

Reforming the Malaysian Tax System: The Effects of Special Voluntary Disclosure Programme (SVDP), Role of Inland Revenue Board Malaysia (IRBM), and Demographics of Taxpayers on Malaysian Tax Awareness

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ABSTRACT

A sound tax system improves government revenue by encouraging voluntary tax compliance to ensure good tax awareness among citizens. However, many issues arise with regard to tax collection. As these issues remain unresolved, the government needs to frequently implement a tax amnesty programme which is not sustainable or cost-effective in the longer run. Tax awareness becomes a significant factor in managing tax compliance behaviour within contemporary literature. Hence, this paper aims at ascertaining the effects of Special Voluntary Disclosure Programme (SVDP), the role of Inland Revenue Board Malaysia (IRBM), and demographic factors on tax awareness among Malaysian taxpayers. This paper used Smart PLS version 3 to run the data. The results confirmed that SVDP, IRBM's role, and public/private sectors' employment are crucial in influencing tax awareness. These findings have implications for tax policies, such as developing tax knowledge programmes and raising public awareness among individual taxpayers in Malaysia.

Keywords: Special voluntary disclosure programme; tax administration; tax awareness; tax reform

INTRODUCTION

Taxes are the primary income for many nations, regardless of them being in developed, transition or developing countries. The tax revenues are utilised to run the state and be redistributed to improve developments and support to society (Deyganto 2018). The importance of income tax collection has been previously mentioned by the Chief Executive Officer of Inland Revenue Board Malaysia (IRBM), Datuk Seri Sabin Samitah. He noted that more than 50 percent of Malaysia's income tax collection had been utilised to support the nation's development policy and continuity of the people's well-being (Malaysia Tax Conference 2019). Samitah (2018) confirmed that tax revenue is not only used for capital projects but is also given to Malaysians in the form of 'Malaysia People's Aid.'

As this utilisation of tax revenue were noted by Samitah (2018), it was also noted that a country's tax administration system must be cost-efficient and productive to maximise the collection of taxes and other revenues. Although cost efficiency and productivity would enhance the tax administrative system, it would not be complete without high voluntary compliance by taxpayers. High voluntary compliance could only be achieved if taxpayers are able to have positive perceptions

towards the tax administrative system. As this perception continues to grow as awareness, taxpayers will be more concerned of their obligations as taxpayers in obeying rules and regulations of the tax system (Abd Hamid et al. 2018). This situation will ensure a great collection of tax income that could be used for many purposes as Malaysia moves forward to become a developed country in the future.

However, as mentioned by the Inland Revenue Board Malaysia (IRBM), the level of tax compliance among taxpayers was still low as of the 2017 year of assessment. Among 2.27 million individuals who were recorded as taxpayers in Malaysia, only 15.24 percent of them were paying tax, as depicted in Table 1. For corporations, it was recorded that only 16.27 percent of the 1.2 million registered corporations paid their tax liabilities. Indirectly, this situation indicated that taxpayers were still reluctant to pay taxes until this day. Hence, relevant measures are necessary to identify and manage the root of this problem. As a rule of thumb, registered individual taxpayers are required to pay tax in Malaysia if their income reaches the taxable income, which is RM36,000 per annum for 2021. This means that not all working individuals would need to pay taxes to the government.

TABLE 1. Number of paid taxpayers until December 31st, 2017

Type of Taxpayer	Registered Number	No. of Paying Tax	Percentage of Those Paying Tax
Company	1.2 million companies	195,216	16.27%
Individual	14.9 million	2.27 million	15.24%

Source: Adopted from IRBM 2017 Year of Assessment

As highlighted during 2019's Malaysia Tax Conference, the government is committed to creating awareness of the need for taxpayers to pay their fair share. Taxpayers were urged to come forward to declare their actual income voluntarily. Thus, the government launched the Special Voluntary Disclosure Programme (SVDP) on November 3rd, 2018 to facilitate taxpayers and tax education (Malaysia Tax Conference 2019). According to Nawawi et al. (2020), tax education became necessary because taxpayers still perceive tax as a burden due to their inadequacy of tax knowledge. Due to this, IRBM has been continuously introducing various initiatives as efforts in promoting tax knowledge of both registered and potential taxpayers in the private and public sectors (Abd Hamid et al. 2017). Many awareness programmes were held in a few places such as in the public higher institutions, whereby taxpayers would come and ask for advice from tax officers. At the same time, tax officers would often conduct talks for taxpayers to explain taxpayers' responsibilities, income declaration and form submission.

