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DETERMINANTS OF INTENTION TO USE ONLINE MONTHLY TAX DEDUCTION (e-MTD) SYSTEM: A STUDY ON MICRO AND SMALL ENTERPRISES

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DETERMINANTS OF INTENTION TO USE ONLINE MONTHLY TAX DEDUCTION (e-MTD) SYSTEM: A STUDY ON MICRO AND SMALL ENTERPRISES

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Thesis Submitted to
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ABSTRAK

Lembaga Hasil Dalam Negeri Malaysia (LHDNM) telah meneroka beberapa inisiatif teknologi untuk meningkatkan penyampaian perkhidmatan atas talian kepada pembayar cukai. Perkhidmatan atas talian ini termasuk sistem bayaran cukai secara atas talian, penghantaran borang cukai secara atas talian, dan sistem taksiran dan pembayaran duti setem. Sistem atas talian Potongan Cukai Bulanan (e-PCB) adalah salah satu perkhidmatan yang disediakan oleh LHDNM untuk membantu organisasi, terutama syarikat perusahaan mikro dan kecil, mengemukakan bayaran potongan cukai bulanan bagi pekerja mereka. Walau bagaimanapun, kadar penggunaan perkhidmatan ini oleh majikan masih dianggap rendah. Punca penggunaan yang rendah ini masih belum dikenalpasti. Setakat ini tidak ada kajian khusus dilakukan untuk mengatasi permasalahan ini. Oleh itu, kajian ini dilakukan untuk mengenal pasti factor-faktor yang memberi kesan kepada niat perusahaan mikro dan kecil untuk menggunakan e-PCB.

Model kajian ini dibangunkan berdasarkan kepada teori *Diffusion of Innovation* (DOI). Tiga faktor yang digunakan dalam kajian ini ialah kelebihan relatif (*relative advantage),* kesesuaian *(compatibility),* dan kesukaran (*complexity)* terhadap niat (*intention*) perusahaan mikro dan kecil untuk menggunakan e-PCB. Ketiga-tiga faktor ini dipilih kerana sering ditemukan penting dalam kajian-kajian terdahulu.

Data primer bagi kajian ini dikumpul menggunakan soal selidik yang telah diedarkan kepada 470 perusahaan mikro dan kecil di Petaling Jaya melalui surat dan lawatan. Sejumlah 106 soal selidik telah dikembalikan dan disiapkan. Kadar maklumbalas

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adalah 23%. Selepas proses pembersihan data, hanya 72 data layak untuk digunakan dalam analisis akhir.

Hasil analisis menunjukkan bahawa niat perusahaan mikro dan kecil untuk menggunakan e-PCB dipengaruhi oleh faktor kelebihan relatif dan kesukaran sistem e-PCB. Sebaliknya, faktor kesesuaian tidak mempengaruhi niat untuk menggunakan e-PCB. Analisis ini juga mendapati bahawa perusahaan kecil adalah lebih cenderung untuk menggunakan e-PCB berbanding dengan perusahaan mikro.

Hasil kajian ini boleh digunakan oleh LHDNM untuk memahami tingkah laku pengguna sasaran e-PCB iaitu perusahaan mikro dan kecil. Dengan memahami faktor-faktor ini, LHDNM boleh merancang strategi yang tepat untuk menggalakkan penggunaan e-PCB di kalangan pengguna yang akan memberi manfaat melalui penjimatan masa dan kos. Ia juga boleh digunakan oleh agensi-agensi kerajaan yang lain yang menyediakan perkhidmatan atas talian kepada majikan. Selain itu, kajian ini akan menjadi tambahan kepada kajian semasa berkaitan dengan niat untuk menggunakan teknologi dari perspektif sesebuah organisasi.

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ABSTRACT

Inland Revenue Board of Malaysia (IRBM) had ventured in a number of technology initiatives to increase its online services to taxpayers. These online services include online tax payment, online tax submission, and stamp duty assessment and payment system. Monthly Tax Deduction Online System (e-MTD) is one of the services provided by IRBM to help organisation, especially micro and small enterprises, to submit Monthly Tax Deduction (MTD) for their employees. However, the usage rate of this service by the employer is still low. The reasons for the low usage are yet to be known. To-date, there are no specific studies done to overcome this problem. This study is, therefore, carried out to identify the factors that affect the intention of micro and small enterprises to use the e-MTD.

