DETERMINANTS OF TAX NON-COMPLIANCE AMONG SMCS: EVIDENCE FROM IRBM KL BANDAR BRANCH

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By

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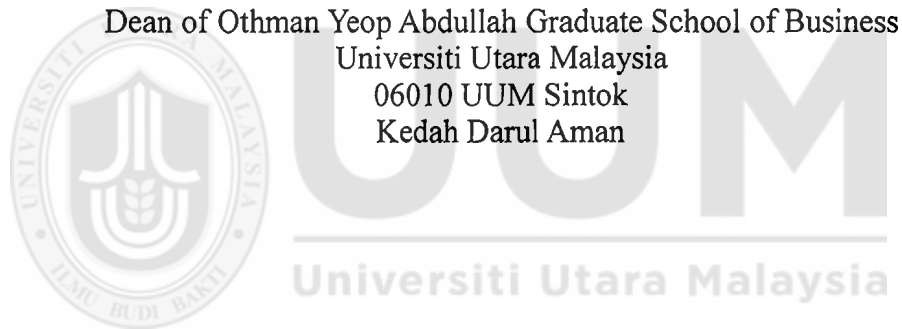
ABSTRACT

Tax revenues are the biggest sources of government funds. However, the pervasiveness of tax non-compliance remains a serious concern to most tax authorities around the world. The issue on tax non-compliance has been the subject of much discussion among both academicians and practitioner in Malaysia. In many cases it is impossible to prove non-compliance. Increasing voluntary compliance among Small-and-Medium-sized Corporations (SMCs) is thus a worthwhile endeavor. In order to do so, an in-depth understanding of the factors fostering non-compliance is essential. In Malaysia, SMCs are source of tax/fiscal revenue to the Federal government. However, there is still a huge number of this corporate tax payer which did not comply with the tax authority i.e. Inland Revenue Board of Malaysia. The purpose of this paper is to examine whether company size, types of industry and age of the company are influencing the tax non-compliance among SMCs in Malaysia. This study analyzes and test the tax-audited cases finalized by the Kuala Lumpur Bandar branch of Inland Revenue Board of Malaysia (IRBM) in year 2015. Data are gathered from Case Management System (CMS) extracted by officer in charge from IRBM. Population of the study is focused on the SMCs cases resolved in year 2015 by tax auditor in Kuala Lumpur Bandar Branch. A total of 382 cases gathered from the IRBM of Kuala Lumpur Bandar branch. Out of those cases, only 329 cases are tax non-compliance company and to be analyzed. The finding shows that two factors i.e. size of the company and types of industry are found to significantly influence tax non-compliance among SMCs. The finding of this study could be used by the tax authorities and policy makers to determine company or SMCs to be audited in future. In addition, it is hoped that the study's finding would be used to help the IRBM to increase compliance among taxpayers. The IRBM may develop more efficient and effective strategies in the future in order to collect tax appropriately. The limitation of this study is also presented in this paper.

Keywords: Malaysia, Small-and-medium-sized corporations (SMCs), Tax audited cases, Tax non-compliance

ABSTRAK

Hasil cukai adalah sumber terbesar dana kerajaan. Walau bagaimanapun, keberleluasaan di dalam ketidakpatuhan cukai masih merupakan masalah yang paling serius kepada pihak berkuasa cukai di seluruh dunia. Isu mengenai ketidakpatuhan cukai telah menjadi subjek banyak perbincangan antara kedua-dua ahli akademik dan pengamal di Malaysia. Dalam banyak kes, ia adalah mustahil untuk membuktikan ketidakpatuhan. Oleh itu, meningkatkan pematuhan sukarela di kalangan Syarikat bersaiz Kecil dan Sederhana (SMC) itu adalah satu usaha yang bernilai. Dalam usaha untuk berbuat demikian, pemahaman yang mendalam tentang faktor-faktor yang menggalakkan ketidakpatuhan adalah penting. Di Malaysia, SMC adalah sumber hasil cukai / fiskal kepada kerajaan Persekutuan. Walau bagaimanapun, masih terdapat sejumlah besar pembayar cukai korporat ini yang tidak mematuhi pihak berkuasa cukai iaitu Lembaga Hasil Dalam Negeri Malaysia. Tujuan kertas ini adalah untuk mengkaji sama ada saiz syarikat, jenis industri dan tempoh syarikat itu mempengaruhi ketidakpatuhan cukai di kalangan SMC di Malaysia. Kajian ini menganalisis dan menguji kes yang telah diaudit dan diselesaikan oleh cawangan Kuala Lumpur Bandar, Lembaga Hasil Dalam Negeri Malaysia (LHDNM) pada tahun 2015. Data dikumpulkan daripada Sistem Pengurusan Kes (CMS) yang diekstrak oleh pegawai yang bertanggungjawab dari LHDNM. Populasi kajian ini memberi tumpuan kepada kes-kes SMC diselesaikan pada tahun 2015 oleh juruaudit cukai di cawangan Kuala Lumpur Bandar. Sebanyak 382 kes dikumpulkan dari LHDNM cawangan Kuala Lumpur Bandar. Daripada kes tersebut, hanya 329 kes adalah syarikat yang tidak patuh dan akan dianalisis. Dapatan kajian menunjukkan bahawa dua faktor iaitu saiz syarikat dan jenis industri adalah mempengaruhi dengan ketara ketidakpatuhan cukai di kalangan SMC. Dapatan kajian ini boleh digunakan oleh pihak berkuasa cukai dan pembuat dasar untuk menentukan syarikat atau SMC untuk diaudit pada masa depan. Di samping itu, adalah diharapkan dapatan kajian ini akan digunakan untuk membantu pihak LHDNM bagi meningkatkan pematuhan di kalangan pembayar cukai. LHDNM boleh membangunkan strategi yang lebih cekap dan berkesan pada masa akan datang dalam usaha untuk mengumpul cukai sewajarnya. Limitasi dalam kajian ini juga dibentangkan dalam kertas ini.

Kata kunci: Malaysia, Syarikat-syarikat bersaiz Kecil dan Sederhana (SMC), Kes yang telah diaudit cukai, Ketidakpatuhan cukai

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LIST OF ABBREVIATIONS

IRBM	Inland Revenue Board of Malaysia
CTD	Corporate Tax Department
SMC	Small and Medium Sized Corporations
KLBB	Kuala Lumpur Bandar Branch
LHDNM	Lembaga Hasil Dalam Negeri Malaysia
TCMP	Tax Compliance Measurement Program

CHAPTER 1

INTRODUCTION

1.1   Background of the Study

Tax revenues are the biggest sources of government funds (IRBM, 2014). In year 2014,

the direct taxes collected by Inland Revenue Board of Malaysia (IRBM) are contributing