Thus, the central focus of this paper, which is to re-examine the effect of SVDP and IRBM's roles on tax awareness, is crucial and timely since SVDP had ended its implementation period on September 30th, 2019. The findings of this paper are vital to furnish information that would deeply benefit IRBM. It will provide further clarification for the identified issues to be recognised and areas of improvement to be developed for future enhancement of SVDP. At the same time, these findings would identify gaps in institutional functioning, particularly the role of IRBM in assisting and educating taxpayers on tax awareness. This paper is structured as follows: Section 1 presents a brief introduction about the topic, Section 2 discusses the literature review on tax awareness, SVDP, and roles of tax authority, Section 3 illustrates research methodology that highlights the approach of how this paper was constructed, Section 4 analyses the empirical outcomes, while conclusion and recommendation of this paper will be elaborated in Section 5.

LITERATURE REVIEW

This section begins with a theoretical approach to increasing taxpayers' awareness of their tax obligations. The discussion would then place focus on technical aspects of SVDP, which include several comparisons with previous tax amnesty programmes and the reciprocal importance of IRBM's roles in creating awareness among taxpayers.

As highlighted in previous studies, one of the factors in the psychological approach that influences taxpayer compliance behaviour is tax awareness. Tax awareness can only be effective in achieving tax compliance if tax knowledge and tax education are strengthened (Azmi et al. 2020). When a taxpayer has good knowledge of taxation, it would help to increase the individual's awareness and become more ethical with matters relating to tax compliance.

Several studies have discovered a positive association concerning tax compliance and tax awareness (Nurkhin et al. 2018; Savitri et al. 2016; Suyanto et al. 2016). However, Azmi et al. (2020) in their study on tax compliance among Grab car drivers in Malaysia, reported that tax awareness did not significantly influence tax compliance. As a result, participation and understanding of the taxpayer's tax obligation would significantly impact tax compliance. In other words, if the taxpayers were honest in their tax liabilities and understood how vital taxes are for social and economic development, then there would be fewer issues in non-compliance activities (Savitri et al. 2016).

It has long been argued that good behaviour of taxpayers would result in higher tax compliance (Sumartaya & Hafidiah 2014). Many governments, particularly in developing countries, have their approach to managing tax compliance (Deyganto 2018). As the government strived its commitment towards developing an efficient tax system, the implementation of SVDP showed its effort in encouraging taxpayers to declare their actual income voluntarily (Malaysia Tax Conference 2019). SVDP was Malaysia's third government-sponsored voluntary disclosure programme, following similar tax amnesty programmes in 2015 and 2016. All three programmes had the same goal, which was to encourage more taxpayers to come forward (LHDN 2018). Tax amnesty programmes involve the redemption of tax liabilities, which is focused on increasing government revenue (Wang et al. 2020).

Tax amnesty programmes are managed by the government for registered taxpayers to pay any outstanding tax without being subject to prosecution, with only a minimum penalty percentage being imposed on tax defaulters (Luitel & Sobel 2007). Among the nine countries that had implemented a tax amnesty programme, Indonesia had the highest collection of tax revenue from this programme. Indonesia seldom arranges for tax amnesty programmes, yet they were able to obtain a large number of revenue collection from their taxpayers (Abd Hamid et al. 2018). This argument is supported by previous research highlighting that the tax amnesty

programme that is conducted too frequently might negatively impact taxpayers' behaviour. This situation will allow them to wait until the best tax rate offered by IRBM before they declare their income (Wadesango 2020).