The research model is developed based on the Diffusion of Innovation (DOI) theory. Three factors, namely, relative advantage, compatibility, and complexity are hypothesised to affect the micro and small enterprises' intention to use e-MTD. These factors are selected because they were consistently found significant in prior studies of technology innovations.

Data were gathered via survey questionnaires distributed to a total 470 micro and small enterprises within Petaling Jaya district, both using mail and direct visit. A total of 106 questionnaires were completed and returned. Hence the response rate is 23%. After data cleaning process, only 72 data were eligible to be used for final analysis.

Findings of the study show that micro and small enterprises' intention to use e-MTD is significantly affected by relative advantage and complexity. On the other hand, compatibility has no significant effect on the intention to use e-MTD. The result also reveals that small enterprises are more likely to use e-MTD compared to micro enterprises.

The findings of this study could be used by IRBM to understand the behaviour of the targeted user of e-MTD, namely micro and small enterprises. By understanding the factors, IRBM can plan the right strategy to promote the e-MTD by the users which in return will be beneficial in time and cost savings. It can also be useful to other government agencies that provide online services to employers. This study adds to current literature on intention to use technology from the organisation perspective.

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LIST OF ABBREVIATIONS

DOI	-	Diffusion of Innovation
e-MTD	-	Monthly Tax Deduction Online System
e-PCB	-	*Sistem Atas Talian Potongan Cukai Bulanan*
IRBM	-	Inland Revenue Board of Malaysia
IT	-	Information Technology
ITA	-	Income Tax Act
KLPC	-	Kuala Lumpur Payment Centre
LHDNM	-	*Lembaga Hasil Dalam Negeri Malaysia*
MTD	-	Monthly Tax Deduction

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CHAPTER 1 INTRODUCTION

1.1 Background of the Study

The rise of technology in Malaysia has encouraged the development of electronic services (e-services) offered by either the government agencies or private companies. The establishment of e-procurement, Internet banking facilities, and other payment portals are examples of extensive e-services in Malaysia. To cope with the emerging technology, Inland Revenue Board of Malaysia (IRBM), as Malaysia's income tax administrator, has introduced e-services, such as *e-Filing* and *e-Bayaran*, for the convenience of the public they serve. e-*Filing*, for instance, enables taxpayers to file their return form electronically. *e-Bayaran*, in contrast, provides alternative payment channel for taxpayers to pay their income taxes online. Both systems are to facilitate taxpayers to fulfil their tax obligation hassle free, thereby leading to tax compliance and increasing the tax collection amount. These e-services have provided simpler and faster taxation services and greater tax administrative efficiency. An increase in tax collection amount will contribute to the increment in the Government's revenue that is used to provide better facilities for educational purposes, better infrastructure (e.g., road maintenance and public facilities), and better health services in government hospitals.

Other than the two taxpayers' responsibilities mentioned above (filing tax return form and making tax payment), another important task for taxpayers is to submit a monthly tax deduction (MTD). This is a specific responsibility by businesses when they hire people to work for them. The most appropriate term to be used in this relationship is 'employer' for the business and 'employee' for the people that work

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APPENDICES

Appendix 1. Prior Studies of Technology Innovations

No.	Study	Country	Type of IT Studied	Data Collection	Key Informant	Unit of analysis	Organisation	Theoretical framework	IV	Key Findings
1.	Teo, Lin, & Lai (2009)	Singapore	E-procurement	Survey	Executive responsible for e-procurement	Organisation	Companies	Technology Organisation Environment (TOE)	- Perceived direct benefits - Perceived indirect benefits - Perceived costs - firm size - top management support - information sharing culture - business partner influence - industry type	Firm size, top management support, perceived indirect benefits and business partner influence are positively and significantly associated with the adoption of e-procurement
2.	Aghaunor and Fotoh (2006)	Nigeria	e-commerce	Survey & Semi-structured interview	e-Commerce consultant	Organisation	Banks	DOI	- Perceived Benefits (PB) - Perceived Compatibility (PCM) - Perceived Complexity (PCX) - Top Management Support (MS) - Organisational Competence (OC) - IT Compatibility	All but one was confirmed. The rank of the factors affecting adoption of e-commerce, in descending order of impacts. i. PCX ii. PB iii. OC iv. PCM v. SI