59.40% of total federal government's revenue (Figure 1.1 and Figure 1.2), which means

that non-compliance could affect the revenue collection indirectly. Thus, it is important to

ensure that all taxpayers in Malaysia to pay tax appropriately.
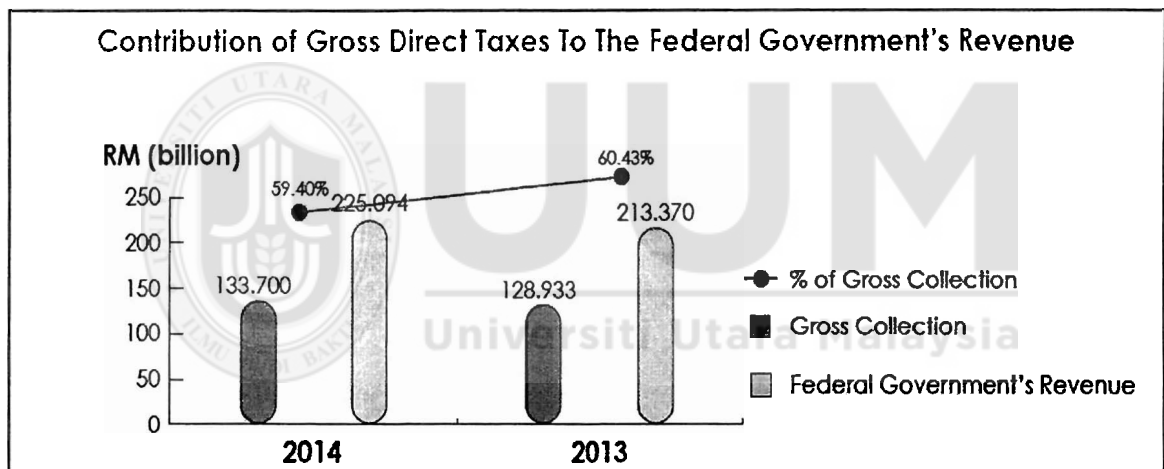
Figure 1.1 *Contribution of Gross Direct Taxes to the Federal Government's Revenue*

Sources: IRBM Annual Report 2014

2014			2013		
133,700.11 (RM million)			**128,932.69 (RM million)**		
Direct Tax Component		2014 (RM million)	Direct Tax Component		2013 (RM million)
Companies		69,948.08	Companies		65,103.80
Petroleum		26,971.47	Petroleum		29,753.12
Individual		26,654.91	Individual		24,607.91
Cooperative		170.11	Cooperative		286.25
Withholding Tax		2,205.10	Withholding Tax		2,012.57
Stamp Duty		6,459.57	Stamp Duty		6,330.75
Labuan IOFC*		26.85	Labuan IOFC*		20.34
RPGT**		1,235.36	RPGT**		787.29
Others***		28.66	Others***		30.66

IOFC (International Offshore Centre)
** RPGT (Real Property Gains Tax)
***Others (inclusive of Payment Section 124 ITA1967, court charges, bank interest, the legal results, business registration and service fees Section 138B ITA 1967)

Figure 1.2 *Direct Tax Component*

Sources: IRBM Annual Report 2014

As a tax authority in Malaysia, the IRBM has streamlining the tax administration policies to implement a self-assessment tax system (SAS) on companies with effective from Year of Assessment (YA) 2001. The main purpose of the IRBM in implementing self-assessment system (SAS) is to encourage voluntary tax compliance. Under SAS, taxpayers are the responsible person to assess their tax liability rather than the tax assessors. However, after the implementation of SAS, IRBM then has another responsibility to ensure that the voluntary declared / assessed taxable income by the eligible people is appropriately reported. Thus, IRBM has established tax audit unit to

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enforce and audit those taxpayers involved. In order to increase the level of voluntary compliance among taxpayers and the national revenue collection, IRBM has given priority to the strengthening and implementation of tax audits (field and desk audit). The performance of tax audits settlement for company and non-company can be seen in Figure 1.3 below.
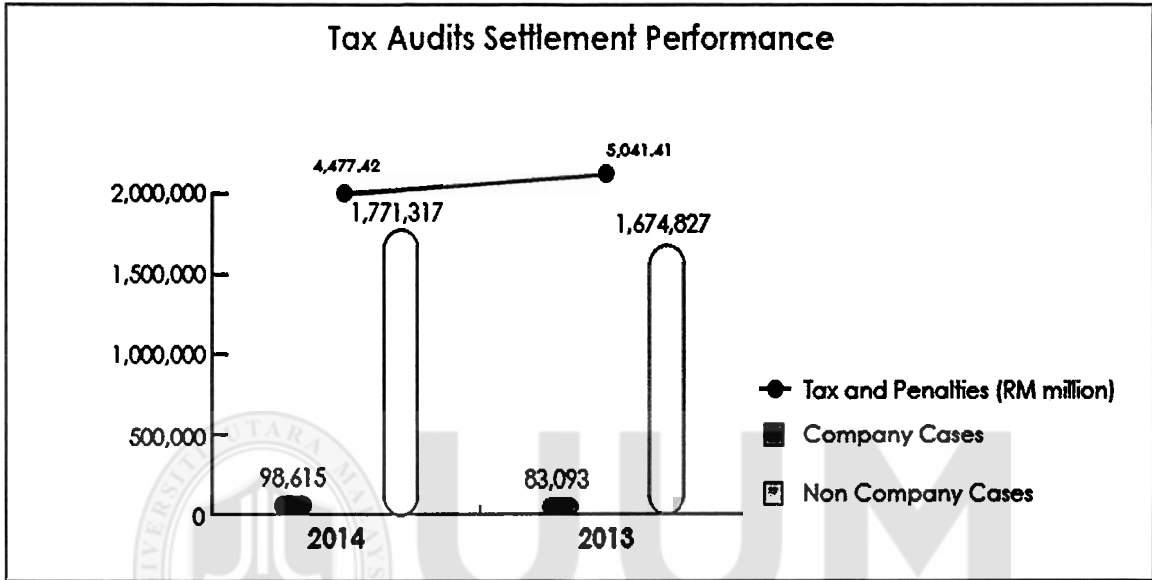
Figure 1.3 *Tax audit settlements performance*
Sources: IRBM Annual Report (2014)

Tax compliance is very important to every country especially developing country like Malaysia, since tax revenues are the biggest sources of government funds. IRBM as a tax authority in Malaysia has taken tremendous action to ensure the tax compliance among Malaysian especially the corporate tax payer. In line with the objective, IRBM has decentralized the corporate files from Corporate Tax Department (CTD) to all branches within Klang Valley. All the files transferred are considered as Small and Medium Sized Companies (SMCs) in Malaysia. Kuala Lumpur Bandar Branch (KLBB) is one of the

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branches within Klang Valley that received the transferred file from CTD. KLBB also one of the biggest branch in Klang Valley and the area covered by this branch is Kuala Lumpur City area.

This study examines the relation between these factors, i.e. size of the company, types of industry and age of the company, whether are influencing in the tax non-compliance activity among SMCs. In order to do so, data is gathered from the IRBM to be analyzed. These data are extracted from the Case Management System (CMS) for audited cases done by external tax auditor from IRBM of Kuala Lumpur Bandar Branch. The main activity of external tax audit is to detect any misrepresent done by the audited tax payers to lower their tax liability and at the same time instill awareness among other tax payers who have not been audited that they will most likely be audited in the near future. In 2014, IRBM was reported a total of 98,615 corporate tax audit cases has been conducted and resolved. The total of RM4, 477.42 million additional taxes and penalty collection from tax audit activities was reported in year 2014 (Figure 1.3). It is also showed in Figure 1.4 that the total number of field audit cases that was resolved was increasing from 28,676 in 2013 to 40,216 in 2014. The total amount of additional taxes and penalties has been collected from these activities also increase from RM740.62 million in 2013 to RM1, 092.14 million in 2014. From the IRBM annual report, it is showed the existence and prevalence of tax non-compliance in Malaysia. Hence, this study is carried out to identify whether there are relationship between these factors: size of the company, types of industry and age of the company that might influence the company in tax non-compliance activities.
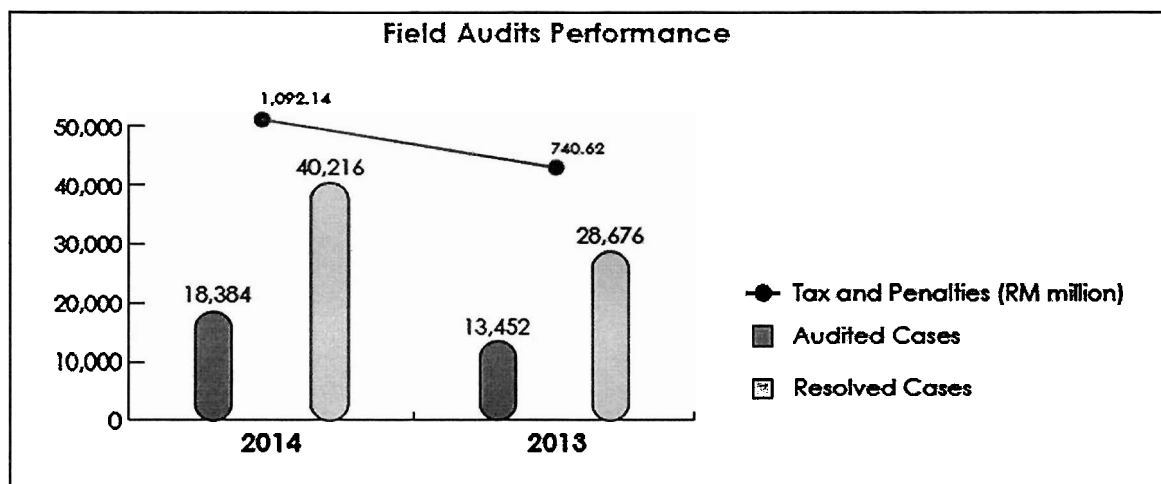
Figure 1.4 *Tax audit settlements performance*

