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**DETERMINANTS OF INTENTION BEHAVIOUR
TO APPOINT LEGITIMATE TAX AGENTS AMONG
SOLE PROPRIETORSHIPS IN NEGERI SEMBILAN**

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**MASTER OF SCIENCE
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DETERMINANTS OF INTENTION BEHAVIOUR TO APPOINT LEGITIMATE
TAX AGENTS AMONG SOLE PROPRIETORSHIP IN NEGERI SEMBILAN

By

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the Master of Science (International Accounting)



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ABSTRACT

In this study, Ajzen's (1991) Theory of Planned Behavior (TPB) is used as a theoretical framework to answer the theoretical gap and practical gap according to the Inland Revenue Board (IRBM) Media statement dated 26 November 2015 that remind all Malaysian taxpayers to only seek legitimate (approved) tax agent services to manage their tax matters. The objectives of this study are to examine the factors that determine the intention of sole proprietor taxpayers to appoint or to use legitimate tax agents and to determine also whether attitude, subjective norm, self-efficacy and tax enforcement will influence their intention to appoint legitimate tax agents. The data set of the study was obtained from the survey method using questionnaires applied to 313 sole proprietor taxpayers who visited the IRBM Seremban Branch Office during Taxpayers' Service Month (or Hasil4U) programme held on 1 March until 30 June 2016. Samples were chosen by using the random sampling technique. The result of the reliability test shows that the research instrument is in an acceptable position. The study found all the determinants of intention studied were having mean score of 3.44 which show that there is a high intention for sole proprietor taxpayers to use legitimate tax agents. Multiple regression analysis was carried out on the data collected to see the relationship between the independent and dependent variables. The result of multiple regression shows that the independent variables tested can explain 91.6% variances towards the intention to use legitimate tax agents. Consistent with the hypotheses developed, the results reveal that attitude, subjective norm and tax enforcement have significant positively related to the intention of the respondents. Nevertheless, self-efficacy has significant negative statistical effect to the intention of the respondents.

Keywords: legitimate tax agents, theory of planned behavior, self-efficacy, tax enforcement, intention.

ABSTRAK

Kajian ini menggunakan Teori Gelagat Terancang (TGT) sebagai kerangka teori untuk menjawab persoalan berkaitan dengan jurang teori dan praktikal susulan dari kenyataan media Lembaga Hasil Dalam Negeri (LHDN) bertarikh 26 November 2015 yang menyarankan agar semua pembayar cukai Malaysia menggunakan perkhidmatan ejen cukai yang sah sahaja dalam menguruskan hal-hal percukaian mereka. Objektif kajian ini adalah untuk menentukan faktor-faktor yang dapat menentukan niat pembayar cukai milikan tunggal untuk menggunakan ejen cukai yang sah dan juga menentukan sama ada sikap, norma subjektif, efikasi sendiri dan penguatkuasaan pematuhan cukai akan dapat mempengaruhi niat mereka untuk memilih ejen cukai yang sah. Sebilangan data-data yang diperolehi adalah melalui borang kajian soal selidik ke atas sebilangan 313 pembayar cukai milikan tunggal yang berkunjung ke Cawangan LHDN Seremban semasa Program Pembayar Cukai (atau Hasil4U) yang diadakan pada 1 Mac hingga 30 Jun 2016. Sampel kajian yang dipilih adalah berdasarkan ujian pemilihan secara rawak. Keputusan ujian kebolehppercayaan data menggambarkan instrumen kajian adalah berkedudukan boleh diterima. Hasil kajian mendapati semua faktor yang menentukan niat yang dikaji menghasilkan skor purata 3.44 yang menunjukkan bahawa terdapat niat yang tinggi bagi pembayar cukai milikan tunggal untuk menggunakan ejen cukai yang sah. Keputusan ujian regresi berganda menerangkan bahawa variasi sebanyak 91.6% pembolehubah tidak bersandar dapat menerangkan niat terhadap penggunaan ejen cukai yang sah. Konsisten dengan hipotesis-hipotesis yang telah dibangunkan, keputusan telah menunjukkan bahawa pembolehubah sikap, norma subjektif dan penguatkuasaan pematuhan cukai mempengaruhi niat penggunaan ejen cukai yang sah secara positif dan signifikan. Akan tetapi faktor efikasi sendiri memberi kesan statistik secara negatif tetapi signifikan dalam mempengaruhi niat terhadap penggunaan ejen cukai yang sah.