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									(ITC) - Government e-Readiness (GR) - Market forces e-Readiness (MR) - Supporting industries e-Readiness (SI)	vi. MS vii. MR viii. ITC ix. GR.
3.	Teo and Pian (2003)	Singapore	Level of Internet adoption (LIA)	Survey	- IT Managers - Top Executive	Organisation	Firms with websites and/or email addresses. Selected from 'Singapore 100' & 'SME 500' lists.	Contingency Factors	- Business technology strategy (BTS) - Technology compatibility (TC) - Top management support (TMS) - Competitive advantage (CA)	- BTS positively associated with LIA - TC and TMS no significant with LIA - LIA have positive relationship to CA
4.	Massatti, Sweeney, Panzano & Roth (2008)	United States	De-adoption of Innovative Mental Health Practice (IMHP)	Interview Follow-up survey	- Internal/ External decision maker - Administrative staff - Employee involved during the planning & implementation process - CCOE staff	Organisation	Organisation that de-adopt IMHP	Innovation Diffusion Adoption Research Project	- Qualitative Research	- Lack of financial resources - External agents do not support the effort - Problem related to attracting & retaining staff - IMHP does not fit well with employee knowledge and skills - IMHP neither easy to implement nor seen as permanent part of organisation.
5.	Karahanna, Agarwal and Angst (2006)	United States of America	Usage and Acceptance of Technology	Survey	- High-net-worth wealth management group	Organisation	Wealth Advisory Regional Bank in	- Dimension of compatibility - TAM	- Compatibility of technology with preferred work style, existing work	- All four distinct constructs were supported.

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					- Commercial lending group		Northern Regions		practices, prior experience & value.	
6.	Kuo & Yen (2009)	Taiwan	3G mobile added-value services	Survey	Undergraduates and Graduates students	Individual	Not Applicable	TAM	- Perceived Usefulness (PU) - Perceived Ease of Use (PEOU) - Perceived Cost (PC) - Perceived Innovativeness (PI)	- Consumer usage rate remains low - Increased PI will directly enhanced the PEOU - PU enhanced when consumer have higher PEOU - PEOU has the strongest effects on consumer attitude. - Most important factor is attitude, followed by PEOU, PC and PU.
7.	Gumussoy, Calisir & Bayram (2007)	Turkey	Behavioural intention to use ERP system	Survey	Potential ERP system users	Organisation	Manufacturing Organisation	TAM	- Perceived Usefulness - Perceived Ease of Use - Attitude Towards Use - Compatibility - Subjective Norms - Experience - Gender	Subjective Norms, Perceived Usefulness and Education Level are determinants of behavioural intention to use system.
8.	Engebretsen (2005)	Uganda	EpiHandy	Qualitative and Quantitative	Adult living in the area	Organisation	1) Uganda PROMISE EBF, Mbale, 2) Uganda Iganga/Mayu	TAM UTAUT	- Performance Expectancy - Social Influence - Facilitating Conditions	The conclusion was that the technology was well accepted and the intention to use and acceptance of

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							ge DSS site, and 3) South Africa PROMISE EBF		- Gender - Age - Experience - Mandate - Access to Technology in Childhood - Numbers of Error in Technology	using was high even when the number of errors in the technology was high.
9.	Khristiano, Kalnadi & Lestari (2015)	Indonesia	Behaviour intention to use Computer Technology	Survey	Owner	Organisation	SME Appreal Wholesale Store	UTAUT	- Performance Expectancy - Effort Expectancy - Social Influence - Facilitating Condition	- Intention to use (ITU) significantly influence by EE and SI. - Behaviour intention was significantly influenced by ITU and FC.
10.	Anuar and Othman (2009)	Malaysia	Taxpayer acceptance of online tax payment system (e-Bayaran)	Online Survey	Targeted taxpayer	Individual	Not Applicable	TAM	- Perceived Usefulness - Perceived Ease of Use - Subjective Norms - Self Efficacy - Perceived Credibility - Amount of Information	- Perceived usefulness, subjective norms and self-efficacy are significant towards intention to use e-Bayaran. - Subjective norms are the strongest predictor.
11.	Mndzebele (2013)	South Africa	Adoption of e-Commerce in hotel industry	Survey	Hotel Manager	Organisation	Hotels in South Africa	DOI	- Relative advantage - Compatibility - Complexity	- Complexity and compatibility has positive relationship with the extent of e-Commerce adoption. - Relative advantage does not correlate with e-Commerce

