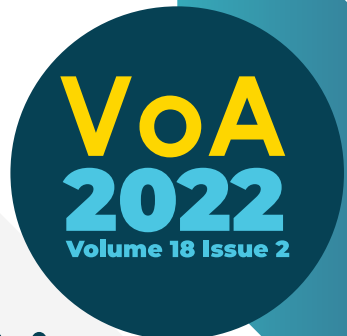




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TAX COMPLIANCE MEASUREMENT AMONG TAXPAYERS OF UiTM KEDAH STAFF

**Daing Maruak bin Sadek¹, Azyyati binti Anuar², Muhammad Zulhilmi
Shamsul³, Mas Aida binti Abd Rahim⁴ & Noor Hidayah binti Kasim⁵**

*^{1, 5} Academy of Contemporary Islamic Studies, Universiti Teknologi MARA,
Cawangan Kedah, Malaysia*

*^{2,3} Department of Business Management, Faculty of Business and
Management, Universiti Teknologi MARA, Cawangan Kedah, Malaysia*

*⁴ Academy of Language Studies, Universiti Teknologi MARA, Cawangan
Kedah, Malaysia*

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ABSTRACT

Malaysia has adopted the Self-Assessment Taxation System (SAS) since 2001 for corporate taxpayers and later introduced the system to businesses, partnerships and cooperatives, as well as individuals in 2003. However, according to many experts in taxation across the world, many countries including developing and developed ones, face difficulties in collecting tax payments from taxpayers effectively. Due to the implementation of a manual tax assessment and payment system, governments around the world are exposed to the increasing problems of tax losses. Therefore, this research addressed the influence of tax complexity and tax knowledge towards tax compliance among the taxpayers in a Malaysian setting, particularly the permanent staff of UiTM Kedah Branch. The data recorded from questionnaires were analysed using the Statistical Package for the Social Sciences (SPSS version 24). The results confirmed that tax complexity plays a significant role in determining tax compliance. However, tax compliance was not significantly influenced by tax knowledge. It can be concluded that further research should be undertaken to further comprehend the impacts of the present determinants within this study and other non-present ones towards Malaysian taxpayers' compliance level.

Malaysia telah menerima pakai Sistem Percukaian Penilaian Kendiri (SAS) sejak tahun 2001 untuk pembayar cukai korporat dan kemudian memperkenalkan sistem ini kepada perniagaan, perkongsian dan koperasi, serta individu pada tahun 2003. Walau bagaimanapun, menurut kebanyakan pakar dalam percukaian di seluruh dunia, majoriti negara termasuk negara yang membangun, menghadapi kesukaran dalam mengutip pembayaran cukai daripada pembayar cukai dengan berkesan. Oleh kerana pelaksanaan sistem taksiran dan pembayaran cukai secara manual, kerajaan di seluruh dunia terdedah kepada masalah kerugian cukai yang semakin meningkat. Oleh itu, kajian ini ingin melihat pengaruh kerumitan cukai dan pengetahuan cukai terhadap pematuhan cukai dalam kalangan pembayar cukai di persekitaran Malaysia, terutamanya kakitangan tetap Universiti Teknologi MARA Cawangan Kedah. Data yang direkodkan dari soal selidik dianalisis menggunakan Pakej Statistik untuk Sains Sosial (SPSS versi 24). Hasil daripada kajian ini mengesahkan bahawa kerumitan cukai memainkan peranan penting dalam menentukan pematuhan cukai. Walau bagaimanapun, pematuhan cukai tidak dipengaruhi dengan ketara oleh pengetahuan cukai. Hal ini dapat disimpulkan bahawa kajian lanjut perlu dilakukan untuk lebih memahami kesan penentu semasa terhadap tahap pematuhan pembayar cukai Malaysia.

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1. Introduction

Taxes, one of the segments giving government social assistance, are assembled for use in financing the public (Aktaş Güzel, Özer, & Özcan, 2019). In the Malaysian context, the government utilises the funds collected from taxation for the development of the nation and to provide facilities for the benefits of the people. In the past, tax revenue collection bodies required income tax to be assessed by the bodies themselves using specialised systems. However, due to technological advancement in the modern age, many countries have adopted the Self-Assessment Taxation System (SAS) where the taxpayers are required to register, calculate, and pay the amount of tax liability on their own.