Sources: IRBM Annual Report (2014)

1.2   Problem Statement

After 15 years since the SAS has been implemented for companies in Malaysia, still there are tax non-compliance exist. Why is this situation happened? There are a lot of reasons for this non-compliance situation. It might be due to lack of knowledge and understanding of the tax laws among individual taxpayers. But for the company, they have to submit for auditor's report and most of the companies are engaged tax professionals to prepare tax returns. Supposedly, those tax practitioners have to play crucial roles in tax compliance. Instead, apparently the tax non-compliance activities among corporate taxpayers are still exists until today.

Statistics in Table 1.1, showing that 86.13% of the audited case in Corporate Field Audit Unit with audit findings and only 13.87% of the cases are closed without tax audit

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findings. This difference denotes that the tax compliance level among SMCs is still low as what is being desired by the IRBM and Government of Malaysia.

Table 1.1

Statistics of Case Management System (CMS)

Corporate Field Audit Unit (KL Bandar Branch)	Total (n)	Total (%)
Number of cases close as at 31/12/2015	382	100
Number of cases close with audit findings	329	86.13
Number of cases close without audit findings	53	13.87

Sources: IRBM KL Bandar Branch; CMS of Corporate Field Audit Unit Manager (2015)

There must be some explanations on why such situation happens. Despite of the use of auditors and tax agent to prepare the auditor's report and return form respectively, the non-compliance activities are still exists. Thus, there is desperately a need to understand the determinants of tax non-compliance among SMCs. Even though many researches had been conducted in searching for the answer, yet the problem of SMC's tax non-compliance is still lacking in the literature. Thus, this research attempt to develop further understanding on the key questions that have no comprehensive empirical answer until today: the relation of corporate characteristics i.e. size of the company, types of industry and age of the company in tax non-compliance among SMCs.

1.3   Research Question

The main focus of this study is to examine those three characteristics which are the size of the company; types of industry and also the age of the company that attributable to the tax non-compliance among SMCs. Thus, this study attempt to answer the following questions:

1. Is there any relationship between size of the company and tax non-compliance among SMCs?

2. Is there any relationship between types of industry and tax non-compliance among SMCs?

3. Is there any relationship between age of the company and tax non-compliance among SMCs?

1.4   Research Objective

Therefore this research is design for the following objectives:

1. To determine whether there is relationship between size of the company and tax non-compliance among SMCs.

2. To determine whether there is relationship between types of industry and tax non-compliance among SMCs.

3. To determine whether there is relationship between age of the company and tax non-compliance among SMCs.

1.5 Significance of the Study

It is hoped that this study will help the tax researchers in other parts that SMCs tax non-compliance is a prevalent and universal problem. Tax non-compliance does not affected to the tax authority and government only, but this issue would give an impact to the whole nations.

The end result of this study will help the tax authority which is IRBM and government to find ways to encourage corporate tax payers in the country to comply with tax rules and regulation. It is also hoped that from the result, the loophole can be identified by the IRBM and the targeted taxpayer can be identified for audit. The role of policy maker is very important in increasing the collection of tax because it will help the nation as a whole.

1.6 Scope and Limitation of the Study

This study is using the actual tax audit cases resolved from Kuala Lumpur Bandar Branch in 2015. The tax non-compliance activities were measured by the non-compliance activities with tax laws, rules and regulations set up by the policy maker. It is hoped that this study can complement the scant existing literature from prior studies related to the factors that influenced corporate tax non-compliance in Malaysia.

The sample of this study is limited to the SMCs cases audited and resolved in 2015 and focused to the cases from IRBM of KL Bandar branch only. The IRBM of KL Bandar

branch is selected due to the fact that the branch is one of the biggest branch which handling the SMCs cases. Hence, the results from this study cannot be generalized to SMCs in other state of Malaysia.

The results also cannot be generalized to non-small medium sized company because non-small medium sized company may have better corporate governance and different corporate characteristics. Therefore, care must be exercised in generalize the findings.

1.7   Organization of the Study

This study has five chapters. Chapter one introduces the study, focusing specifically on problem statement, research question, research objective, significance of the study, and the scope and limitation of the study.

Chapter two review on tax non-compliance literature outside and within Malaysia. The subtopic first explain the conceptual definition and then theory that relevance to the research and discover prior studies on corporate tax non-compliance.

Chapter three presents the research methodology and procedures used for data collection technique. Specifically, this chapter covers research design, population and sample of the study, unit of analysis, sampling technique, measurement of variables, and data analysis technique. In this chapter, the factors that are hypothesised to affect tax non-compliance among SMCs are discussed in detail.

Chapter four presents and discusses the findings of the study in detail. Pearson product-moment correlation coefficient is used to determine the relationship between variables, size of the company, types of industries, age of the company and tax non-compliance among SMCs.

Chapter five concludes the study and suggests for further research in this area. Specifically, this chapter explains the limitations of the study, contributions of the study and conclusions.

CHAPTER 2

LITERATURE REVIEW

2.1   Introduction

This chapter focuses on the prior studies on corporate tax non-compliance. This chapter first explain the definition of company under Income Tax Act 1967. The chapter then explain how to measure a small medium-sized company also the corporate tax rate that eligible by these companies. Next, this chapter also define what is considered as non-compliance under the Income Tax Act 1967. After all, this chapter come out with several literature reviews with regards to tax non-compliance outside and within Malaysia.

2.2   Corporate Tax Non-compliance

Under Subsection 2(1), Income Tax Act 1967, company is defined as a body corporate and includes anybody of persons established with a separate legal identity by or under the laws of a territory outside Malaysia. Then, in the schedule 1 of Income Tax Act 1967, explained that the rates of tax for company resident in Malaysia which has a paid-up capital in respect of ordinary shares of two million five hundred thousand ringgit and less at the beginning of the basis period for a year of assessment are eligible for a preferential rate of 20 per cent, for every ringgit of the first RM500, 000 of the chargeable income. While the remaining chargeable income that exceeding RM500, 000 was maintained at 25 per cent since year of assessment (YA) 2009. These eligible companies are classified as small and medium sized company (SMCs). However, the rates of tax mentioned above

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only entitle if the company is not controlled by another company which has a paid-up capital of ordinary shares of more than two million five hundred thousand ringgit.