According to a study conducted by Torgler et al. (2003), the effect of tax amnesties in Switzerland and Costa Rica showed that the tax amnesty programme had a significant positive effect on tax awareness. This would result in which taxpayers would eventually come forward and declare their tax liabilities. Besides that, Alm and Rath (1998) had argued that the implementation of the tax amnesty programme has many benefits, such as immediate improvement on tax revenue collection, minimising administrative costs, and a boost in tax compliance afterwards. However, there are also some drawbacks of the tax amnesty programme, such as generating small and overstated tax revenue, also bringing down tax compliance among honest taxpayers, as they would then perceive that the tax amnesty programme is unfair (Alm & Rath 1998). Therefore, this postulation has led to the following hypothesis:

H₁ SVDP positively influences tax awareness.

Another critical measure lies in the role of tax authority. Previous research indicated that institutional factors from tax authority played a vital role in taxpayer compliance decisions (Abdul 2001). Abdul (2001) suggested that taxpayers should be consistently educated by IRBM, particularly the younger generation, to understand the tax system better and encourage them to be more tax-compliant. Tax officers who were in a direct relationship with taxpayers should be in good relations with the majority of these stakeholders. One way of maintaining this good relationship is to become more empathetic with taxpayers, treat them equally and motivate them to conform with their taxes (Serim et al. 2014). Being in line with its corporate governance pledge, board members of IRBM are committed to maintaining and ensuring the highest standards in tax enforcement. IRBM is governed by a board of directors, led by the Chairman and eight members who oversee the organisation's day-to-day operations. IRBM's board of directors is the main body that formulates and determines its policies and direction in achieving the success of its strategic objectives. However, showing commitment does not always lead to compliance. Epps et al. (2010) suggested that taxpayers who understood the responsibility of their tax authority were more likely to comply with tax law. Understanding the tax authority's responsibilities could increase tax compliance behaviour among corporate taxpayers. To ensure that taxpayers comply with tax law, the enforcement role of the tax auditor became more vital these days.

Unfortunately, some tax auditors decided to abuse the authority of their profession by harassing taxpayers

for personal gain, creating a moral hazard. Tax auditors should have been able to meet their expectations while ensuring professional due care is exercised. This is especially important now that tax audit is being perceived as a mechanism for tax compliance under the self-assessment system. Hence, previous researchers believed that cognizance of the tax authority's responsibilities could possibly positively affect tax awareness. It becomes of great importance for taxpayers to understand the role of their tax authority and the aim of the established system.

In Malaysia, IRBM as its tax authority is responsible for enacting appropriate tax laws and educating taxpayers about changes in the regulations. Awareness of changes that have been made in the laws would possibly encourage taxpayers to comply with the regulations. However, some studies had found that regulatory functions would bring either positive or negative effects on compliance behaviour. Poshakwale et al. (2020) and Timothy and Abbas (2021) found that more regulations could influence compliance behaviour. Similarly, Rahayu et al. (2017) noted that regulations positively affected compliance behaviour. Based on the above findings, the hypothesis is as follows:

H₂ The role of IRBM positively influences tax awareness.

Demographic factors play a role in many research, including taxation. This was proven by multiple studies such as Defitri and Fauziati (2018); Hoseini et al. (2018); also Fotiadis and Chatzoglou (2022). One of the demographic factors stressed in these researches is gender (Fotiadis & Chatzoglou 2022), for which the study found that women have higher tax morale than men. Meanwhile, Defitri and Fauziati (2018) noted that education level affected the usage of e-filing for tax submission. Another study by Jackson and Milliron (1986) confirmed that education is a critical factor in influencing the tax decision to comply with the tax laws or not. Mohani (2001) indicated that higher income earners tend to avoid tax as they feel the tax system is unfair to them. This argument was supported by Loo (2006), who discovered that high-income earners in Malaysia were less compliant as the income level has a significant effect on compliance. However, another study by Trogler (2007) described the other way around.