Kata kunci: ejen cukai yang sah, teori gelagat terancang, efikasi sendiri, penguatkuasaan pematuhan cukai, niat.

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LIST OF ABBREVIATIONS

| | |
|--------|---|
| CTIM | Chartered Taxation Institute of Malaysia |
| GST | Goods and Service Tax |
| HMRC | HM Revenue & Customs (UK Tax Revenue) |
| IRBM | Inland Revenue Board of Malaysia |
| ITA | Income Tax Act |
| KMO | Kaiser Meyer-Olkin |
| MAICSA | Malaysian Institute of Chartered Secretaries and Administrators |
| MIA | Malaysian Institute of Accountants |
| OAS | Official Assessment System |
| OECD | Organisation for Economic Co-operation and Development |
| PBC | Perceived Behavior Control |
| SAS | Self Assessment System |
| SN | Subjective Norm |
| TPB | Theory of Planned Behavior |
| TRA | Theory of Reasoned Action |
| YA | Year of Assessment |

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Professionals such as accountants, lawyers and tax agents are regulated in Malaysia. This is in line with the general consensus that the public should be protected from incompetence practitioners (Thiagarajah, 2011). As tax professionals, tax agents are expected to carry out their duties to be competent (i.e possess the required skills, abilities, qualifications and experiences), trusted more and adding value while providing quality of tax services to their clients. As such, the expectations placed on the shoulders of tax agents are becoming more pressure as the burden of regulatory compliance become heavier and business transactions more complex. Tax agents in particular have a crucial role in supporting the tax administration in ensuring compliance with the tax laws and regulations as well as in educating clients and creating awareness on any potential changes in tax laws and the implications thereof.

According to the Federal Government Budget 2016 reported by the Ministry of Finance Malaysia (MoF), income tax (43.9%) remains as the main revenue source, indirect tax (21.9%) represents the second largest revenue while non-tax revenue (15.9%) is the third largest revenue source for Malaysian government. Going forward, as tax reform of country transitions to a high value-add and higher income economy, the Government has introduced Goods and Services Tax (GST) on 1 April 2015. GST implementation represents part of the government's tax reform agenda to generate a stable source of revenue by enhancing the effectiveness, capability and; tax administration and management.

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MEDIA RELEASE

THE NEED TO OBTAIN LEGITIMATE TAX AGENT SERVICES

Cyberjaya, November 26th - Inland Revenue Board of Malaysia (IRBM) would like to advise taxpayers to only seek services from legitimate and entitled tax agents in law to manage their tax matters. This is to avoid any problems occurred in the future.

Among the disadvantages in seeking services of illegitimate tax agents are as follows:

- i) Illegitimate tax agents may cause taxpayers to receive inaccurate or unclear tax advises in respect of provisions of the law of taxation including the preparation of Income Tax Return Form (ITRF) which does not comply with the provisions of tax law;
- ii) Illegitimate tax agents will not be responsible on taxpayers in the event of legal actions are taken against them on any offences or penalties imposed;
- iii) Illegitimate tax agents shall not represent taxpayers if audit or investigation is conducted by IRBM; and
- iv) Illegitimate tax agents shall not represent taxpayers in dispute resolution in front of the Special Commissioners of Income Tax.

IRBM would like to remind all parties not to simply act as an legitimate tax agents. Only legitimate tax agents should be granted approval by the Finance Minister under section 153(3), Income Tax Act (ITA) 1967. In this regard, any party who outlaw the regulation is against the provision of section 153(1) under ITA 1967. Prosecution shall be imposed in accordance with the provision of subsection 120(1)(d) of the same act, and upon conviction, be liable to a fine of not less than RM200 and not more than RM2000 or to imprisonment for a term not exceeding 6 months or to both.

In addition, prosecution under the provision of subsection 114(1A), an offence of any person who assists in, or advises with respect to the preparation of any return where the return results in an understatement of the liability for tax of another person and if convicted, one shall be liable to a fine of not less than RM2000 and not more than RM20000, or to imprisonment for a term not exceeding 3 years, or both.