Malaysia has adopted the SAS since 2001 for corporate taxpayers and later introduced to businesses, partnerships and cooperatives, and individuals in 2003 (Saipei & Kasipillai, 2013). Tax authorities such as the Inland Revenue Board of Malaysia (IRBM) are able to ease the process of taxation payments for both themselves and the taxpayers. Taxpayers have the freedom to assess their tax liabilities at any given time. Tax authorities can focus their resources on other aspects of the organisation such as the legality, tax enforcements, and reducing collection costs and time (Isa, 2012).

However, according to many experts in taxation across the world, many countries including developing (e.g., Malaysia, Argentina, China, and Brazil) and developed ones (e.g., Australia,

Canada, France, and Germany), face difficulties in effectively collecting tax payments from taxpayers (Ern, Evans and McKerchar, 2010). Due to the manual tax assessment and payment system being implemented, governments are exposed to the increasing problems of tax losses. Murphy (2011) revealed that many countries are losing millions of dollars due to tax loss, with the United States taking the top spot. Tax losses in the United States were estimated at USD337,349 million in total, with Brazil following in second with USD280,11 million. In the Asian region, Japan ranked first with a recorded tax loss of USD171,147 million and China came in second with USD134,385 million. Both countries are ranked worldwide 7th and 8th, respectively.

Meanwhile, Malaysia ranked 44th in the world and 11th in the Asian region with an estimated tax loss of USD11,243 million. This shows that countries across the world face problems in collecting tax payments from taxpayers as hundreds of millions of dollars are recorded as tax loss due to tax non-compliance. Due to the overly dependence on the taxpayers' honesty in the new Self-Assessment System, Hai and See (2011) have stated that the problem of tax non-compliance has become more serious than before. According to the annual reports provided by the IRBM, Malaysia recorded a steady increase in tax collection from the year 2012 until 2015 (Annual Report, 2015). Though the individual tax collection had an increase, it was not at a higher percentage compared to the individual tax collection in 2015. This shows that there is a decrease in Malaysian taxpayers' compliance which will be discussed in this paper.

1.2 Problem statement

Since tax revenues account for major parts of a government's budget, tax loss due to tax evasion has a heavy consequence on the government's efforts to develop the country and lessen the nation's budget deficit. Though efforts have been made to lessen the burden of tax assessment on all parties with the introduction of the Self-Assessment System (SAS), the non-compliance rate of taxpayers is still worrying for the government as it leads to the effects of reducing the government revenues for the provision of infrastructure and public services and utilities (Ahangar, Bandpey, & Rokny, 2011). With the existence and increase in the number of non-compliant taxpayers, the Inland Revenue Board (IRB) will be forced to increase their taxation costs in the form of audits and investigations. That would defeat the purpose of having the SAS where it is supposed to assist the IRB in its efforts to reduce taxation compliance costs.

As stated by Aktaş Güzel et al. (2019), tax compliance is viewed as a significant issue for most tax authorities. The tax authorities have provided several steps to counter these effects, such as conducting tax audits, implementing tax punishments, and increasing tax rates for non-compliant taxpayers. However, the problem arises when there is still a substantial amount of tax loss resulting from tax evasion activities which are clearly an unlawful practice (Ahangar et al., 2011) by non-compliant taxpayers. It is also revealed that tax complexity results in inadvertent non-compliance (Isa, 2014). This is supported by Long and Swingen (1988), who advocated that greater tax complexity increases non-compliance. Furthermore, empirical and literature studies have disclosed that non-compliance is conceivably caused by taxpayers' dearth of knowledge and lack of capability to comply (Braithwaite et al., 2010; Fjeldstad & Heggstad, 2012)

Saad (2014) stated that the current SAS system has presented a great issue in the form of non-compliance behaviour due to the prominent attribute of the system being voluntary compliance. This means that the SAS requires the taxpayers to assess and submit their tax obligations based on their own honesty, which allows some taxpayers to perform tax evasion activities be it legally or illegally. Taxpayers are allowed to evade paying taxes based on the tax laws of the country. In most cases, taxpayers are allowed to reduce their taxes by presenting receipts of payments for books, and technological products such as laptops and internet packages as presented by the

IRBM in its yearly tax relief guidelines released online. However, according to Ching (2013), tax evasion based on illegal activities, such as deliberately withholding tax remittance payments and inaccurately assessing their tax obligations, are considered to be the most frequent forms of tax non-compliance undertaken by non-compliant taxpayers.