For this paper, five demographic factors were selected as variables, which includes the duration of services, education level, employment sector (whether public or private sectors), gender, and monthly income level. All these factors are positively hypothesised towards tax awareness as below:

H₃ Demographic factors positively influence tax awareness

RESEARCH METHODOLOGY

SAMPLE SELECTION

By implementing a purposive sampling method, the sample was chosen based on specific criteria to meet the objectives of this paper. Purposive sampling is a nonprobability sampling design in which data is collected from a particular group established on a select, rational basis (Sekaran & Bougie 2016). For this purpose, respondents (consisting of individual taxpayers) must be registered with IRBM. On record, there are about 2.27 million individual taxpayers in Malaysia for the year of 2019. However, for research purposes, a total of 384 are deemed to be necessary to be tested as respondents for this paper (Krejcie & Morgan 1970). Meanwhile, a minimum sample of 117 is needed for a medium effect size of 0.15 (Green 1991). The author followed the minimum sample of 117 due to the short period of time allocated to complete this paper.

Google Form link was sent to 500 respondents through Whatsapp and other social media platforms in four months. Necessary explanations were provided in the beginning of the questionnaire to give an understanding of the purpose of data collection among respondents before they would answer the questionnaire. A total of 150 taxpayers completed this questionnaire, which gave a 30 percent response rate. Within this number, completed questionnaires from five respondents were disregarded due to a straight-line issue. Straight-lining occurs when respondents provide the same scale of answers to a series of items in the same subsection, or for all sections in a questionnaire. As a result, this straight-line issue tends to reduce the quality of the overall data analysis. Therefore, 145 respondents were selected as the final sample for this paper.

QUESTIONNAIRE PREPARATION

The data were collected using a structured questionnaire. The questionnaire was divided into various sections. Section A captured demographic information, whereas section B focused on tax awareness measures. Section B consisted of two parts. The first section consisted of 9 questions about IRBM, while the second section consisted of 8 questions about SVDP. This section was classified using a five-point Likert scale (from 1-strongly disagree to 5-strongly agree), which indicated the level of respondents' agreement or disagreement with each item. Section C was focused on the Malaysian taxation system. An open-ended question was included in this section, where respondents' opinions and recommendations were highly recommended to fill out this section.

The developed survey questionnaire was pre-tested by two academicians. The pre-test was conducted to test the face validity of developed items (Sekaran & Bougie 2016) and to identify if potential respondents might have problems in understanding or interpreting a question. Changes were made according to the comments and

suggestions received from the academicians. The process was then continued with a small-scale pilot test with selected individual taxpayers. This pilot test represents the fundamental stage of the research process. The purpose of this pilot test is to further refine the questionnaire which would help to investigate the feasibility of an approach that is intended to be used on a larger scale of study (Leon et al. 2011). It is conducted to examine whether the developed questions would be properly understood by respondents. It also helps to estimate the average period of time that would be taken to answer the questionnaire. Thirty-one (31) respondents were chosen to participate in this pilot test and the data were preliminarily analysed. Some questionnaires were modified based on the feedback given by respondents. After going through the pre-test and pilot test phases, the complete survey questionnaire was distributed to the sample.

DATA ANALYSIS

The data had been analysed by using Statistical Package of Social Sciences (SPSS) version 22 for the descriptive analysis. In particular, demographic factors and inferential analysis was performed using SmartPLS version 3. All measurement analyses, such as convergent validity of item factor loadings, average variance extracted (AVE), Cronbach's alpha (CA), and composite reliability (CR) plus discriminant validity, were checked separately before the structural model was developed, as suggested by Hair et al. (2013). The research performed bootstrap resampling technique with 5000 iterations of resampling and $p < 0.05$ to identify the relationship between variables.

RESULTS AND DISCUSSIONS

DEMOGRAPHIC INFORMATION

This part explained the demographic factor of respondents and their backgrounds, such as gender, age, education level, employment sector, duration of services, and average monthly income. Based on Table 2, most respondents were female (63%), leaving a balance of 37 percent of male respondents. Most of the respondents' ages range from the 26-35 age category (32%), followed by respondents from below the 25 years old age range category (26.3%). 21 percent of the respondents were from the age range of 46-55, 16 percent of the respondents were from the age range of 36-45, while only 5 percent of the respondents were from the age range of 56 and above. Malay respondents accounted for 92 percent from the total, while Chinese respondents were 3 percent, and Indian respondents accounted at 0.5 percent. Other races accounted for 4.5 percent of the total respondents. The majority of respondents were married (50%), followed by 48 percent of singles and 2 percent were divorcees.