Therefore, taxpayers must be cautious and get confirmation from IRBM if necessary pertaining to seek legitimate tax agent services. Taxpayers may check the list of legitimate tax agents and information such as the agent's name, firms/companies, address as well as tax agent's phone number and validity of approval by the Finance Minister at IRBM's official portal www.hasil.gov.my or the following url <http://www.hasil.gov.my/cagenindex.php?neg=1&abj=ALL&kump=5&skum=4&posi=1>.

As of record, there are more than 1,902 legitimate tax agents and have granted approval by the Finance Minister to serve.

#

THANK YOU



Issued by:

Masrun Bin Maslim | Public Relations Officer (Media)

Corporate Communications & Multimedia Division | Corporate Services Department

Inland Revenue Board of Malaysia

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Official Portal : www.hasil.gov.my

Date : November 26th, 2015



UUM
Universiti Utara Malaysia

Appendix B

IRBM Tax Agents' Code of Conduct/Ethics

According to the IRBM tax agents' code of conduct/ethics, a tax agent shall always adhere to the following ethical behaviour when discharging his or her duties:

Integrity

- i. An agent shall be well mannered, honest, sincere and truthful in his work and always give full cooperation when dealing with the IRBM. In handling the case of his client, he shall furnish only information which, to the best of his knowledge and belief, is correct.
- ii. An agent shall refrain from using information acquired in the course of his work for his own advantage or that of his family. Such information is classified material and shall be dealt with as confidential. It shall not be disclosed to any other party without specific authority. "Classified material" means returns or documents or information that is acquired by a classified person as defined in Section 138(5), ITA 1967. A "classified person" means any person or his employee who has access to classified material when representing a client in taxation matters.
- iii. An agent shall accurately inform and advise his client on the progress of his case.
- iv. An agent shall not misuse any monies entrusted by his client for purposes of payment of tax. Proof of payment of tax shall be given to his client for purposes of record.
- v. An agent shall not enter into any arrangement with an unqualified person to endorse the work of that unqualified person.

Competency

- i. An agent shall always strive for professional competency and exhibit a high degree of skill in discharging his duties. A tax agent must therefore be conversant with the tax laws and practices, and constantly ensure that his technical knowledge is up-to-date. In addition he is also expected to keep abreast with the requirements of the IRBM, which may be announced from time to time.
- ii. Staff members of a tax agent must also be well trained in relevant aspects of tax laws and regulations so as to ensure that work performed by them also meet the required standard.

iii. An agent shall, to the best of his ability, ensure that all returns and tax computations submitted are properly completed with the required supporting statements and schedules, and such submissions are in compliance with the guidelines issued by the IRBM.

iv. An agent shall only undertake cases that are within his experience and capability. This is to avoid any sub-standard work being performed and undue delay in the finalisation of the cases.

v. When making appeals against any assessment, proper care shall be taken to ensure that such appeals are based on valid grounds.

vi. An agent is expected to give prompt and complete replies to enquiries from the IRBM.

Professional Advice

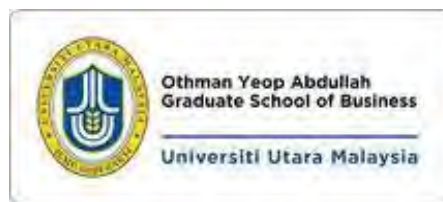
i. In giving professional advice to his clients, the tax agent shall always have regard to the prevailing tax laws.

ii. An agent shall impress upon his clients the various obligations and duties as taxpayers under the tax laws and educate the clients on the importance of maintaining proper records of all transactions especially in business cases.

iii. An agent shall also advise his clients of the necessity to make sufficient provisions for payment of tax as well as the importance of keeping to the instalment plans for payment of tax so as to avoid late payment penalties.

Appendix C-I Cover Letter for Research Questionnaire

Othman Yeop Abdullah
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Email: oyagsb@uum.edu.my
Date : 15 Oct 2016



Dear Mr / Mrs / Ms

ACADEMIC RESEARCH QUESTIONNAIRE

Warm greetings from the researcher, Che Mohd Zaradi Ibrahim and the research enumerators. I am a Master candidate of Universiti Utara Malaysia under UUM-LHDN jointly programme. I am doing a research on **“The Intention Of Taxpayers To Appoint Approved Tax Agents Towards Legitimate Tax Agents Services (The Person Who Has Been Approved by Minister of Finance-MoF) In Negeri Sembilan”**. The survey uses a fixed-response format so that you will be able to complete it easily and quickly (within 15 – 20 minutes) only.

