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ABSTRAK (BAHASA MALAYSIA)

Kertas projek ini menyelidik kesan kualiti juruaudit terhadap cukai pendapatan yang dikiranya apabila bertindak sebagai ejen cukai untuk sampel syarikat yang tersenarai di Bursa Saham Kuala Lumpur. Disamping menjalankan kerja-kerja audit, juruaudit berkenaan dilantik sebagai ejen cukai bagi melakukan kerja-kerja pengiraan cukai pendapatan kena bayar. Kewibawaan juruaudit-ejen cukai dianalisa secara melihat jumlah kerja-kerja audit yang digambarkan oleh yuran audit. Kebebasan juruaudit-ejen cukai pula dianalisa dengan melihat jumlah kerja-kerja bukan audit yang digambarkan oleh yuran bukan audit. Sementara itu reputasi juruaudit-ejen cukai pula dianalisa dengan melihat jenama juruaudit.

Keputusan menunjukkan wujudnya hubungan positif antara cukai syarikat kena bayar dengan yuran audit. Yuran audit yang tinggi menggambarkan bahawa kerja-kerja audit yang banyak dilakukan oleh juruaudit yang berwibawa. Juruaudit-ejen cukai yang lebih berwibawa ini pula akan mengira cukai pendapatan kena bayar syarikat lebih tinggi. Sebagaimana dijangka wujud hubungan negatif antara cukai kena bayar dengan yuran bukan audit. Yuran bukan audit yang tinggi menggambarkan hubungan yang lebih rapat antara juruaudit-ejen cukai dengan pelanggannya. Penemuan ini menunjukkan bahawa hubungan yang lebih rapat juruaudit-ejen cukai dan pelanggannya, maka makin kurang cukai pendapatan kena bayar yang dikiranya. Begitu juga dengan cukai kena bayar oleh pelanggan Big Five adalah lebih tinggi berbanding dengan pelanggan bukan Big Five. Ini menunjukkan bahawa reputasi juruaudit berjenama boleh memberi kesan kepada pengiraan cukai pendapatan kena bayar sesebuah syarikat.

ABSTRACT (ENGLISH)

This paper investigates the effect of employing the same auditor as the tax agent on the computation of corporate tax payable by the company listed on the Kuala Lumpur Stock Exchange. After auditing the financial statement, the auditor is appointed as a tax agent to do tax agent work to compute tax payable. The competency of auditor-cum-tax agent is analysed by looking at the amount of audit work as reflected on audit fees. The independence of auditor-cum-tax agent is analysed by looking at the amount of nonaudit work provided by the auditor as reflected by nonaudit fees. On the other hand auditor-cum-tax agent's reputation is examining by looking at auditor's brand name.

The results indicate that there is a positive relationship between the corporate tax payable and the audit fee charged which demonstrate that more audit work result in higher corporate tax payable computed by the auditor-cum-tax agent. Moreover, as predicted there is a negative relationship between tax payable and non-audit fees. This findings show that the more independent the relationship between auditor-cum-tax agent and clients, the higher is the tax payable. In addition, Big Five firms' clients pay higher tax than companies audited by non-Big Five firms. This shows that brand name or reputable auditor such as the Big Five can affect the computation of tax payable.

Key Words: Auditor-cum-tax agent, tax payable, audit fee, nonaudit fee, and brand name.

Data Availability: The data used is from the Inland Revenue Board Malaysia.

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THE EFFECT OF QUALITY DIFFERENTIATED AUDITOR-CUM-TAX AGENT ON CORPORATE TAX PAYABLE

1.0. INTRODUCTION

Direct tax is the main source of revenue for the Malaysian Government accounting for 45% of total Federal tax revenue (Source: Economic Report 2002/2003). The Inland Revenue Board Malaysia (IRB)¹ is the government agency, that is responsible to collect income tax for the Government of Malaysia. If the Government is able to measure the performance of IRB is based on the tax collection, then the performance of IRB is directly proportionate with the companies' revenues reported and inversely proportionate with the expenses of the companies. The income and expenses reported by the companies are disclosed in the financial statement as a product of the activities of the management and auditors. From the agency theory, investors use auditors, audit committees, remuneration committees and non-executive directors to monitor and control managements' actions. The roles of auditors are essential to safeguard the interests of the Government and investors.

Companies are generally treated for tax purposes as legally separate entities from their shareholders and they should settle their tax payable within a certain stipulated period. Every year, resident² and non-resident companies who exercise their business activities in Malaysia must submit their tax returns³ together with audited accounts and tax computations to IRB. Tax payable is calculated from the net profit and is adjusted according to the tax law, which determines the tax liability of the corporations to the government. Thus the amount of tax payable of the company is

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