Despite efforts by the tax authorities to ease the process of tax payments to ensure compliance from the taxpayers, tax evasion still poses a considerable threat to the country's overall revenue as millions of dollars in tax loss are recorded every year. The IRBM should understand the taxpayers' behaviour and the factors of non-compliance in payments, such as the level of tax knowledge, personal norms that influence tax compliance, demographic of taxpayers, and their level of income value. As proposed by Bornman and Ramutumbu (2019), increasing taxpayers' tax knowledge is perhaps one of the alternatives to promote tax compliance. This is because tax knowledge is the degree of consciousness of the taxpayers about tax legislation (Oladipupo & Obazee, 2016). Besides, it has been suggested that governments should aim at increasing both trust and power in order to increase tax compliance and reduce tax evasion (Batrancea et al., 2019).

In Malaysia, there have been past studies regarding the issue of tax non-compliance and the determinants of it. However, not much has been written on the complexity of tax and tax knowledge methods towards the taxpayers' compliance in a Malaysian setting, except for a few studies on the determinants of tax compliance (Mohdali et al., 2014; Manual & Xin 2016; Palil et al., 2014; Saad, 2012 & 2013; Xin et al., 2015;). Furthermore, most researchers focused on finding the determinants for tax compliance while this study focused on finding the significance in the relationship between the determinants and the resultant tax compliance behaviour. Henceforth, more effort should be taken to increase the awareness of tax compliance among taxpayers in Malaysia (Pui Yee, Moorthy, & Choo, 2017).

1.3 Research objectives

Below are the objectives of this paper.

1. To examine the influence of tax complexity on the tax compliance of Malaysian taxpayers.
2. To examine the influence of tax knowledge on the tax compliance of Malaysian taxpayers.

1.4 Significance of the study

Theoretically, this study will allow for a better understanding of the significance of the independent variables on the dependent variable. Though research on determinants of tax compliance has been done prior to this current study, not many have focused on the significance of the determinants on the dependent variable of tax compliance. Most studies regarding tax compliance within the Malaysian setting have focused on the identification of the determinants, such as the one done by Xin et al. (2015).

Practically, this study will enable the IRBM to further understand the attitude of taxpayers in following the law. The IRBM and many other tax collection authorities in the world are always finding new methods, systems, and alternatives to ensure a better and more efficient taxation system for their respective countries. However, new systems or updated regulations often require updating analysis on the taxpayers' attitude. This is to ensure that the improved taxation system will be able to meet its intended objectives. Raihana, Khadijah and Salwa (2014), in their study on

the impact of threat of punishment on tax compliance, stated that the impact of threat of punishment differs based on the types of taxpayers. For example, consistent salaried taxpayers have no worries regarding the punishments as their tax payments are drawn from their salary periodically. However, sole ownership or non-regular salaried taxpayers are severely impacted by the threat of punishments as they are required to assess their taxes by themselves according to their irregular income.

2. Literature Review

Numerous past studies in Malaysia have discussed tax compliance as it has attracted much interest among researchers (mainly from the accounting discipline) since the mid-1990s (Loo, Evans, & McKerchar, 2010). The mainstream studies focused on various factors influencing compliance behaviour of individuals and small business taxpayers. Thus, this section provides a brief description of tax compliance, tax complexity, and tax knowledge.

2.1 Tax compliance

The act of taxpayers accomplishing their tax duties is called tax compliance (Aktaş Güzel et al., 2019). Tax administration has always required the willingness of the taxpayers to pay their tax obligations in their efforts to efficiently collect tax, albeit with the consequence of not getting paid based on the respective tax laws. James and Alley (2002) referred to tax compliance as the willingness of the taxpayers to act according to the law and administration without any enforcement being filed on them, as cited in Saad (2012). By 2001, Malaysia had adopted the SAS to address the unsatisfactory levels of the previous official assessment system (Loo et al. 2010). Loo et al. (2010) noted that it was implemented in the hopes that it would speed up the taxation process and reduce the compliance costs borne by the taxpayers and tax authorities. Saipei and Kasipillai (2013) quantified that with the implementation of the SAS by many countries including Malaysia, taxpayers are required to obtain appropriate tax knowledge, gain insight from external tax professionals, and any other necessities for better recordkeeping practices. Besides that, it is commonly acknowledged in the tax compliance literature that the taxpayer's impression of tax justice expands the trust in the government and this influences tax compliance significantly (Aktaş Güzel et al., 2019). Indeed, a study by Batrancea et al. (2019) discovered that trust in authorities and power of authorities were distinguished as significant determinants of tax compliance intentions around the globe.