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										adoption.
12.	Oliveira, Thomas & Espadanal (2014)	Portugal	Determinants of cloud computing adoption (CCA)	Survey	Chief Information Officer, directors and senior Information System managers.	Organisation	Manufacturing and service companies	DOI & TOE	- Relative advantage (RA) - Complexity (CPX) - Compatibility (CMP) - Technology (TE) - Organisational (OG) - Environment (EV)	- RA and CMP have positive influence with CCA. - TE & OG are predictor of CCA

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Appendix 2. Questionnaire

QUESTIONNAIRE
SOAL SELIDIK

DETERMINANTS OF INTENTION TO USE ONLINE MONTHLY TAX

Dear participant,

This questionnaire is designed to study about the intention to use online monthly tax deduction system (e-MTD) among micro and small enterprises in Malaysia. Your participant is highly appreciated.

This study is conducted as a partial fulfilment for my Master of Science (International Accounting). The information you provide for the purpose of this study will be kept **STRICTLY CONFIDENTIAL** and for the academic purpose only.

Your input is highly valued. Thank you very much for your time and cooperation.

Yours sincerely,

_____

Peserta yang dihormati,

Soal selidik ini direka untuk mengkaji tentang kecenderungan untuk menggunakan sistem potongan cukai bulanan secara atas talian (e-PCB) di kalangan perusahaan kecil di Malaysia. Penyertaan anda adalah amat diharapkan.

Kajian ini dilakukan sebagai memenuhi sebahagian daripada keperluan Sarjana Sains (Perakaunan Antarabangsa). Maklumat yang anda berikan untuk tujuan kajian ini akan **DIRAHSIAKAN** dan untuk tujuan akademik sahaja.

Maklumbalas anda amatlah dihargai. Terima kasih atas kerjasama yang diberikan.

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Yang ikhlas,

Khairul Asyraf Bin Zainal Abidin

Master of Science (International Accounting)

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Section A: Relative Advantage of e-MTD

Bahagian A: Kelebihan Relatif e-PCB

In this section, please indicate your organisation's perception on the benefits that could be offered by the e-MTD system.

Dalam bahagian ini, nyatakan persepsi organisasi anda mengenai manfaat yang boleh diberikan oleh sistem e-PCB.

Using the scale below, please indicate your level of agreement with each of the following statements by circling the number that best reflects your organisation's opinion.

Dengan menggunakan skala seperti di bawah, sila nyatakan tahap persetujuan terhadap kenyataan-kenyataan yang diberikan dengan membulatkan pada nombor yang sesuai menurut pandangan organisasi anda.

1	2	3	4	5
Strongly Disagree *Sangat Tidak Setuju*				Strongly Agree *Sangat Setuju*

A1.	Using the e-MTD system would improve data accuracy. *Menggunakan sistem e-MTD akan meningkatkan ketepatan data.*	1	2	3	4	5
A2.	Using the e-MTD system would improve operations efficiency. *Menggunakan sistem e-MTD akan meningkatkan keberkesanan operasi.*	1	2	3	4	5
A3.	Using the e-MTD system would make application process faster. *Menggunakan sistem e-MTD akan mempercepatkan proses aplikasi.*	1	2	3	4	5
A4.	Using the e-MTD system would reduce administrative costs. *Menggunakan sistem e-PCB akan mengurangkan kos pentadbiran.*	1	2	3	4	5
A5.	Using the e-MTD system would reduce operations costs. *Menggunakan sistem e-PCB akan mengurangkan kos operasi.*	1	2	3	4	5

Section B: Compatibility of e-MTD

Bahagian B: Kesesuaian e-PCB

In this section, please indicate the degree to which the e-MTD system is perceived by your organisation as being consistent with your organisation's existing values, beliefs, and experiences.

Dalam bahagian ini, nyatakan persepsi organisasi anda ke atas kesesuaian sistem e-MTD dengan nilai-nilai, kepercayaan, dan pengalaman sedia ada organisasi anda.