To define tax non-compliance, researcher is referring to the Income Tax Act 1967 because there is no standard definition of tax non-compliance. Under section 112 of Income Tax Act 1967 stated that "failure to furnish a return without reasonable excuse, be guilty of an offence". Meanwhile section 113 of Income Tax Act 1967 stated "any person who makes an incorrect return by omitting or understating any income of which he is required by this Act to make a return on behalf of himself or another person; or gives any incorrect information in relation to any matter affecting his own chargeability to tax or the chargeability to tax of any other person, be guilty of an offence". Then, under section 114 of Income Tax Act 1967 stated that "any person who willfully and with intent to evade or assist any other person to evade tax, shall be guilty of an offence".

Tax compliance is an activity of filing all required tax returns that accurately report the tax liability in accordance with the tax code, regulations and courts decision applicable at the time return is filed and the tax returns is submitted within the stipulated and proper time provided (Roth, Scholz, & Witte, 1989). Meanwhile, in Malaysia, there are several forms of non-compliance such as failure to pay assessed taxes by the due date, under declared of income, overstatement of deductions and failure to submit a tax return within the stipulated period or no submission has been made (Kasipillai & Abdul Jabbar, 2006).

Very few of the prior studies that related to tax compliance focused on SMCs because most of the studies mainly focus on the individual taxpayers' behavior. However, from the internal source and unpublished statement of IRBM found that SMCs are actually one of the biggest tax revenue contributors. Furthermore, most of the empirical studies related to corporate tax non-compliance tend to focus on developed economies country, thus, the results might varied and inconclusive. Certain factors such as penalty rate, marginal tax rate, foreign ownership, company size, financial liquidity and types of industry are to be found that significantly linked to corporate tax non-compliance (Kamdar, 1997). This establishment also support by other study carried by Hanlon, Mills, and Slemrod (2007) and also Atawodi and Ojeka (2012). However, increase in penalties and lower tax rates do not necessarily will lead to lessen the tax non-compliance activities since there is no statistical evidence to support this hypothesis (Kamdar, 1997). Higher tax rates and the complexity of filing procedures are to be found as the most crucial factors of causing non-compliance (Atawodi & Ojeka, 2012).

The choice of individual taxpayers in order to evade taxes or otherwise is depending on the trade-off between tax savings and the risks of audit and penalties (Allingham & Sandmo, 1972). Higher tax rate will lead to tax evasion and the higher the income of individual will lead to more tax evasion (Allingham & Sandmo, 1972). A lot of empirical studies carried by previous researcher such as Andreoni, Erard, and Feinstein (1998), Alm (1999), and Fischer, Wartick, and Mark (1992) are examined the determinants of tax compliance. Similar variables related to tax compliance are provided in these previous studies. However, very few and limited studies on tax non-compliance has been

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conducted empirically. In USA, study conducted by Rice, (1992) is one of the earliest attempts to examine tax non-compliance among corporate taxpayers. There is positive effect on tax compliance from firm profitability, firm size and firms belonging to a highly regulated industry. Meanwhile the negative effect is found between marginal tax rate and tax compliance (Rice, 1992).

In one corporation, if the manager is evading their personal income taxes, most likely, the corporation will also evade taxes (Joulfaian, 2000). In USA, lower marginal tax rates, higher audit rates, larger firm size and income level had a significant impact on tax non-compliance (Joulfaian, 2000). Nevertheless, less compliant among manufacturing industry, trade, transportation, warehousing, healthcare and education but larger firms and domestic companies were more compliant (Hanlon, Mills, & Slemrod, 2007).

Larger firms and firms who used tax-maximization instruments and firms which are efficient tend to significantly more compliant with an effective tax rate (Giles, 1998). In China, companies are less compliant during the pre-holiday position and most compliant in the tax-exemption period and domestic market-oriented companies, joint venture companies and service-oriented companies appear to be less compliant (Chan & Mo, 2000). Lower tax rates are not likely influenced and lessened the degree of business tax non-compliance (Nur-Tegin, 2008). In Canada, the second single-largest causal effect on under reporting are taxes and there was a significant correlation between under-reporting and the legal organization of the business, size of the organization, types of industry, age

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of the organization, competition, ownership and audit controls (Tedds, 2010). In Nigeria, higher tax rates and complexity of filing procedures were the most crucial factors of causing non-compliance among small and medium-enterprise (Atawodi & Ojeka, 2012).

There are a few empirical studies in Malaysia which examined the corporate tax non-compliance behavior. Companies' tax non-compliance was significantly associated with the ratio of sales and working capital and debts over total assets (Md Noor, Mastuki, Ismail, & Abdul Aziz, 2009). Smaller companies are appear to be less compliant as compared to larger companies that usually using services from the Big 4 audit firms and less likely to commit fraud (Mohd Nor, Ahmad, & Mohd Salleh, 2010). Marginal tax rates, the level of efficiency, the level of directors' ownership, size and book-tax differences have a greater impact and the key factors that influence tax non-compliance behavior among SMCs in Malaysia (Md Yassin, Hasseldine, & Paton, 2010). However, the findings on the effect of other factors such as tax rate and corporate characteristics are still not conclusive.

The significant predictors of tax non-compliance among small and medium sized companies are marginal tax rates, company size and types of industry (Yusof, Ling, & Wah, 2014). The economic deterrence theory was supported by the study which established that tax non-compliance was influenced by the corporate tax rate. Services and construction industries among SMCs in Malaysia appeared to be the most predominant industries that engaged in tax non-compliance (Yusof, Ling, & Wah, 2014).

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There are two reasons to be concerned about these past studies. First, there are scarce studies conducted among SMCs taxpayer either in developed or developing countries. Most of studies focused on individual tax compliance and there are limited uses in the analysis of SMCs tax non-compliance. Findings on the individual tax non-compliance behavior cannot be generalized to explain SMCs tax non-compliance because the conditions of these two are different. Second, most of these past studies were tested and analyzed data gathered for audited cases that resolved up to year 2011 on the impact of the marginal tax rate, penalty rate, financial liquidity and corporate characteristics on tax non-compliance among SMCs. Thus, the results might be different in current situation. Hence, this study will further identify and using latest data that can be gathered from IRBM i.e. audited cases that resolved in year 2015.

This study addresses these shortcomings by utilizing latest actual tax findings to examine tax non-compliance among SMCs. This study focuses more on the influence of corporate characteristics i.e. the size of the company, types of industry and age of the company, whether there is relationship between those characteristics and tax non-compliance among SMCs. As the age of the company is one new variable to be analyzed on tax non-compliance activities because very few of those prior studies that discussed in relating to age of the company and tax non-compliance.