However, there have been cases or reports of non-compliant tax activities occurring in most countries. Tax non-compliance has always been a major problem for countries in their efforts to collect tax, be it developed or developing countries (Ching, 2013). Since tax is used as one of the country's major sources of revenue for expenditure, tax evasion will dent the country's budget and its efforts to further develop the respective country and to pay off their national debts as stated in the IRBM's annual report of 2016 (LHDNM, 2016). Government revenue is vital for a country's development and tax revenue, which includes individual and corporate payments alongside taxes for goods and services which are considered to be the major source for most countries. Apart from being a major source of a country's revenue, tax plays an important role in a country's efforts in maintaining a healthy social and economic welfare, ensuring redistribution of income, maintaining the monetary balance of the country, and regulating economic activity in the country (Bello, 2014). Tax allows a country to maintain the monetary balance of the country by increasing or decreasing the rate whenever necessary. Thus, an efficient collection is required to ensure countries are able to achieve all the intended objectives of having taxes.

2.2 Tax Complexity

Previous studies have identified Malaysian tax laws as infuriatingly complex, confounding and changing habitually (Mohd-Hanefah, 1996). Furthermore, Isa (2015) conducted a study and found that there have been difficulties by corporate taxpayers in complying with the tax obligation under the SAS in Malaysia. In fact, tax practitioners additionally recognised that the unpredictability of taxation makes compliance particularly hard to accomplish for some small scale businesses (Oladipupo & Obazee, 2016). Isa (2015) found three factors of tax complexity which include tax calculations, record keeping requirements, and ambiguities in the taxes. The tax calculations and record keeping requirements, as stated by Isa (2015), are said to be the biggest challenges faced by small firms in their bid for tax-compliance, while medium and large firms have always faced ambiguities in their taxes.

The usage of a self-assessment system for tax payments in Malaysia has presented many benefits for the IRBM, which include reducing time and costs borne by the IRBM in its efforts to collect taxes (Xin et al., 2015). However, Xin et al. (2015) stated that SAS causes inconveniences to the taxpayers as they would have to further understand the online tax system and the procedures of filing and paying taxes online. Saipai and Abdullah (2008) found that taxpayers will have to bear time and costs in acquiring the services of tax professionals, travel to IRBM offices to submit forms, and prepare tax details for tax deductions.

Apart from the above complexities faced by the taxpayers, tax complexity can also be viewed from the angle of fully comprehending the tax laws of Malaysia and the complexities of applying them. Saad et al. (2014) stated that when the tax laws which include the taxation procedures, punishments and governmental incentives are unnecessarily complex, taxpayers might not be able to benefit from the tax laws provided by the government. Thus, Saad et al. (2014) noted that the impact of tax complexity might be worse when there is a low level of tax rules readability for the taxpayers which could lead to unintentional non-compliance. Studies done in other countries suggested that tax procedure simplification helps to increase the tax compliance of taxpayers. In New Zealand, Saw and Sawyer (2010) studied the rewrite project on tax rules readability for its taxpayers and found that there has been significant success ever since the rewrite project began. In Malaysia, Isa (2014) found the presence of tax complexity within the tax procedures and tax laws of Malaysia. They are categorised into tax ambiguity, computations, and record-keeping. In the study by Saad et al. (2014), the results showed that the level of readability of tax laws and supplementary materials provided for the taxpayers are considered to be at a low level. The study also suggested that the materials provided are only well understood by taxpayers with undergraduate and postgraduate level academic qualifications.

Therefore, by conducting this study, the taxpayers' perceptions of and their responses to the complexity of Malaysian tax procedures can be measured much better to indicate the level of significance of tax complexity towards Malaysian taxpayers' compliance.

2.3 Tax knowledge

Other than tax complexity, tax knowledge is another determinant factor that has shown to improve compliance (Loo et al., 2010) and it is an obligation among taxpayers to report their tax liability (Pui Yee et al., 2017). In the modern age where many systems have been computerised and made online, the taxation system has also seen some major improvements in its procedures, especially the filing system where taxpayers would file their own tax obligations online. Taxpayers, however, might not have full knowledge of tax payments especially on the utilisation of the taxation system and laws. Thus, to fulfil these responsibilities, taxpayers are anticipated to be conversant with the current tax laws (Bornman & Ramutumbu, 2019). As defined by Susanti (2007), tax knowledge is the level of knowledge possessed by taxpayers on

the laws and regulations of tax. It might be due to the fact that there is no formal mandatory education for tax related subjects for primary, secondary, and tertiary students in Malaysia.