As a participant in this survey you face no risks; your name and identity information will not be collected, so your responses cannot be associated with you. Furthermore, survey data will only be available to the researcher in aggregate and will be used mainly for academic purposes.

The format of the questionnaire that given to you is in English and Bahasa Malaysia. After answering the questionnaire, could you please put it in the free postage envelope and post it to the address which already stated at the envelope. This research programme will due within two (2) months from the date that stated above.

If you require additional information or have questions, please contact me at the details listed below.

Yours sincerely,

Che Mohd Zaradi Bin Ibrahim
H/phone no.:
E-mail: chemohdzaradi@hasil.gov.my

Appendix C-II Research Questionnaire

Part (ONE): General Information – Please tick (✓) in the appropriate box.

(Bahagian (SATU): Maklumat Am – Sila tandakan (✓) dalam kotak berkenaan)

1. Your Age (*Umur Anda*)

- | | |
|---|---|
| 1. <input type="checkbox"/> Less than 26 years (<i>Kurang dari 26 tahun</i>) | 2. <input type="checkbox"/> 26 – 35 years (<i>26 – 35 tahun</i>) |
| 3. <input type="checkbox"/> 36 – 45 years (<i>36 – 45 tahun</i>) | 4. <input type="checkbox"/> Above 45 years (<i>45 tahun ke atas</i>) |

2. What is the highest level of education you have completed?

(Peringkat tertinggi taraf pendidikan yang dimiliki?)

- | | |
|---|---|
| 1. <input type="checkbox"/> Secondary School (<i>Sekolah Menengah</i>) | 2. <input type="checkbox"/> Certificate/Diploma (<i>Sijil/Diploma</i>) |
| 3. <input type="checkbox"/> Bachelor Degree (<i>Ijazah Sarjana Muda</i>) | 4. <input type="checkbox"/> Masters, PhD (<i>Masters, PhD</i>) |

3. Number of Years running your business?

(Sudah berapa tahunkah anda telah menjalankan perniagaan?)

- | | | |
|---|---|---|
| 1. <input type="checkbox"/> Below 3 years (<i>Kurang dari 3 tahun</i>) | 2. <input type="checkbox"/> 3 - 6 years (<i>3 – 6 tahun</i>) | |
| 3. <input type="checkbox"/> 7 -10 years (<i>7 – 10 tahun</i>) | 4. <input type="checkbox"/> 11-15 years (<i>11 – 15 tahun</i>) | 5. <input type="checkbox"/> Above 15 years (<i>15 tahun ke atas</i>) |

4. Which of the classification best describe your business?

(Yang manakah menerangkan klasifikasi perniagaan anda?)

1. ☐ Food and Beverage Products
(*Produk Makanan dan Minuman*)
2. ☐ Machinery/Computer Equipment and Components
(*Produk Mesin/Komputer dan komponen berkaitan*)
3. ☐ Electronic/Electrical Equipment and Components
(*Produk Alatan dan Komponen Elektronik/Elektrik*)
4. ☐ Agricultural by-products
(*Produk berasaskan pertanian*)
5. ☐ Personal, Health Care and Cosmetics Products
(*Produk Penjagaan, Kesihatan Diri dan Kosmetik*)
6. ☐ Paper & Rubber Products
(*Produk Kertas dan Getah*)

7. Other: _____
(*Please state the type of your business or the product/services*)

Lain-lain: (Sila nyatakan jenis perniagaan anda atau produk/servis)

Part (TWO): Intention To Use/Appoint/Hire Approved Tax Agents (Legitimate Tax Agents)
(Bahagian (DUA): Kajian Tentang Niat Untuk Melantik Ejen Cukai Yang Sah)