Table 2 also shows the respondents' education levels. The majority of respondents were undergraduates/ degree holders, representing 47 percent of the total respondents,

followed by those with a diploma and SPM holders, each with 16 percent, and master degrees with 12 percent out of the total respondents. Most of the respondents were employed (96%), while only 4 percent were self-employed. More than half of the respondents worked in the private sector, and respondents working in the public sector only accounted for 43 percent. Almost half of the respondents have worked for 11 years and above (41%). On the other hand, one-third of them have worked for 1–3 years. Moreover, 15 percent of them have worked

for less than one year. Furthermore, less than 15 percent of them have worked for less than ten years. Most of the respondents (39%) had an average monthly salary ranging from RM 2,001–RM 3,000. One-fifth of the respondents had an average monthly salary ranging from RM 5,001 to RM 6,000. Moreover, 17 percent of them had an average monthly salary ranging from RM 1,000 to RM 2,000. Lastly, average monthly incomes from RM 3,001–RM 4,000 and RM 4,001–RM 5,000 recorded the same number of respondents with 16 percent each.

TABLE 2. Demographics of the respondents (N:145).

Demographics	Descriptions	Frequency	Percentage (%)
Gender	Male	54	37.2
	Female	91	62.8
Age	<25	38	26.2
	26-35	47	32.4
	36-45	23	15.9
	46-55	30	20.7
	56 and above	7	4.8
Race	Malay	133	91.7
	Chinese	4	2.8
	Indian	1	.7
	Others	7	4.8
Marital status	Married	72	49.7
	Single	69	47.6
	Divorced	4	2.8
Education level	SPM	23	15.9
	STPM	6	4.1
	Diploma	23	15.9
	Degree	68	46.9
	Professional	8	5.5
	Master	17	11.7
Type of employment	Employed	139	95.9
	Self Employed	6	4.1
Average monthly income	RM1000- RM2000	24	16.6
	RM2001-RM3000	57	39.3
	RM3001-RM4000	18	12.4
	RM4001- RM5000	17	11.7
	RM5001-RM6000	29	20.0
Duration of services	<1 year	22	15.2
	1 - 3 years	44	30.3
	3 - 6 years	11	7.6
	6 - 10 years	8	5.5
	11 years and above	60	41.4
	Total	145	100

MEASUREMENT MODEL

The first step of Structural Equation Model (SEM) using SmartPLS 3 is to analyse the measurement model of a construct (Sarstedt et al. 2014). SEM by SmartPLS is a second-generation of data analysis technique in assessing the relationship between factors, for which it considers all items to be analysed for hypothesis testing (Ramayah et al. 2016). Assessment of measurement models is required for all variables before inferential analysis can be carried

out. This assessment includes the validity and reliability of measures. Each individual item loading, CR, CA and AVE are used to measure the reliability and validity of constructs.

After all indicators that should be removed from the path model were identified, the significance test of direct effect was conducted via bootstrapping. Figure 1 shows the path model of direct effect after removing items with an outer loading of less than 0.70.

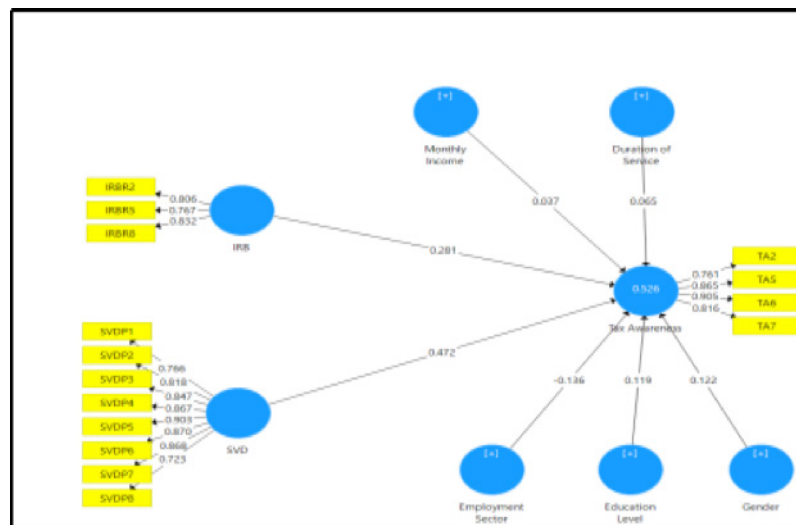


FIGURE 1. Research model.