In understanding tax knowledge that is supposed to be possessed by taxpayers, it must be made clear that the term tax knowledge is different from the level of knowledge of taxpayers. This is due to the fact that even with a high level of education, a taxpayer can have a low level of tax knowledge as the specification of their knowledge level may not include tax terminologies and understanding, such as tax laws, tax filings and assessment, and tax deductions. A higher level of education will allow for a better understanding of the need to fulfil tax obligations as they understand and respect the law to pay their tax obligations and the consequences of non-compliance, as stated by Ching (2013). Those with a higher level of education would be more prone to realising their duties and obligations towards the government which include the duties of paying taxes (Ching, 2013). Tax knowledge refers to having a clear understanding of the tax process itself which includes tax laws, tax assessment and filing procedures and the types of allowable tax deductions available for taxpayers. Ching (2013) commented that taxation, especially tax laws, have difficult terminologies and jargons which may cause misunderstanding and misinterpretation by the taxpayers and could result in tax non-compliance where the taxpayers have low tax knowledge.

Some researchers believe that the SAS applied by many governments globally has increased the need for more educated taxpayers in terms of their tax knowledge, as described by Saad (2013). The tax collection authorities expect taxpayers to be able to understand the procedures and any other materials associated with the taxation process through the guidelines provided. Loo, Mckerchar and Hansford (2010) stated that taxpayers under the SAS require at least basic tax knowledge such as its procedures and compliance obligations to be able to efficiently compute their tax liabilities and file their own tax returns. According to Xin et al. (2015), minimum tax knowledge of taxpayer income taxability, expenses that are allowed for deductions, entitlements, reliefs, rebates, and exemptions, are required by the taxpayers to ensure they fully understand the taxation process and tax laws. In Malaysia, many taxpayers are not exposed to formal education regarding taxation, apart from a few accounting and some business management students (Choong & Wong, 2011). Tax knowledge is not a mandatory course for all educational levels. This means that the taxpayers will have to try to understand the taxation process by themselves and from the experience of others. This will affect the taxpayers' compliance rate as insufficient tax knowledge might drive them away from paying taxes. Xin et al. (2015) stated that the implementation of the self-assessment taxation system requires the taxpayers to attain a certain level of tax knowledge to ensure their compliancy.

As of the status quo, the filing system used by the IRBM requires self-assessment of tax obligation by the taxpayers. The IRBM does not provide mandatory tax education for Malaysian taxpayers. Instead, they provide a guide on how to assess one's tax obligations online for the taxpayers to follow. The guide on how to perform the taxation process merely assists the taxpayers in their process to file their taxes. This might not be able to guarantee the taxpayers' absolute compliance. The taxation process still requires the taxpayers to understand the different terms and jargons found in the taxation process and this might lead to tax non-compliance in the form of incorrect tax filing or evasion of tax filing altogether. However, IRBM tries its utmost best to ensure that the taxpayers have adequate knowledge on how to assess their tax obligations to ensure tax compliance. Mukhlis, Otomo and Soesetio (2015) stated that there is a positive relationship between the level of knowledge over tax and tax compliance and willingness of taxpayers to pay tax based on their findings in their past studies. In contrast, a study conducted by Pui Yee et al. (2017) found that tax knowledge affects taxpayers' morality and attitude. Some past researchers believed that tax knowledge is not just about the technical aspect of tax

payments according to Wong & Lo, 2015). In their study, they stated that tax education includes the communication of motivation, and one's self-efficacy and skills to apply the relevant tax knowledge.

2.4 Conceptual framework

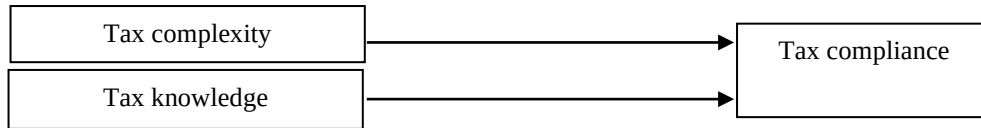


Figure 1. Conceptual framework

- H1:** There is a positive effect between tax complexity and Malaysian taxpayers' compliance.
H2: There is a positive effect between tax knowledge and Malaysian taxpayers' compliance.