For each item identified below, please tick (✓) to indicate the number that most closely describes your intention to appoint an approved tax agent (legitimate tax agent). Use the scale below to select the appropriate number. *(Untuk setiap item yang disenaraikan di bawah, sila tandakan (✓) untuk menunjukkan kecenderungan niat anda untuk melantik ejen cukai yang sah. Gunakan skala bernombor (1 hingga 5) yang diberikan sebagai panduan untuk menjawab).*

| | | | | |
|---|-------------------------------|-------------------------|-------------------|--------------------------------------|
| Strongly Disagree (Sangat Tidak Bersetuju) | Disagree (Tidak Bersetuju) | Neutral (Berkecuali) | Agree (Setuju) | Strongly Agree (Sangat Bersetuju) |
| 1 | 2 | 3 | 4 | 5 |

| No. | Item | 1 | 2 | 3 | 4 | 5 |
|-----|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1. | I intend to use approved tax agent services to file my tax return next year. <i>(Saya mempunyai niat untuk menggunakan perkhidmatan ejen cukai untuk memfailkan borang cukai saya pada tahun hadapan).</i> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 2. | I proposed to use approved tax agent services to file my tax return. <i>(Saya bercadang untuk menggunakan perkhidmatan ejen cukai untuk memfailkan borang cukai saya).</i> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 3. | I would use approved tax agent services to manage my taxation matters. <i>(Saya akan menggunakan perkhidmatan ejen cukai untuk mengendalikan urusan percukaian saya).</i> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 4. | I would hire an approved tax agent to file my income tax every year. <i>(Saya akan menggunakan perkhidmatan ejen cukai untuk memfailkan borang cukai saya pada setiap tahun).</i> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Part (THREE): Attitude Towards Intention To Appoint An Approved Tax Agent (Legitimate Tax Agent).
(Bahagian (TIGA): Kajian Tentang Sikap Terhadap Niat Untuk Melantik Ejen Cukai Yang Sah)

For each item identified below, please tick (✓) to indicate the number that most closely describes your attitude towards intention to appoint an approved tax agent. Use the scale below to select the appropriate number.

(Untuk setiap item yang disenaraikan di bawah, sila tandakan (✓) untuk menunjukkan sikap anda terhadap niat untuk melantik ejen cukai yang sah. Gunakan skala bernombor (1 hingga 5) yang diberikan sebagai panduan untuk menjawab).

| | | | | |
|---|-------------------------------|-------------------------|-------------------|--------------------------------------|
| Strongly Disagree (Sangat Tidak Bersetuju) | Disagree (Tidak Bersetuju) | Neutral (Berkecuali) | Agree (Setuju) | Strongly Agree (Sangat Bersetuju) |
| 1 | 2 | 3 | 4 | 5 |

| No. | Item | 1 | 2 | 3 | 4 | 5 |
|-----|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1. | Approved tax agent services are important for me. (<i>Perkhidmatan ejen cukai yang sah adalah mustahak bagi saya</i>). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 2. | I prefer to appoint approved tax agent compared to unapproved tax agent. (<i>Saya lebih berminat untuk melantik ejen cukai yang sah berbanding dengan ejen cukai yang tidak sah</i>). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 3. | Approved tax agent will deliver good professional advice and quality of services compared to unapproved tax agent. (<i>Ejen cukai yang sah akan memberikan nasihat cukai secara profesional dan perkhidmatan berkualiti berbanding dengan perkhidmatan dari ejen cukai yang tidak sah</i>). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 4. | The fee that will be charged by approved tax agent is expected reasonable. (<i>Yuran perkhidmatan cukai yang dikenakan oleh ejen cukai yang sah dijangkakan amat berpatutan dan munasabah</i>). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 5. | It is easy to find approved tax agent in Negeri Sembilan. (<i>Untuk mendapatkan ejen cukai yang sah di Negeri Sembilan adalah mudah</i>). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Part (FOUR): Peers Influences

(Bahagian (EMPAT): Pengaruh Rakan Dan Keluarga)

This part of the questionnaire is to describe the influences of your friend and family as you have the intention to appoint an approved tax agent. Please tick (✓) all items on the answer sheet. Judge how frequently each statement fits the person you are rating. Use the following scale:-

(Bahagian soal selidik ini menggambarkan pengaruh rakan dan keluarga anda yang boleh mempengaruhi niat anda untuk melantik ejen cukai yang sah. Sila tandakan (✓) bagi setiap item yang disenaraikan. Gunakan skala bernombor (1 hingga 5) yang diberikan sebagai panduan untuk menjawab).

