax authorities control frequently.	326	3.46	0.82	3	10
PA5	Tax authorities control profoundly.	326	3.44	0.79	4	11
PA6	Tax authorities are able to detect nearly	326	3.13	0.95	11	4

	every act of tax evasion.					
	Tax authorities					
PA7	primarily aim to punish.	326	3.20	1.01	8	2
	Tax authorities					
PA8	investigate as long as they find something.	326	3.59	0.84	1	9
	Tax authorities'					
PA9	interventions are too severe.	326	3.22	0.94	7	5
	Tax authorities					
	nurture hostile					
PA10	feelings towards taxpayers.	326	3.19	1.01	9	1
	Tax authorities					
	interpret tax					
PA11	laws in order to punish the highest number of taxpayers.	326	3.18	1.00	10	3

*Note.* Developed for research.

Dependent Variable: Tax Compliance Behaviour

Item	Statement	Sample Size (n)	Mean	Standard Deviation	Mean Ranking	Standard Deviation Ranking
	Because to me					
	it's obvious					
TCB1	that this is what you should do.	326	3.79	0.90	2	11
TCB2	To support the state.	326	3.58	1.04	4	8
TCB3	To support other citizens.	326	3.58	1.07	3	6
	Because I like					
TCB4	to contribute to everyone's good.	326	3.28	1.12	7	3
	Because for					
TCB5	me it's the natural thing to do.	326	3.45	1.10	6	4
	Because I					
TCB6	regard it as my duty as citizen.	326	3.80	0.99	1	10
TCB7	Because a	326	3.20	1.04	10	7

	great many tax audits are carried out.					
TCB8	Because the tax office often carries out audits.	326	3.23	1.03	9	9
TCB9	Because I know that I will be audited.	326	3.25	1.14	8	2
TCB10	Because the punishments for tax evasion are very severe.	326	3.50	1.08	5	5
TCB11	Because I do not know exactly how to evade taxes without attracting attention.	326	3.06	1.16	11	1

*Note.* Developed for research.

## Appendix 3: SPSS Output of Reliability and Validity Test for Pilot Study

Independent Variable 1: Tax Knowledge

<b>Case Processing Summary</b>			
		N	%
<b>Cases</b>	Valid	30	8.4
	Excluded <sup>a</sup>	326	91.6
	Total	356	100.0

a. Listwise deletion based on all variables in the procedure.

<b>Reliability Statistics</b>		
Cronbach's Alpha	N of Items	
.569	9	

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.535
Bartlett's Test of Sphericity	Approx. Chi-Square	133.647
	df	36
	Sig.	<.001

## Independent Variable 2: Tax Morale

### Case Processing Summary

		N	%
Cases	Valid	30	8.4
	Excluded <sup>a</sup>	326	91.6
	Total	356	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.950	7

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.845
Bartlett's Test of Sphericity	Approx. Chi-Square	213.223
	df	21
	Sig.	<.001

Independent Variable 3: Trust in Government

**Case Processing Summary**

		N	%
Cases	Valid	30	8.4
	Excluded <sup>a</sup>	326	91.6
	Total	356	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.945	13

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.765
Bartlett's Test of Sphericity	Approx. Chi-Square	336.921
	df	78
	Sig.	<.001

Independent Variable 4: Power of Authorities

**Case Processing Summary**

		N	%
Cases	Valid	30	8.4
	Excluded <sup>a</sup>	326	91.6
	Total	356	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.822	11

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.669
Bartlett's Test of Sphericity	Approx. Chi-Square	145.410
	df	55
	Sig.	<.001



Dependent Variable: Tax Compliance Behaviour

### Case Processing Summary

		N	%
Cases	Valid	30	8.4
	Excluded <sup>a</sup>	326	91.6
	Total	356	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.858	11

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.677
Bartlett's Test of Sphericity	Approx. Chi-Square	169.061
	df	55
	Sig.	<.001

## Appendix 4: SPSS Output of Reliability and Validity Test for Actual Study

Independent Variable 1: Tax Knowledge

<b>Case Processing Summary</b>			
		N	%
Cases	Valid	326	100.0
	Excluded <sup>a</sup>	0	.0
	Total	326	100.0

a. Listwise deletion based on all variables in the procedure.

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items
.570	9

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.670
Bartlett's Test of Sphericity	Approx. Chi-Square	559.762
	df	36
	Sig.	<.001

Independent Variable 2: Tax Morale

**Case Processing Summary**

		N	%
Cases	Valid	326	100.0
	Excluded <sup>a</sup>	0	.0
	Total	326	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.925	7

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.871
Bartlett's Test of Sphericity	Approx. Chi-Square	1765.910
	df	21
	Sig.	.000

Independent Variable 3: Trust in Government

**Case Processing Summary**

		N	%
Cases	Valid	326	100.0
	Excluded <sup>a</sup>	0	.0
	Total	326	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.966	13

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.947
Bartlett's Test of Sphericity	Approx. Chi-Square	4495.128
	df	78
	Sig.	.000

Independent Variable 4: Power of Authorities

**Case Processing Summary**

		N	%
Cases	Valid	326	100.0
	Excluded <sup>a</sup>	0	.0
	Total	326	100.0

a. Listwise deletion based on all variables in the procedure.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.824	11

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.855
Bartlett's Test of Sphericity	Approx. Chi-Square	1884.731
	df	55
	Sig.	.000

Dependent Variable: Tax Compliance Behaviour

### Case Processing Summary

		N	%
Cases	Valid	326	100.0
	Excluded <sup>a</sup>	0	.0
	Total	326	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	N of Items
.824	11

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.817
Bartlett's Test of Sphericity	Approx. Chi-Square	2210.138
	df	55
	Sig.	.000