3. Methodology

This study allowed the researcher to measure the factor on tax compliance amongst Malaysians by focusing on the permanent staff of UiTM Kedah as the study sample. The data recorded using the questionnaires were analysed using the Statistical Package for the Social Sciences (SPSS version 24) to have a better understanding of the data. Employing the SPSS system allows a better arrangement of the data to increase its efficiency in understanding the result of the data collected. The analysis was interpreted based on the frequency analysis, reliability analysis, correlation analysis, descriptive analysis, and regression analysis.

Subsequently, the variables chosen for this study were tax complexity, tax knowledge, and tax compliance. Tax complexity and tax knowledge were indicated as independent variables. Meanwhile, tax compliance was measured as a dependent variable. Most of the questions used in the questionnaire were adapted from past research such as Wong & Lo (2015) and Ching (2013) with adaptations made to suit the context of Malaysian taxpayers. The items used in the questionnaire were measured using a 5-point Likert scale, where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

4. Results

4.1 Demographic profile

Samples for this research were chosen from the population of permanent staff at UiTM Kedah, where they amounted to 555 in total. To determine the sample size, the rule of thumb introduced by Krejcie and Morgan (1970) was applied, and the required number of samples needed for the survey was 226. To ensure an adequate response rate, 226 surveys were distributed based on the random sampling technique. From those 226 surveys, 103 responses were collected, excluding defective responses. This indicated a response rate of close to 45%. The respondents' demographics included details which are their ages, gender, highest

academic level, income level, working experience and occupation position within UiTM Kedah. Table 1 shows the frequency of the respondents according to their demographic characteristics.

Table 1
Demographic Profile

Profile	Frequency	Percentage (%)
Age		
20-30	10	9.7
31-40	50	48.5
41-50	32	31.1
51-60	11	10.7
Gender		
Male	28	27.2
Female	75	72.8
Highest Academic Level		
SPM	1	1.0
Pre-Diploma	0	0
Diploma	6	5.8
Degree	6	5.8
Masters	71	68.9
PhD	19	18.4
Income Level (RM)		
2000-2999		
3000-3999	10	9.7
4000-4999	4	3.9
5000-5999	4	3.9
6000-6999	16	15.5
7000-7999	20	19.4
8000-above	22	21.4
	27	26.2
Working Experience		
0-5 years	16	15.5
6-10 years	39	37.9
11-15 years	18	17.5
16 years and above	30	29.1
Occupation Position		
Lecturer	90	87.4
Administrator	3	2.9
Clerk	5	4.9
Others	5	4.9

As can be seen in Table 1, most of the respondents were in the age group of 31-40 years old, with 50 of the total respondents and a percentage of 48.5% coming from that particular age group. The number of respondents within the age group of 20-30 years old had the smallest number with only 10 and a percentage of 9.7%. From the total respondents, female respondents were dominant with a frequency of 75 and a percentage of 72.8% while the male demographics stood

at 28 and a percentage of 27.2%. This shows that the majority of staff in UiTM Kedah are female. Based on the academic level of the respondents, the majority of them hold Master's qualification with a frequency of 71 and a percentage of 68.9%. There were no respondents with a pre-diploma qualification. This is apparent as most responses were from academic staff, better known as lecturers who in majority require a Master's qualification.

Based on the income level of the respondents, many of the UiTM Kedah staff were in the income level range of RM8000 and above, with a frequency of 27 and a percentage of 26.2%, indicating that they are mostly existing taxpayers due to the minimum amount of taxable income per year being RM34,000 or approximately RM2,800 monthly. The lowest frequency was from the income range of RM3,000-RM3,999 and RM4,000-RM4,999. The range of working experience amongst the respondents showed that most of them have working experience of between 6 to 10 years with a frequency of 39 and a percentage of 37.9%. The working experience range of 0-5 years had the lowest frequency with 16 and a percentage of 15.5%. Based on the question regarding occupation, most of the respondents were identified to be holding posts as lecturers with a frequency of 90 and a percentage of 87.4%. The lowest frequency came from the post of administrator with the frequency of 3 and a percentage of 2.9%. This might result in a smaller number of non-academic staff being ineligible to pay income tax due to their income level.