2.3 Theoretical Assumption

This study used the Fischer Model as a basis to develop the research framework and its hypothesis. Fischer Model are categorized the factors of tax compliance into four groups i.e. demographic, noncompliance opportunity, attitudes and perceptions and tax system/structure. Fisher model of tax compliance incorporates economic, sociological and psychological factors into a comprehensive one. The Fisher model is illustrated in Figure 2.1.
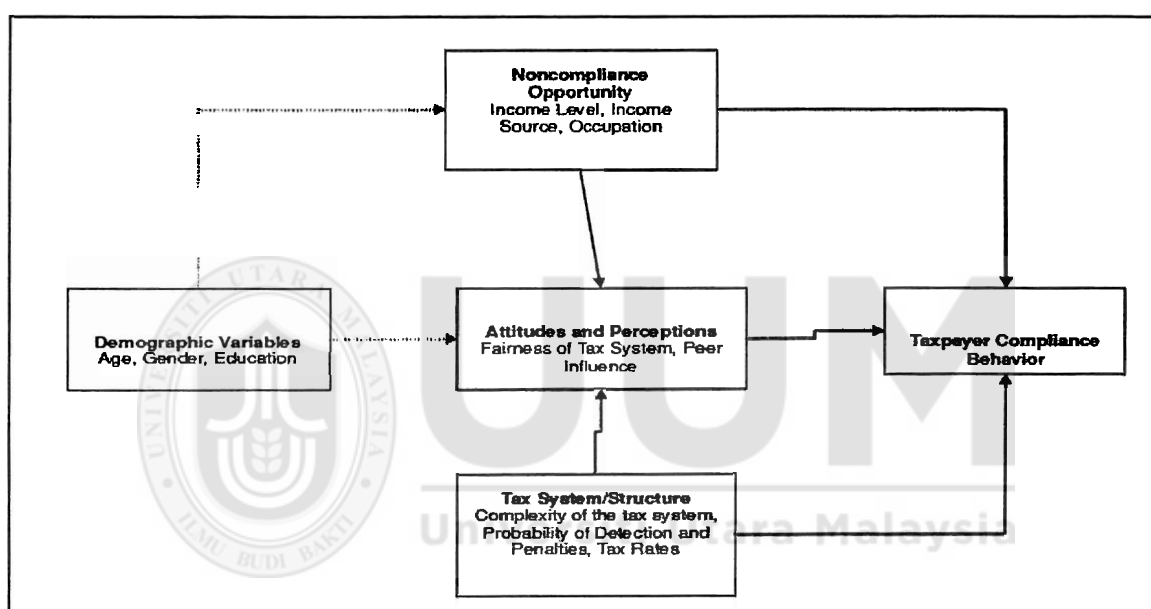
Figure 2.1 *Fisher et al. (1992) tax compliance model*

The Fischer model suggests that demographic variables indirectly affect taxpayer compliance by their impacts on noncompliance opportunities and attitudes and perceptions. A common demographic variable under this theory is age, gender and education. In the Fischer model, non-compliance opportunity can affect taxpayer compliance directly through income level, income source and occupation and indirectly

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through attitudes and perceptions. The Fischer model also suggests two major considerations for altering taxpayers' attitudes and perceptions to tax compliance which are the fairness of the tax system and peer influence. It is widely acknowledged that the extent of tax compliance in many developing countries has been decreasing. The underdeveloped tax system/structure is one of the major causes for this phenomenon. In the Fischer Model, the effectiveness of tax system is affected by complexity of tax system, probability of detection and penalties and tax rates.

2.4   Prior Studies on Corporate Tax Non-compliance

Generally, there a lot of studies related to tax non-compliance, however, few are associated to the factors in particular the size of the company, type of industry and age of the company. The following parts are the details discussion on the size of the company, type of industry and age of the company.

2.4.1   Size of the Company and Tax Non-Compliance

Company size was negatively associated with tax non-compliance and larger companies are less likely to evade tax compared to smaller companies (Nur-Tegin, 2008; Tedds, 2010). Smaller companies generally report a lower fraction of their revenue to tax authorities in some of African economies due to smaller companies transact business in cash (Gauthier & Gersovitz, 1997). Smaller companies are easier to conceal income and to be invisible compared to larger companies (Nur-Tegin, 2008). Tax compliance is a burden to small start-up companies even though if they act in good faith because on top

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of tax liability, a company needs to incur additional expenses such as tax agent's fee to comply with tax laws and regulations (Wallace, 2002). In Malaysia, tax agent's fee to be an additional tax compliance cost and posed a heavy burden on SMCs (Abdul Mansor & Mohd Hanefah, 2008).

Some previous study found a positive relationship between company size and tax non-compliance. The company will become more visible and is more exposed to government examination as the size of the company grows and this meet the political cost theory of Zimmerman (1983), Rice, (1992), Hanlon, Mills, and Slemrod (2007), Mohd Nor, Ahmad, and Mohd Salleh (2010) and Joulfaian (2000). Due to a larger potential for revenue collection, tax administrators tend to focus on large companies to conduct audit (Wallace, 2002).

2.4.2 Types of Industry and Tax Non-Compliance

Review of literatures found mixed finding regarding the relationship between types of industry and tax non-compliance. This is because of different characteristics and incentives may have various strategies to develop in order to avoid and evade tax among different industries. To engage in tax non-compliance, the incentives more likely goes to an industry that is heavily based on cash transaction. It is hard to investigate the cash transactions since it has no documentary evidence. It is not easy for the tax authority to trace the source of income in cash transactions because of low visibility features. Business income which commonly used cash transaction attributed to the underpayment

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of taxes (Bankman, 2007). Underreporting income is common with business sectors that using cash transactions (Morse, Karlinsky, & Bankman, 2009). Due to less visible fixed assets than capital-intensive business, labor-intensive services such as construction and catering are commonly involved in underreporting income in developed countries (OECD, 2004).

2.4.3 Age of the Company and Tax Non-Compliance

A review literature by Tedds, (2010) found that there was a significant correlation between age of the company and under-reporting. Age of the company from the date of incorporation might be having correlation with tax non-compliance. As far as the knowledge of the researcher, very few of empirical study regarding the relationship between age of the company and tax non-compliance.

2.5 Summary of the Chapter

This chapter covered conceptual definitions and prior studies on corporate tax non-compliance. From the literature review, it was discovered most of the prior studies conducted are focusing more on individual taxpayers and study on small and medium-sized company is scarce whether in developed or developing countries. Then, most of the prior studies utilized data from annual reports as well as survey to measure tax non-compliance. Nonetheless, studies on SMC taxpayer are still limited. Next chapters will explain regarding the research methodology, results and discussion and will end up with the conclusion.

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CHAPTER 3

METHODOLOGY

3.1   Introduction

This chapter discussed the research methodology and theoretical framework built based on the hypothesis development. Prior studies related to tax non-compliance based on the Fischer Model to explain tax non-compliance determinants. Hence, this study will be using the same theory as a basis to develop the research framework and its hypotheses. However, this study focus on the company characteristics i.e. size of the company, types of industry and age of the company.

3.2   Research Framework

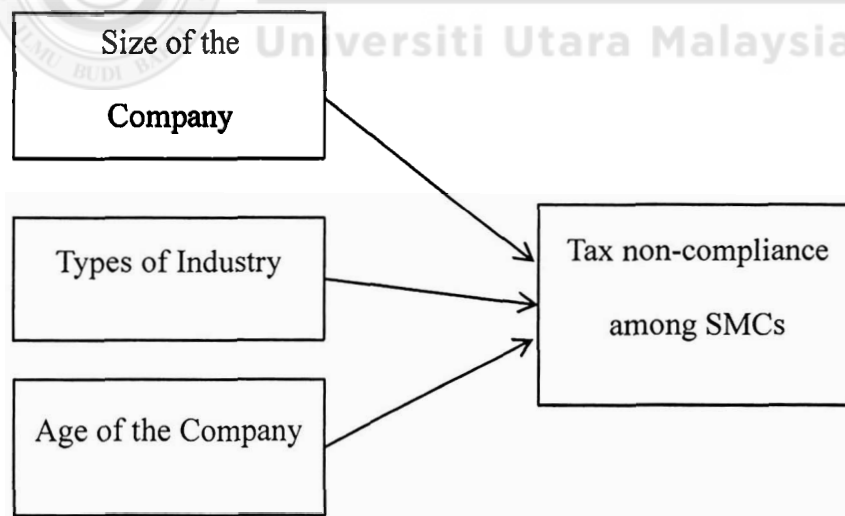The suggested framework for this present study is illustrated in Figure 3.1 below:

Figure 3.1 *Factors influencing in tax non-compliance among SMCs*

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3.3 Hypothesis Development

This section explained on the development of hypothesis related to the corporate characteristics i.e. size of the company, types of industry and age of the company on tax non-compliance among SMCs. Every corporate characteristics chosen is hypothesized as would give significant relation to tax non-compliance activities among SMCs

3.3.1 Size of the Company and Tax Non-Compliance

There are mixed evidence found in prior studies between size of the company and tax non-compliance activities. Company size was negatively associated with tax non-compliance and larger companies are less likely to evade tax compared to smaller companies (Nur-Tegin, 2008; Tedds, 2010). Smaller companies generally report a lower fraction of their revenue to tax authorities in some of African economies due to smaller companies transact business in cash (Gauthier & Gersovitz, 1997). Smaller companies are easier to conceal income and to be invisible compared to larger companies (Nur-Tegin, 2008). Tax compliance is a burden to small start-up companies even though if they act in good faith because on top of tax liability, a company needs to incur additional expenses such as tax agent's fee to comply with tax laws and regulations (Wallace, 2002). In Malaysia, tax agent's fee to be an additional tax compliance cost and posed a heavy burden on SMCs (Abdul Mansor & Mohd Hanefah, 2008).

Nevertheless, some previous study found a positive relationship between company size and tax non-compliance. The company will become more visible and is more exposed to

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government examination as the size of the company grows and this meet the political cost theory of Zimmerman (1983), Rice (1992), Hanlon, Mills, and Slemrod (2007), Mohd Nor, Ahmad, and Mohd Salleh (2010) and Joulfaian (2000). Meanwhile, the political cost theory introduced a political dimension which can influence the choice of accounting policies that lead to different accounting methods in reporting and valuing assets chosen by the profitable firms in order to safeguard their cash flow and evading from paying huge amount of taxes (Watts & Zimmerman, 1986). Hence, tax authority would generally attracted to conduct a tax audit among those firms with high level of profit to verify and ensure the tax return are submitted and reported appropriately. Due to a larger potential for revenue collection, tax administrators tend to focus on large companies to conduct audit (Wallace, 2002).

However, the positive association between company sizes and tax non-compliance found in the previous study are all examined public listed companies. Though, prior studies found a positive association between company sizes and tax non-compliance are all examined on the public listed companies. This study is focusing on SMCs taxpayers which are smaller sizes of companies compared to public listed company. Therefore, the political cost theory may not be applicable in this study. Despite there are mixed evidence found among previous study relating to the size of the company and tax non-compliance, this study proposed the hypothesis as follow:

H_1: There is a relationship between company size and tax non-compliance among SMCs.

3.3.2 Types of Industry and Tax Non-Compliance

Review of literatures found mixed finding regarding the relationship between types of industry and tax non-compliance. This is because of different characteristics and incentives may have various strategies to develop in order to avoid and evade tax among different industries. To engage in tax non-compliance, the incentives more likely goes to an industry that is heavily based on cash transaction. It is hard to investigate the cash transactions since it has no documentary evidence. It is not easy for the tax authority to trace the source of income in cash transactions because of low visibility features. Business income which commonly used cash transaction attributed to the underpayment of taxes (Bankman, 2007). Underreporting income is common with business sectors that using cash transactions (Morse, Karlinsky, & Bankman, 2009). Due to less visible fixed assets than capital-intensive business, labor-intensive services such as construction and catering are commonly involved in underreporting income in developed countries (OECD, 2004).

Some previous studies have highlighted the relationship between types of industry and tax non-compliance among corporate taxpayers. In the USA, service-oriented industry appears to be more compliant than other industries (Rice, 1992). Meanwhile, in China contrast finding when the service-oriented industry is less compliant than the manufacturing industry (Chan & Mo, 2000). In Malaysia, the construction industry is positively associated with fraudulent financial reporting (Mohd Nor, Ahmad, & Mohd

Salleh, 2010). The findings are inconsistent between country and other factors, thus in this study the hypothesis is proposed as follow:

H_2: There is a relationship between types of industry and tax non-compliance among SMCs.

3.3.3 Age of the Company and Tax Non-Compliance

A review literature by Tedds (2010) found that there was a significant correlation between age of the company and under-reporting. Age of the company from the date of incorporation might be having correlation with tax non-compliance. On the other hand, in order to avoid the loss of cash flow, taxpayers are willing to evade tax because for taxpayers, their cash flow will reduce by paying taxes (OECD, 2010). Hence, it is assumed that a corporate taxpayer may become tax non-compliant when they have more experience in the industries although initially they did not plan to avoid tax at early stage of operation. Therefore, it is reasonable to assume that there is correlation between the age of the company and tax non-compliance as hypothesized in this study:

H_3: There is a relationship between age of the company and tax non-compliance.

3.4 Research Design

This study aims to identify whether those factors i.e. size of the company, types of industry and age of the company was influenced the tax non-compliance behavior among SMCs. To achieve the study's objective, a quantitative research study is used. A

secondary data was gathered from IRBM from system to analyze the cases has been audited and resolved in year 2015.

3.5   Measurement of Tax Non-compliance

This study measured corporate tax non-compliance and narrowing down to the SMCs by using tax audit adjustments found by the tax auditors of Kuala Lumpur Bandar Branch. Tax audit adjustments or audit finding are determine by the additional income due to fraudulent activities commit by SMCs such as under-reporting income or over deducting expenses after a tax audit has been finalized.

Company size has been measured using total assets of the company. Meanwhile, there are 14 types of industry found in the data gathered. For age of the company, the date of company's registration is used as basis to determine how long the company is in the industry. For those company which has been audited without submitting their return form (C form), there is no data regarding types of industry and the date of company's registration given. Hence, note as 'no data given' will be remarked for such company.

3.6   Data Collection

This part would be a detail explanation on the research population and the sample size selected. In addition to that, the technique of data analysis is also explained in further.

3.6.1 Research Population and sample

This study used external tax audit findings obtained from the IRBM. After official approval from the IRBM is obtained, the tax officer in charge of Case Management System (CMS) was extracting the data of audited and resolved cases for Kuala Lumpur Bandar Branch in year 2015. In IRBM, the CMS is used to monitor every case that being audited by the tax audit officer in all branches in Malaysia. In general, cases from corporate field audit unit in Kuala Lumpur Bandar Branch was chosen due to the factor that IRBM Kuala Lumpur Bandar Branch is among the biggest branches of IRBM and the geographical area of this branches located in Kuala Lumpur City Center. The officer in charge was extracted all the cases being audited and resolved by tax audit officer from Kuala Lumpur Bandar Branch in the sampling process. Thus, the cases extracted should be a general representative of audited and resolved corporate cases in Kuala Lumpur City Center.

The tax officer was extracted a total of 382 corporate tax audited cases for Kuala Lumpur Bandar Branch resolved in year 2015. Out of the 382 cases, 53 cases were tax compliant companies because there is no audit finding and cases closed without any adjustment made to the tax computation of the company. Hence, the 53 cases were excluded from the data analysis, thus, a total of 329 cases related to SMCs left to be analyzed. Therefore, the total of 329 cases was usable and analyzed. These 329 cases had tax audit adjustments which indicate that there are tax non-compliance activity was committed by the

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companies whether intentionally or otherwise and has been detected by tax auditors during tax audit.

3.6.2 Technique of Data Analysis

In this study, the IBM SPSS Statistics (version 22) is used to carry out descriptive statistics, correlation among study variables, and multiple regression analysis. The IBM SPSS Statistics is a computer program that is capable of handling large amount of data is commonly used in social sciences. The main purpose of SPSS is to perform data entry, to do analysis as well as create table and graph. It is a Windows based program and basically used to perform analytic task and also build predictive model. It has interface that allows user to fully utilize with the statistical and data mining provided.