After the path model has been identified, the analysis would begin with the measurement model using SmartPLS version 3. The model was assessed in its reliability, convergent validity, and discriminant validity. In the beginning, the reliability of items was verified based on factor loading values. Table 3 shows that all of the items loaded into their related latent constructs were higher than 0.70. Next, reliability was determined based on CR values at the construct level. Table 3 shows that CR value

was greater than 0.70 for all constructs, indicating that the measurement model's reliability was established at both item and construct levels. Next, convergent validity was evaluated based on AVE value (Hair et al. 2017; Quoquab et al. 2019). Table 3 demonstrated that the AVE value for all constructs exceeded the 0.50 cut-off point. Therefore, convergent validity was established (Henseler et al. 2016).

TABLE 3. Convergent validity

Variables	Items	Loading	Composite Reliability	Cronbach Alpha	AVE
IRBM	IRBM2	0.806	0.844	0.724	0.643
	IRBM5	0.767			
	IRBM8	0.832			
SVD	SVDP1	0.766	0.948	0.937	0.697
	SVDP2	0.818			
	SVDP3	0.847			
	SVDP4	0.867			
	SVDP5	0.903			
	SVDP6	0.870			
	SVDP7	0.868			
	SVDP8	0.723			

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TA	TA2	0.761	0.904	0.857	0.703
	TA5	0.865			
	TA6	0.905			
	TA7	0.816			

After convergent validity, the analysis proceeded with discriminant validity. The discriminant validity was assessed based on the criterion proposed by Fornell and Larcker (1981). To determine discriminant validity based on the Fornell-Larcker measure, the square root of average variance extracted for that construct should be

higher than its correlation with other constructs in the model (Hair et al. 2017). Table 4(a) indicated that all values on the diagonals were larger than the subsequent row and column values, suggesting that the instruments were discriminant.

TABLE 4(A). Discriminant validity based on Fornell-Larcker criterion.

Latent Variables	1	2	3	4	5	6	7	8
1.Duration of Service	1							
2.Education Level	-0.224	1						
3.Employment Sector	0.529	-0.356	1					
4.Gender	-0.216	0.196	-0.188	1				
5.IRBM	0.233	-0.047	0.148	0.013	0.802			
6.Monthly Income	0.72	0.172	0.321	-0.135	0.277	1		
7.SVDP	-0.037	0.084	-0.17	0.106	0.45	0.066	0.835	
8.Tax Awareness	0.015	0.209	-0.194	0.206	0.494	0.153	0.644	0.838

Heterotrait-Monotrait (HTMT) ratio criterion was also another method used to test discriminant validity. Discriminant validity using HTMT could be established when the ratio between the construct within construct correlation is less than 0.85 or 0.90 (Henseler et al.

2015). The findings in Table 4(b) proved that the values of HTMT_{for} all variables were lower than 0.90. Therefore, it is confirmed that discriminant validity had been demonstrated using both approaches.

TABLE 4 (B). Discriminant Validity-HTMT criterion

	1	2	3	4	5	6	7	8
1.Duration of services								
2.Education level	0.224							
3.Employment sector	0.529	0.356						
4.Gender	0.216	0.196	0.188					
5.IRBM's role	0.306	0.131	0.193	0.089				
6.Monthly income	0.720	0.172	0.321	0.135	0.350			
7.Tax Awareness	0.081	0.202	0.214	0.189	0.684	0.198		
8.SVDP	0.067	0.084	0.171	0.109	0.638	0.078	0.806	