4.2 Regression Analysis

The regression analysis allows the researcher to identify the acceptability of the hypothesis made in the conceptual framework section. It is based on the value of Sig., where if it is below 0.05 then it implies that the hypothesis can be accepted. The regression analysis result is tabulated as below.

Table 2
Regression analysis

Independent Variable	Standardized Beta	Coefficient	Sig.
Tax Complexity	.238		.023
Tax Knowledge	.040		.706
R ² = .085		Durbin-Watson = 1.824	
F = 2.264			

The Sig. value indicates the significance of the relationship between the dependent variable and the independent variables. For it to have a significance, the value must be below 0.05. As presented in Table 2, only one independent variable, tax complexity, has a significant relationship towards the dependent variable of tax compliance with a Sig. value of 0.023, while tax knowledge has a Sig. value of .706. Table 3 presents the result of the hypothesis testing.

Table 3
Hypothesis testing

Hypotheses	Result
H1: There is a positive relationship between tax complexity and Malaysian taxpayers' compliance.	Supported
H2: There is a positive relationship between tax knowledge and Malaysian taxpayers' compliance.	Not supported

The R-square value indicates the strength of the independent variables and ability to explain the resultant dependent variable. The closer the value to 100%, the stronger the ability of the independent variable to explain the dependent variable. Based on the table above, the resultant R-square value is 0.085 or 8.5% which means there is another 91.5% portion of other independent variables not presented in the study that can better explain the dependent variable. The Standardised Coefficient Beta value indicates whether there is a relationship between the independent variable used for the study and the resulting dependent variable. As can be seen in Table 2, the independent variable of tax complexity has a Standardized Coefficient Beta value of .238 followed by tax knowledge with a figure of 0.40. The F value indicates whether the model can be considered significant or not. For the model to be significant, it requires a value of 1 or higher. Therefore, this model can be considered significant due to the resulting F value of 2.264.

5. Discussion

According to the study and the resultant hypothesis testing using SPSS version 24, only one hypothesis was supported while the other was not supported.

Hypothesis 1:

There is a positive effect between tax complexity and Malaysian taxpayers' compliance.

Based on the data collected, this hypothesis has been accepted due to its Sig. value (.023) being less than 0.05. This indicates that the complexity in the taxation process has a positive effect towards tax compliance. This means that the more complex the taxation process, the higher the level of taxpayers' compliance. This is in line with the past research of Xin et al. (2015) whereby the study showed that taxpayers will have to put in extra effort in understanding the taxation system if it becomes complex, especially with the usage of the SAS. Additionally, this may bring about taxpayers not in any event, endeavouring to comprehend tax terminologies and removing themselves from the tax system (Bornman & Ramutumbu, 2019).

Hypothesis 2:

There is a positive effect between tax knowledge and Malaysian taxpayers' compliance.

Based on the data collected and the tests that have been run using the SPSS, this hypothesis was not supported. Albeit prior studies have demonstrated tax knowledge improving tax compliance (Bornman & Ramutumbu, 2019), the results have failed to show that there is any significant relationship between tax knowledge and the level of Malaysian taxpayers' compliance. This can be seen when the significant value of this independent variable stands at .706 which is much larger than the required value of lower than 0.05. The correlation study has also shown that tax knowledge has a minimal negative relationship with the level of tax compliance due to the Pearson's value of -.068. This indicates that when tax knowledge is high, there is a decrease in the level of tax compliance. This is in accordance with past research done by Kasipillai, Aripin and Amran (2013) where they found that tax knowledge affects tax compliance negatively, as the increased knowledge in taxes allows the taxpayers to find new ways to evade paying taxes.

6. Conclusion

Based on the result, the hypothesis of tax complexity and tax compliance was supported, while the hypothesis of tax knowledge and tax compliance was not supported. It can be concluded that further research should be undertaken to further comprehend the impact of the present determinants within this study and other non-present ones towards the compliance level

of Malaysian taxpayers. Future studies will be able to use this research as a benchmark in the effort to gain a more comprehensive understanding of the significance of the tax compliance determinants. Furthermore, future studies can utilise this study to identify new factors such as tax moral, economic deterrents and others which have not been studied within this and past research. This can open up new avenues towards understanding the tax compliance behaviours of Malaysian taxpayers.

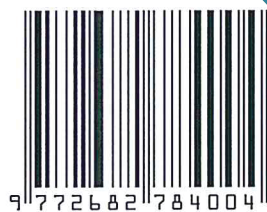
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