3.7   Summary of the Chapter

In this chapter, research methodology was discussed in detail. The chapter focused on the research design, population and sample of the study, data collection technique, and data analysis technique. This study is a quantitative in nature. Data were gathered from Head Quarters of IRBM for cases resolved in 2015 for SMCs cases in Kuala Lumpur Bandar Branch. Unit of analysis was, therefore, every case resolved (audited company). The findings of the study will be discussed in chapter four.

CHAPTER 4

RESULTS AND DISCUSSION

4.1 Introduction

This chapter explains the findings of the study. The chapter begins by presenting the profiles of SMCs, followed by correlation among study variables. Data gathered was analyzed using IBM SPSS Statistics (version 22). At the end of every subtopic of the finding, results will be discussed in details. The chapter explains the results of hypotheses testing, focusing specifically on the company size, types of industry and age of the company to the tax non-compliance among SMCs.

4.2 Findings of the Study

This part discussed on the results from the analysis which are focusing on the SMCs' profiles as well as related to the findings on correlation among the variables studied.

4.2.1 SMCs' Profiles

Table 4.1 presents the demographic profiles of SMCs. Of the 329 corporate tax non-compliance cases audited and resolved in 2015, 26.1 percent were from the wholesale and retail trade and followed by the professional, scientific and technical activities (20.7 percent). From the profiles, it can be seen that the most predominant industry engaged in tax non-compliance is the wholesale and retail trade (86 companies from total corporate tax non-compliance cases). In respect of company size, measured based on total assets, the profiles showed that 74 companies being audited which equal to 22.5 percent of

SMCs had a total asset less than RM500, 000. This indicates that the IRBM focused tax audit on companies with smaller total assets. Meanwhile, as age of the company, companies with both characteristics whether less or more than 10 years in industry are committed in tax non-compliant activities.

Table 4.1
Profiles of SMCs

Characteristics	Total company (n)	Total company (%)
Major industries		
Wholesale And Retail Trade	86	26.1
Professional, Scientific And Technical Activities	68	20.7
Manufacturing	47	14.3
Human Health And Social Work Activities	37	11.3
Construction	21	6.4
Real Estate Activities	5	1.5
Administrative And Support Service Activities	5	1.5
Information And Communication	5	1.5
Other Service Activities	4	1.2
Transportation And Storage	3	0.9
Education	2	0.6
Financial And Insurance /Takaful Activities	2	0.6
Agriculture, Forestry And Fishing	2	0.6
Mining And Quarrying	1	0.3
No Data Given	41	12.5
Size based on total assets		
Less than RM500,000	74	22.5
Between RM500,001-RM1,000,000	50	15.2
Between RM1,000,001-RM1,500,000	28	8.5
Between RM1,500,001-RM2,000,000	24	7.3
Between RM2,000,001-RM2,500,000	21	6.4
Between RM2,500,001-RM3,000,000	12	3.6
Between RM3,000,001-RM5,000,000	30	9.1
Between RM5,000,001-RM10,000,000	27	8.2
Between RM10,000,001-RM50,000,000	19	5.8
Above RM50,000,001	6	1.8
No Data Given	38	11.6
Tenure based on date of incorporation		
Less than 10 years	157	47.7
10 years and above	159	48.3
No Data Given	13	4

4.2.2 Correlation among Study Variables

Table 4.2, 4.3 and 4.4 presents the result from the correlation among the studied variables. This study investigates the relationship between the dependent variable, which is tax audit adjustment / additional income that refer to non-compliant companies and independent variables which are size of the company, types of industry, and age of the company by using the Pearson product-moment correlation coefficient.

This study predicted that there is relationship between size of the company and tax non-compliance. The result shows there was a moderate, positive correlation between company size and tax non-compliance, $r = 0.333$, $p > 0.01$, it shows that size of company linked to tax non-compliance (Table 4.2). H_1 is supported to show that there is a relationship between company size and tax non-compliance among SMCs.

Table 4.2
Correlations among study variables (Company Size)

		Company size	Tax audit adjustment
Company size	Pearson Correlation	1	.333[**]
	Sig. (2-tailed)		.000
	N	291	291
Tax audit adjustment	Pearson Correlation	.333[**]	1
	Sig. (2-tailed)	.000	
	N	291	329
**. Correlation is significant at the 0.01 level (2-tailed).			

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It is also predicted that there is relationship between types of industry and tax non-compliance. While, correlations finding for types of industry shows that there is relationship between these two variables, r = 0.125, p > 0.05 (Table 4.3). Thus, H_2 also reflected from the relationship existed between types of industry and tax non-compliance among SMCs.

Table 4.3
Correlations among study variables (Types of Industry)

		Types of Industry	Tax audit adjustment
Types of industry	Pearson Correlation	1	.125[*]
	Sig. (2-tailed)		.023
	N	329	329
Tax audit adjustment	Pearson Correlation	.125[*]	1
	Sig. (2-tailed)	.023	
	N	329	329
*. Correlation is significant at the 0.05 level (2-tailed).			

Meanwhile, for age of the company, there was no significant correlation between age of the company and tax non-compliance, r = 0.059, p < 0.05 (Table 4.4). It shows that there is no significant relationship between age of the company and tax non-compliance which H_3 is not supported.

Table 4.4
Correlations among study variables (Age of the Company)

		Tax audit adjustment	Age of the company
Tax audit adjustment	Pearson Correlation	1	.059
	Sig. (2-tailed)		.282
	N	329	329
Age of the company	Pearson Correlation	.059	1
	Sig. (2-tailed)	.282	
	N	329	329

4.3   Discussion

This study found that two characteristics which are the size of the company and types of industry have relationship to tax non-compliance activities among SMCs. However, there is no significant relationship between age of the company and tax non-compliance. The findings support the hypothesis that size of the company and types of industry are the determinants in influencing the tax non-compliance activities among SMCs. Age of the company might not influencing the tax non-compliance activities as the tax non-compliance activities can be happened regardless of the age of the company.

From the findings, it is hoped that it will provide some implications to the policy makers and also tax authority. The findings can be the evident that SMCs in Malaysia involved in tax non-compliance activities. This situation might be happened because of the loopholes in tax laws that can give them the opportunity to conceal their income when reported the tax returns. Since self-assessment system introduced and implemented in Malaysia in

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2001, tax audit activities had been carried out by IRBM's officer in order to ensure that the taxpayer are correctly reported their income. Nevertheless, from the data gathered for audited cases in year 2015 which is after 14 years of self-assessment system has been implemented, the tax non-compliance activities are still exists.

It is also due to of the opinion that tax those tax defaulters are treated very leniently and lead to the prevalence of tax non-compliance. In order to deter the tax defaulters from repeating it, they should be punished adequately like other criminals according to the severity of the offence. At the same time, the punishment can be as a strict warning to others who have the intention to cheat on tax matters. Furthermore, monetary fine is not sufficient to curb tax underreporting. Even a short term imprisonment will suffice as a punishment for tax violation as it is the only remedy that would deter tax defaulters. "Any person who makes default in furnishing a return in accordance with subsection77(1) or 77A(1) or in giving a notice in accordance with subsection 77(3) shall, if he does so without reasonable excuse, be guilty of an offence and shall, on conviction, be liable to a fine of not less than two hundred ringgit and not more than two thousand ringgit or to imprisonment for a term not exceeding six months or to both" - Subsection 112(1) of Income Tax Act 1967. However, it is rarely and hard to find the implementation of any criminal prosecution of tax underreporting although after the endorsement of the tax legislations.