STRUCTURAL MODEL

Hair et al. (2017) and Mohammad et al. (2019) recommended checking for R square, beta, and conforming t-values through a bootstrapping technique with a resample of 5,000 to evaluate the structural model. In addendum to these rudimentary methods, the effect sizes (f^2) should also be highlighted by scholars (Henseler

et al. 2016). For this structural model, the paper observed the effects of independent variables (IRBM's role, SVDP and demographic factors) on the dependent variable (tax awareness, as depicted in Table 5. The R^2 value from Table 5 was 0.526, signifying that SVDP and IRBM's role, together with other demographic factors, could explain 52.6 percent of the variance in tax awareness.

Some issues with regards to the development of structured models have been tackled during its initial stages, such as the collinearity issue of the structural model. This collinearity issue was assessed by analysing VIF value. VIF values should be less than 5 for all variables to ensure that no multicollinearity occurred in the model. Table 5 indicated that there was no possibility of multicollinearity issue arising in the model, as the VIF value was less than 5: duration of services (3.083), education level (1.562), employment sector (1.590), gender (1.089), IRBM's role (1.712), monthly income (2.885) and SVDP (1.605).

Subsequently, the following evaluation investigated on the model's effect size by applying *F* square by using Cohen's f^2 . This evaluation measures the relative impact of independent variables on dependent variables. The effect size of variables from Table 5 indicates that the f^2 value of 0.102 for IRBM's role was of medium effect size (Cohen,1992). f^2 for the other variables had either a small or no effect at all because the value was between 0.000 and 0.030. However, SVDP indicated a large effect size with f^2 value of 0.452.

TABLE 5. Determination of coefficient (R^2) and effect size (f^2)

Item	Path Coefficient	VIF	F Square	R square
Duration of services	0.065	3.083	0.013	
Education level	0.119	1.562	0.020	
Employment sector	-0.136	1.590	0.030	
Gender	0.122	1.089	0.020	0.526
IRBM's role	0.281	1.712	0.102	
Monthly income	0.037	2.885	0.000	
SVDP	0.472	1.605	0.452	

The final analysis was conducted with bootstrapping analysis to observe the relationship between independent variables (IRBM roles, SVDP and demographic factors) and dependent variable (tax awareness). Based on Table 6, there was a significant relationship between SVDP and tax awareness ($p = 0.000$, t -value = 6.549). Consequently, hypothesis H1 which postulated that there is a positive relationship between SVDP and tax awareness was supported. This finding supported earlier findings of Torgler et al. (2003); also Alm and Rath (1998). It showed that SVDP in Malaysia had given a positive impact to taxpayers. To further support this finding, qualitative input was also prompted in the questionnaire using open-ended questions so that the respondents could provide their opinion. One of the prepared questions was: should the IRBM continue SVDP so that more taxpayers

will voluntarily declare their income? To this question, 145 respondents gave their opinions, which have been classified into three simplified answers: yes, no, and others. The result showed that 83 percent of respondents agreed that IRBM should continue SVDP, while 10 percent did not agree. Those who agreed linked their reasons towards the objective of SVDP which was to open the eyes and minds of taxpayers about their responsibility in paying tax, as it will lead towards the country's development. SVDP would also help taxpayers to be more aware and engage in compliance behaviour. SVDP could cater to the stubbornness of taxpayers, and through SVDP, taxpayers could have the benefit of lower penalties. These opinions could also be summarised that the SVDP could increase tax awareness among taxpayers as they work towards paying their tax, as hypothesised in H1.

TABLE 6. Path coefficient and hypothesis testing

Path	Coefficient	T Statistics	P Values	Decision
Duration of Service -> Tax Awareness	0.065	0.677	0.498	-
Education Level -> Tax Awareness	0.119	1.629	0.103	-
Employment Sector -> Tax Awareness	-0.136	1.936	0.053	Supported
Gender -> Tax Awareness	0.122	1.923	0.055	Supported
Monthly Income -> Tax Awareness	0.037	0.44	0.660	-
SVDP -> Tax Awareness	0.472	6.549	0.000	Supported
IRBM -> Tax Awareness	0.281	3.759	0.000	Supported