| | | | | |
|---|-------------------------------|-------------------------|-------------------|--------------------------------------|
| Strongly Disagree (Sangat Tidak Bersetuju) | Disagree (Tidak Bersetuju) | Neutral (Berkecuali) | Agree (Setuju) | Strongly Agree (Sangat Bersetuju) |
| 1 | 2 | 3 | 4 | 5 |

| No. | Item | 1 | 2 | 3 | 4 | 5 |
|-----|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1. | My friends who are important to me are choosing approved tax agent rather than unapproved tax agent. (<i>Rakan/kawan-kawan saya yang terdekat dan rapat telah memilih ejen cukai yang sah berbanding ejen cukai yang tidak sah</i>). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

| | | | | | | |
|-----|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2. | My family members who are important to me are choosing approved tax agent rather than unapproved tax agent. (Ahli keluarga saya yang terdekat dan rapat telah memilih ejen cukai yang sah berbanding ejen cukai yang tidak sah). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 3. | My friends can influence me to choose approved tax agent. (Rakan/kawan-kawan saya boleh mempengaruhi saya untuk memilih ejen cukai yang sah). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 4. | My family members can influence me to choose approved tax agent. (Ahli keluarga saya boleh mempengaruhi saya untuk memilih ejen cukai yang sah). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 5. | My friends prefer approved tax agent rather than unapproved tax agent. (Rakan/kawan-kawan saya lebih berminat untuk melantik ejen cukai yang sah berbanding ejen cukai yang tidak sah). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 6. | My family members prefer approved tax agent rather than unapproved tax agent. (Ahli keluarga saya lebih berminat untuk melantik ejen cukai yang sah berbanding ejen cukai yang tidak sah). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 7. | My friends think that I should choose approved tax agent. (Rakan/kawan-kawan saya berfikir bahawa saya patut memilih untuk melantik ejen cukai yang sah). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 8. | My family members think that I should choose approved tax agent. (Ahli keluarga saya berfikir bahawa saya patut memilih untuk melantik ejen cukai yang sah). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 9. | My friends impose on me the importance of choosing approved tax agent. (Rakan/kawan-kawan saya menerangkan/menjelaskan kepentingan/keutamaan untuk memilih ejen cukai yang sah). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 10. | My family members impose on me the importance of choosing approved tax agent. (Ahli keluarga saya menerangkan/menjelaskan kepentingan/keutamaan untuk memilih ejen cukai yang sah). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Part (FIVE): The Internal Factor & External Factor To Appoint An Approved Tax Agent
(Bahagian (LIMA): Kajian Pengaruh Faktor Dalaman & Luaran Untuk Melantik Ejen Cukai Yang Sah)

This part is intended to know whether the internal factor or external factor would reflect to your intention including yourself confident level to appoint an approved tax agent. Please tick (✓) all items on this answer sheet. Use the following scale:-

| Strongly Disagree (Sangat Tidak Bersetuju) | Disagree (Tidak Bersetuju) | Neutral (Berkecuali) | Agree (Setuju) | Strongly Agree (Sangat Bersetuju) |
|---|-------------------------------|-------------------------|-------------------|--------------------------------------|
| 1 | 2 | 3 | 4 | 5 |

| No. | Item | 1 | 2 | 3 | 4 | 5 |
|-----|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1. | I'm capable to handle my income tax matters. (Saya berkebolehan untuk mengendalikan urusan percukaian saya). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 2. | I'm confident to compute my income tax without any assistant. (Saya berkeyakinan untuk membuat pengiraan cukai saya tanpa bantuan sesiapa). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 3. | I can compute my income tax every year. (Saya mampu membuat pengiraan cukai saya pada setiap tahun). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 4. | With my current tax knowledge, I can compute my income tax. (Berdasarkan kepada pengetahuan semasa saya, saya mampu membuat pengiraan cukai saya). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 5. | IRB always checked those who have not paid tax. (LHDN sentiasa membuat semakan ke atas mereka yang tidak membayar cukai). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 6. | IRB always able to detect those who do not pay tax. (LHDN berkebolehan mengesan mereka yang tidak membayar cukai). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 7. | Fine and penalty are being imposed by IRB for those who do not pay tax and submitting incorrect tax return. (LHDN mengenakan denda dan penalti ke atas mereka yang tidak membayar cukai dan mengemukakan borang cukai yang tidak tepat). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 8. | IRB always conduct audit on taxpayers. (LHDN sentiasa membuat semakan audit ke atas pembayar cukai). | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Thank you for your participation.

Terima kasih kerana menyertai kaji selidik ini.