Using the scale below, please indicate your level of agreement with each of the following statements by circling the number that best reflects your organisation's opinion.

Dengan menggunakan skala seperti di bawah, sila nyatakan tahap persetujuan terhadap kenyataan-kenyataan yang diberikan dengan membulatkan pada nombor yang sesuai menurut pandangan organisasi anda.

1	2	3	4	5
Strongly Disagree *Sangat Tidak Setuju*				Strongly Agree *Sangat Setuju*

B1.	The e-MTD system would fit well our organisational beliefs and practices. *Sistem e-PCB akan bersesuaian dengan kepercayaan dan amalan organisasi kami.*	1	2	3	4	5
B2.	The e-MTD system would fit well our existing technology infrastructure. *Sistem e-PCB akan bersesuaian dengan infrastruktur teknologi kami yang sedia ada.*	1	2	3	4	5
B3.	Our organisation has a positive attitude towards e-MTD system. *Organisasi kami mempunyai sikap yang positif terhadap sistem e-PCB.*	1	2	3	4	5
B4.	The e-MTD system would be consistent with our business strategy. *Sistem e-PCB akan selaras dengan strategi perniagaan kami.*	1	2	3	4	5
B5.	Our organisation has enough technical knowledge to implement e-MTD system. *Organisasi kami mempunyai pengetahuan teknikal yang mencukupi untuk melaksanakan sistem e-PCB.*	1	2	3	4	5

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Section C: Complexity of e-MTD

Bahagian C: Kesukaran e-PCB

In this section, please indicate the degree to which the e-MTD system is perceived by your organisation as relatively easy to understand and use.

Dalam bahagian ini, nyatakan persepsi organisasi anda ke atas kesukaran sistem e-MTD untuk difahami dan digunakan.

Using the scale below, please indicate your level of agreement with each of the following statements by circling the number that best reflects your organisation's opinion.

Dengan menggunakan skala seperti di bawah, sila nyatakan tahap persetujuan terhadap kenyataan-kenyataan yang diberikan dengan membulatkan pada nombor yang sesuai menurut pandangan organisasi anda.

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1	2	3	4	5
Strongly Disagree *Sangat Tidak Setuju*				Strongly Agree *Sangat Setuju*

C1.	Learning to operate the e-MTD system is easy for our organisation. *Belajar untuk mengendalikan sistem e-PCB adalah mudah bagi organisasi kami.*	1	2	3	4	5
C2.	Our organisation finds it easy to get the e-MTD system to do what we want it to do. *Organisasi kami mendapati adalah mudah bagi sistem e-PCB melakukan apa yang kami mahu ia lakukan.*	1	2	3	4	5
C3.	Our organisation finds the e-MTD system easy to use. *Organisasi kami mendapati sistem e-PCB mudah untuk digunakan.*	1	2	3	4	5

C4.	Our organisation finds the e-MTD system to be flexible to interact with. *Organisasi kami mendapati sistem e-PCB adalah fleksibel untuk berinteraksi.*	1	2	3	4	5
C5.	Our interaction with the e-MTD system is clear and understandable. *Interaksi kami dengan sistem e-PCB adalah jelas dan mudah difahami.*	1	2	3	4	5
C5.	It is easy for our staffs to become skilful at using the e-MTD system. *Ia adalah mudah untuk kakitangan organisasi kami untuk mahir menggunakan sistem e-PCB.*	1	2	3	4	5

Section D: Intention to Use e-MTD

Bahagian D: Kecenderungan untuk Menggunakan e-PCB

In this section, please indicate your organisation's intention to use the e-MTD system in the future.

Dalam bahagian ini, nyatakan niat organisasi anda untuk menggunakan sistem e-MTD pada masa hadapan.

Using the scale below, please indicate your level of agreement with each of the following statements by circling the number that best reflects your organisation's opinion.

Dengan menggunakan skala seperti di bawah, sila nyatakan tahap persetujuan terhadap kenyataan-kenyataan yang diberikan dengan membulatkan pada nombor yang sesuai menurut pandangan organisasi anda.