* p value < 0.05

Findings in Table 6 showed a positive association between IRBM role and tax awareness ($p = 0.001$, t -value = 3.408). Therefore, it has been found that hypothesis H2 was supported. It was proven that the tax authority contributes a major role in increasing the tax awareness of taxpayers. This finding had also supported the findings of Helhel (2014), who found that the most important issue by South African respondents concerning the improvement of their tax awareness campaigns was on their tax authority, which is the South Africa Revenue Service (SARS). In South Africa, a few workshops on tax training were required to ensure the taxpayers understood taxation. Thus, it was crucial for SARS to further promote tax education by offering better-planned campaigns to increase taxpayers' compliance (SARS 2012b). Similar situation is also happening in Malaysia, where the tax authority would need to ensure frequent advertising to alert the public on programmes such as the tax amnesty promotion. Hence, IRBM needs to play its role aggressively for tax awareness to be increased among Malaysian taxpayers.

Further, taxpayers' demographics, specifically on employment sectors and gender, play important roles in tax awareness. Findings in Table 6 showed a significant positive relationship between these variables. This hence supported the findings from previous study by Fotiadis and Chatzoglou (2022). Many public servants had pledged to automatically make monthly tax deductions from their salary. This is because their employer will help them to remit the tax directly to IRBM based on the earlier tax computation. In practice, taxpayers from the public service may submit their form B or BE to IRBM within four to six months after a particular year of assessment period ends.

In support to this findings, qualitative input from the survey had also prompted respondents to provide their opinion about tax awareness. The related question that was asked to the respondents was: what can be done to increase tax awareness among Malaysians? To this, 145 respondents provided their opinions, and these insights were simplified into five answers: campaigns, media, the role of employers, tax education, and others. According to the responses, 51 percent agreed that running the campaign would raise awareness among Malaysian taxpayers. Some respondents proposed to organise a campaign that included an exhibition, roadshow, open day, public talks about tax amnesty programme, as well as awareness to pay tax. It was also recommended that IRBM should share information about Malaysia's taxation, update the most recent details on Malaysia's taxes, and expose the importance of paying tax. This campaign should be organised by the IRBM so that the campaign could increase awareness among Malaysian taxpayers.

Moreover, the result of the study indicated that respondents suggested ways to increase tax awareness activities by 27 percent of the media, 16 percent of tax education, and 3 percent of both employers' and other roles. Thus, IRBM should also be aggressively involved

in both mass media and social media. Respondents also suggested that IRBM could provide more informative and interactive information in the media, such as updating IRBM activities, providing updated information on Malaysian taxation, reminding taxpayers to pay their taxes, and educating the public about the importance of paying taxes. IRBM could raise awareness among Malaysian taxpayers by aggressively being involved in the media.

CONCLUSIONS

Tax revenue plays an essential part in providing government spending funds (Ali et al. 2014). The government requires a stable financial source to operate the country. Malaysia always looks up its annual targeted taxation to finance its anticipated expenses, including public health care, education, and national defence. Based on the finding of this study, IRBM's roles positively affected tax awareness. IRBM provided many activities to promote a high level of tax compliance in Malaysia. For example, continuous tax education programmes are designed to expose taxation laws to the IRBM's clients and future taxpayers (Ali et al. 2014). To ensure that they were implemented and to improve the work process of the tax system, IRBM is given the authority to govern, as well as regulate the rules and regulations passed by the Parliament. In achieving high tax collection, IRBM is responsible for encouraging and assisting voluntary compliance. They also need to deter tax evasion, maintain public confidence in the tax system's integrity, administer the tax laws fairly and create a climate of public trust, fairness, impartiality, and firmness (IRBM Act 1995).

The finding of this study also indicated that SVDP had a positive relationship with tax awareness. Ernst and Young Tax Consultants Sdn Bhd (EY) tax leader, Amarjeet Singh, optimistically believed that SVDP could yield better results for the government since there was better organisation this time around. The collaborative effort gauged from SVDP should continuously engage IRBM and its officers with the public through various channels to create awareness (Star Online 2019).

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