It is well-known fact that once every five years, the chance of the company being selected for tax audit and their record has to be kept for seven years. Hence, some risk takers

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would take for granted and estimating that the chance to be selected for audit is relatively low. Thus, it is a necessary that the tax audit activities should be administered on a regular basis to deter hard-core and repeat tax defaulters.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The objective of this study is to identify those three characteristics i.e. size of the company, types of industry and age of the company in tax non-compliance activities. For this purpose, data were gathered from IRBM, Kuala Lumpur Bandar Branch for cases being audited and resolved in 2015. It is hypothesized that company size, types of industry, and age of the company have relationship with tax non-compliance among SMCs.

The findings showed that two factors i.e. size of the company and type of industry suggested have relation in the tax non-compliance among SMCs. However, for age of the company, the result shows that there is no significant relationship to the tax non-compliance activities.

The main contribution of this research is to gain understanding on the gap existed in the tax non-compliance among SMCs. In seeking for the imperative answers, analysis has been done and the result supports two of the hypothesis build by the researcher.

To date, there is scarce empirical study on tax non-compliance that utilized actual tax non-compliance data gathered from the tax authority. Hence, this study utilized the actual

tax audit cases and measure the tax non-compliance among SMCs based on the non-compliance with tax laws, rules and regulations. This study can be complemented the scant existing literature in evaluating the factors that influenced corporate tax non-compliance in a developing country like Malaysia.

Findings from this study provides important insights not only to the Malaysia tax authorities, but also to the researchers and academician in this field that tax non-compliance of SMCs is a universal problem. This study found that size of the company, types of industry and age of the company are linked to tax non-compliance. Therefore tax authorities might divert resources to companies with such characteristics when administer and conducting audit.

Various parties could use the finding of the study to deter the tax non-compliance activities especially it is hoped this study is useful to IRBM's tax auditor in doing their task audit. In addition, focus audit that implemented by IRBM can be extended to this characteristics in order to select the case to be audited.

The population of this study only narrows to the SMCs cases that audited and resolved from KL Bandar Branch in year 2015. Hence, the results cannot be generalized to whole SMCs in Malaysia. The results also cannot be generalized to non-SMCs because non-SMCs may have better corporate governance and different corporate characteristics. Therefore, care must be exercised in generalize the findings.

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5.2   Recommendation

Future studies may be conducted to examine other variables such as institutional factors, corporate culture and corporate governance. Since this study only using SMCs audited and resolved from Kuala Lumpur Bandar Branch only, suggestion for further studies to extract data from the whole branches in IRBM. Tax agents function also questionable in regards to the tax non-compliance among SMCs. Therefore, it is suggested if future research is interested to analyze in this matter.

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APPENDICES

Appendix 1. Permission Letter

JABATAN PENGURUSAN INSAN
IBU PEJABAT LEMBAGA HASIL DALAM NEGERI MALAYSIA
MENARA HASIL, ARAS 9
PERSIARAN RIMBA PERMAI
CYBER 8,
63000 CYBERJAYA
SELANGOR DARUL EHSAN
TELEFON : 0383138888 FAKS : 03-83137871

MEMO

Kepada :	Pengarah Bahagian Analitik Data Dan Perangkaan Jabatan Operasi Cukai (u.p: Encik Musa Bin Othman)		
Daripada :	Pengarah Bahagian Pengurusan Potensi		
Ruj. Tuan:	Tarikh:	Ruj. Kami: LHDN 01/11 5/176/255/10 kn.2 (/ч)	Tarikh: 5 Sept 2016

MEMOHON KEBENARAN MENDAPATKAN DATA BAGI MENJALANKAN KAJIAN PENYELIDIKAN BAGI PELAJAR UNIVERSITI UTARA MALAYSIA (UUM)

Dengan hormatnya saya merujuk kepada perkara di atas.

2.   Adalah dimaklumkan bahawa Jabatan Pengurusan Insan telah menerima permohonan daripada Puan Nurul Asni Binti Mohamad Alias, Pegawai Eksekutif (Penaksiran) Gred 41 selaku pelajar OYA Graduate School of Business, Universiti Utara Malaysia (UUM), memohon kebenaran mendapatkan data bagi menjalankan kajian penyelidikan bertajuk "Tax Non-Compliance Among SMCs: Tax Audit Evidence IRBM Kuala Lumpur Bandar Branch"

3.   Sehubungan itu bersama-sama ini dipanjangkan surat permohonan dari pihak universiti bagi pelajar tersebut untuk tindakan pihak tuan selanjutnya. Kerjasama tuan juga adalah dipohon untuk memberikan maklumbalas segera berhubung permohonan ini sebelum 13 September 2016 dan mengemukakan sesalinan kepada Jabatan ini.

Sekian, terima kasih.

" BERKHIDMAT UNTUK NEGARA "
" BERSAMA MEMBANGUN NEGARA "
" ORGANISASI BERIKTIRAF MS ISO 9001 : 2008 "

[NADZIFAH BT AHMAD]
Pengarah
Bahagian Pengurusan Potensi
Jabatan Pengurusan Insan

CERTIFIED TO EN ISO IEC ...
CERT. NO : A...

HASIL
BERSAMA MEMBANGUN NEGARA

Appendix 2. Output Notes from SPSS

Frequencies

Notes		
Output Created		11-DEC-2016 12:11:28
Comments		
Input	Data	C:\Users\Sumayyah\Desktop\kak asni.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	329
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax		FREQUENCIES VARIABLES=namapembayarcukai /ORDER=ANALYSIS.
Resources	Processor Time	00:00:00.48
	Elapsed Time	00:00:00.50

Statistics

Nama pembayar cukai

N	Valid	329
	Missing	0

Notes: Output for total cases has been analyzed.

Frequencies

Statistics

		Total assets	Business st dt	Jenis perniagaan
N	Valid	291	329	329
	Missing	38	0	0
Mean		5454790.77	.56	8.16
Std. Deviation		21085386.738	.571	4.227

Notes: Output for profiles of SMCs

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Correlations

Notes		
Output Created		11-DEC-2016 12:23:43
Comments		
Input	Data	C:\Users\Sumayyah\Desktop\kak asni.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	329
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		CORRELATIONS /VARIABLES=totalassets jumlahpenemuan /PRINT=TWOTAIL NOSIG /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.03
	Elapsed Time	00:00:00.05

Notes: Output for correlations among variables (size of the company)

Correlations

Notes

Output Created		1-DEC-2016 12:15:53
Comments		
Input	Data	C:\Users\Sumayyah\Desktop\kak asni.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	329
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each pair of variables are based on all the cases with valid data for that pair.
Syntax		CORRELATIONS /VARIABLES=jenisperniagaan pendapatantambahan /PRINT=TWOTAIL NOSIG /MISSING=PAIRWISE.
Resources	Processor Time	00:00:00.05
	Elapsed Time	00:00:00.14

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Notes: Output for correlations among variables (types of industry)

Correlations

<table>
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<tr><td></td><td>Active Dataset</td><td>DataSet1</td></tr>
<tr><td></td><td>Filter</td><td><none></td></tr>
<tr><td></td><td>Weight</td><td><none></td></tr>
<tr><td></td><td>Split File</td><td><none></td></tr>
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<tr><td></td><td>Cases Used</td><td>Statistics for each pair of variables are based on all the cases with valid data for that pair.</td></tr>
<tr><td>Syntax</td><td></td><td>CORRELATIONS
/VARIABLES=jumlahpenemuan businessdate
/PRINT=TWOTAIL NOSIG
/MISSING=PAIRWISE.</td></tr>
<tr><td>Resources</td><td>Processor Time</td><td>00:00:00.05</td></tr>
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Notes: Output for correlations among variables (age of the company)

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