## Appendix 5: SPSS Output of Multicollinearity Test

<b>Coefficients<sup>a</sup></b>								
Model		Unstandardized Coefficients		Standardized	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.340	.269		4.975	<.001		
	TK	-.121	.063	-.102	-1.923	.055	.678	1.475
	TM	.251	.044	.321	5.738	<.001	.610	1.638
	TG	.248	.038	.326	6.516	<.001	.765	1.307
	PA	.224	.048	.218	4.642	<.001	.866	1.155

a. Dependent Variable: TCB

## Appendix 6: SPSS Output of Normality Test

Independent Variable: Tax Knowledge

<b>Case Processing Summary</b>						
	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
TK	326	100.0%	0	0.0%	326	100.0%

<b>Descriptives</b>			
		Statistic	Std. Error
TK	Mean	3.75733	.029839
95% Confidence Interval for Mean		Lower Bound	3.69863
		Upper Bound	3.81603
5% Trimmed Mean		3.75127	
Median		3.66667	
Variance		.290	
Std. Deviation		.538753	
Minimum		2.556	
Maximum		5.000	
Range		2.444	
Interquartile Range		.778	
Skewness		.213	.135
Kurtosis		-.524	.269

<b>Tests of Normality</b>						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
TK	.119	326	<.001	.978	326	<.001

a. Lilliefors Significance Correction



Independent Variable: Tax Morale

<b>Case Processing Summary</b>						
	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
TM	326	100.0%	0	0.0%	326	100.0%

<b>Descriptives</b>						
TM	Statistic	Std. Error				
Mean	4.065731814	.0452988386				
95% Confidence Interval for Mean	Lower Bound	3.976615858				
	Upper Bound	4.154847770				
5% Trimmed Mean	4.130928036					
Median	4.000000000					
Variance	.669					
Std. Deviation	.8178918259					
Minimum	1.285714286					
Maximum	5.000000000					
Range	3.714285714					
Interquartile Range	1.285714286					
Skewness	-.827	.135				
Kurtosis	.639	.269				

<b>Tests of Normality</b>						
TM	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
TM	.137	326	<.001	.901	326	<.001

a. Lilliefors Significance Correction

Independent Variable 3: Trust in Government

<b>Case Processing Summary</b>						
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
TG	326	100.0%	0	0.0%	326	100.0%

<b>Descriptives</b>						
TG	Statistic			Statistic	Std. Error	
		Lower Bound	Upper Bound			
Mean	3.134025484				.0464820291	
95% Confidence Interval for Mean		Lower Bound	3.042581849			
		Upper Bound	3.225469118			
5% Trimmed Mean	3.147789838					
Median	3.076923077					
Variance	.704					
Std. Deviation	.8392548858					
Minimum	1.000000000					
Maximum	5.000000000					
Range	4.000000000					
Interquartile Range	.9230769231					
Skewness	-.311				.135	
Kurtosis	.320				.269	

<b>Tests of Normality</b>						
TG	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
TG	.111	326	<.001	.971	326	<.001

a. Lilliefors Significance Correction

Independent Variable 4: Power of Authorities

<b>Case Processing Summary</b>						
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
PA	326	100.0%	0	0.0%	326	100.0%

<b>Descriptives</b>			
		Statistic	Std. Error
PA	Mean	3.327941997	.0344805466
	95% Confidence Interval for Mean	Lower Bound	3.260108759
		Upper Bound	3.395775234
	5% Trimmed Mean	3.308390655	
	Median	3.181818182	
	Variance	.388	
	Std. Deviation	.6225624779	
	Minimum	1.363636364	
	Maximum	5.000000000	
	Range	3.636363636	
	Interquartile Range	.7272727273	
	Skewness	.452	.135
	Kurtosis	.723	.269

<b>Tests of Normality</b>						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
PA	.118	326	<.001	.962	326	<.001

a. Lilliefors Significance Correction

Dependent Variable: Tax Compliance Behaviour

<b>Case Processing Summary</b>						
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
TCB	326	100.0%	0	0.0%	326	100.0%

<b>Descriptives</b>			
		Statistic	Std. Error
TCB	Mean	3.428332404	.0354236214
	95% Confidence Interval for Mean	Lower Bound	3.358643865
		Upper Bound	3.498020943
	5% Trimmed Mean	3.430377394	
	Median	3.454545455	
	Variance	.409	
	Std. Deviation	.6395901363	
	Minimum	1.636363636	
	Maximum	5.000000000	
	Range	3.363636364	
	Interquartile Range	.9090909091	
	Skewness	-.056	.135
	Kurtosis	.062	.269

<b>Tests of Normality</b>						
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
TCB	.067	326	.001	.990	326	.024

a. Lilliefors Significance Correction

## Appendix 7: SPSS Output of Multiple Linear Regression Analysis

<b>Model Summary</b>								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate				
1	.622 <sup>a</sup>	.387	.379	.5040255081				
a. Predictors: (Constant), PA, TK, TG, TM								
<b>ANOVA<sup>a</sup></b>								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	51.402	4	12.851	50.584	<.001 <sup>b</sup>		
	Residual	81.547	321	.254				
	Total	132.950	325					
a. Dependent Variable: TCB								
b. Predictors: (Constant), PA, TK, TG, TM								
<b>Coefficients<sup>a</sup></b>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.340	.269		4.975	<.001		
	TK	-.121	.063	-.102	-1.923	.055	.678	1.475
	TM	.251	.044	.321	5.738	<.001	.610	1.638
	TG	.248	.038	.326	6.516	<.001	.765	1.307
	PA	.224	.048	.218	4.642	<.001	.866	1.155
a. Dependent Variable: TCB								