1	2	3	4	5
Strongly Disagree *Sangat Tidak Setuju*				Strongly Agree *Sangat Setuju*

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D1.	Our organisation plans to use the e-MTD system in the future. *Organisasi kami merancang untuk menggunakan sistem e-PCB pada masa hadapan.*	1	2	3	4	5
D2.	If possible, our organisation will try to use the e-MTD system. *Jika boleh, organisasi kami akan cuba menggunakan sistem e-PCB.*	1	2	3	4	5
D3.	Our organisation will try to use the e-MTD system if necessary in work. *Organisasi kami akan cuba menggunakan sistem e-PCB sekiranya perlu dalam kerja.*	1	2	3	4	5

Section E: Organisation Details

Bahagian E: Maklumat Organisasi

In this section, we ask you about your organisation.
Dalam bahagian ini, kami ingin mengetahui dengan lebih lanjut mengenai organisasi anda.

E1. In what year was your organisation established? _____

Pada tahun berapakah organisasi anda ditubuhkan?

E2. What is the legal form of your organisation?

Apakah jenis perniagaan anda?

☐ Company (Sdn Bhd)

Syarikat

☐ Partnership/sole trader

Perkongsian/Perniagaan tunggal

E3. Which type of industrial sectors is your organisation involved in?

Apakah teras perniagaan organisasi anda?

☐ Manufacturing

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Pengilangan

☐ Services and other sectors

Servis dan sektor-sektor lain

E4. Approximately, how many full-time employees in your organisation?

Berapakah anggaran bilangan pekerja sepenuh masa yang terdapat di dalam organisasi anda?

☐ 0 – 4 employees

0 – 4 pekerja

☐ 5 – 9 employees

5 – 9 pekerja

☐ 10 – 14 employees

10 – 14 pekerja

☐ 15 – 19 employees

15 – 19 pekerja

☐ 20 – 24 employees

20 – 24 pekerja

☐ 25 – 29 employees

25 – 29 pekerja

☐ More than 30 employees

Lebih daripada 30 pekerja

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E5. Approximately, what was your organisation sales turnover for the last accounting period?

Berapakah anggaran hasil jualan organisasi anda bagi tahun kewangan terakhir?

☐ RM0 – RM299,999

RM0 – RM299,999

☐ RM300,000 – RM1,199,999

☐ RM2,100,000 – RM2,999,999

RM2,100,000 – RM2,999,999

☐ More than RM3,000,000

RM300,000 – RM1,199,999 *Lebih daripada RM3,000,000*

☐ RM1,200,000 – RM2,099,999

RM1,200,000 – RM2,099,999

E6. What is your present job position in your organisation?

Apakah jawatan anda sekarang?

☐ Owner/Director/Partner

Pemilik/Pengarah/Rakan kongsi

☐ Manager

Pengurus

☐ Executive

Eksekutif

☐ Non-executive

Pegawai sokongan

☐ Others (*please specify:* ……...)

Lain-lain

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THANK YOU VERY MUCH FOR YOUR VALUABLE TIME AND SUPPORT.

TERIMA KASIH ATAS MASA DAN SOKONGAN ANDA.

Appendix 3. e-MTD Flyer

e-PCB

Sistem Penggajian Berkomputer yang amat mudah dilaksanakan untuk semua majikan

KELEBIHAN e-PCB
(Potongan Cukai Bulanan)

1. Jimat masa dan kos pentadbiran.
2. Mesra pengguna.
3. Pengiraan PCB yang mudah, cepat dan tepat.
4. Pengiraan PCB secara automatik pada bulan seterusnya (Sekiranya tiada perubahan).
5. Boleh diakses (melalui kemudahan internet) pada bila-bila masa dan di mana jua.

6. Keselamatan maklumat dan sistem adalah terjamin.
7. Tiada risiko kehilangan data pekerja dan pembayaran.
8. Pembukuan kepada lejar pekerja lebih cepat.
9. Pembayaran PCB boleh dibuat melalui 'e-Bayaran' (FPX) tanpa kos.
10. Menyimpan serta menyemak maklumat pekerja dan pengesahan bayaran.

* PCB - Potongan Cukai Bulanan

LHDN MALAYSIA

HASiL Teman Kecerianan Anda

1-800-88-5436 (LHDN)

Layari : www.hasil.gov.my

Klik HASiL dan Pilih e-PCB

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