Appendix D Reliability Analyses

1. Reliability Test – Attitude towards the Intention To Use Legitimate Tax Agent

Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| Att1 | 13.3786 | 21.767 | 0.720 | 0.650 | 0.925 |
| Att2 | 13.4369 | 17.150 | 0.912 | 0.858 | 0.886 |
| Att3 | 13.3398 | 18.344 | 0.893 | 0.815 | 0.890 |
| Att4 | 13.6699 | 19.929 | 0.719 | 0.542 | 0.924 |
| Att5 | 13.5534 | 19.446 | 0.797 | 0.741 | 0.909 |

Reliability Coefficient

Number N = 103 Number of items = 5

Alpha = 0.925

Note :

1. Att1 = Approved tax agent services are important
2. Att2 = Prefer to appoint approved tax agent rather than unapproved tax agent
3. Att3 = Approved tax agent will deliver good professional advice and quality of services compared to unapproved tax agent
4. Att4 = The fee that will be charged by approved tax agent is expected reasonable
5. Att5 = It easy to find approved tax agents in Negeri Sembilan

2. Reliability Test – Subjective Norm towards the Intention To Use Legitimate Tax Agent

Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|--------|----------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------------|
| SNF1 | 31.1553 | 53.682 | 0.761 | 0.927 | 0.906 |
| SNFM2 | 30.6990 | 59.193 | 0.600 | 0.878 | 0.915 |
| SNF3 | 31.1845 | 53.662 | 0.743 | 0.787 | 0.908 |
| SNFM4 | 30.6214 | 63.865 | 0.260 | 0.709 | 0.931 |
| SNF5 | 31.0680 | 51.887 | 0.879 | 0.914 | 0.899 |
| SNFM6 | 30.6311 | 58.980 | 0.649 | 0.750 | 0.913 |
| SNF7 | 31.0777 | 53.053 | 0.838 | 0.927 | 0.902 |
| SNFM8 | 31.0388 | 53.900 | 0.799 | 0.887 | 0.904 |
| SNF9 | 31.3010 | 53.114 | 0.836 | 0.938 | 0.902 |
| SNFM10 | 30.9806 | 59.980 | 0.555 | 0.789 | 0.917 |

Reliability Coefficient

Number N = 103 Number of items = 10

Alpha = 0.919

Note:

1. SNF1 = Friends choose approved tax agent rather than unapproved tax agent
2. SNFM2 = Family members choose approved tax agent rather than unapproved tax agent
3. SNF3 = Friends influence to choose approved tax agent
4. SNFM4 = Family members influence to choose approved tax agent
5. SNF5 = Friends prefer approved tax agent rather than unapproved tax agent
6. SNFM6 = Family members prefer approved tax agent rather than unapproved tax agent
7. SNF7 = Friends' opinion to choose approved tax agent
8. SNFM8 = Family members' opinion to choose approved tax agent
9. SNF9 = Friends encourage to choose approved tax agent
10. SNFM10 = Family members encourage to choose approved tax agent

3. Reliability Test – Self-efficacy towards the Intention To Use Legitimate Tax Agent

Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|-----------|----------------------------------|---|--|------------------------------------|---|
| PBC_Self1 | 9.0680 | 13.221 | 0.884 | 0.788 | 0.942 |
| PBC_Self2 | 9.3786 | 12.767 | 0.872 | 0.818 | 0.947 |
| PBC_Self3 | 9.3981 | 13.085 | 0.938 | 0.901 | 0.926 |
| PBC_Self4 | 9.2621 | 13.548 | 0.867 | 0.837 | 0.947 |

Reliability Coefficient

Number N = 103 Number of items = 4

Alpha = 0.955

- Note:*
1. PBC_Self1 = Capable to handle income tax matters
 2. PBC_Self2 = Confident to compute income tax without any assistant
 3. PBC_Self3 = Capable to compute income tax every year
 4. PBC_Self4 = With current tax knowledge, can compute income tax

4. Reliability Test – Tax Enforcement towards the Intention To Use Legitimate Tax Agent

Item-Total Statistics

| | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|--------------|----------------------------------|--------------------------------------|--|------------------------------------|--|
| PBC_Enforce5 | 12.3981 | 4.869 | 0.741 | 0.807 | 0.893 |
| PBC_Enforce6 | 12.2039 | 4.772 | 0.939 | 0.914 | 0.813 |
| PBC_Enforce7 | 12.1068 | 5.332 | 0.877 | 0.820 | 0.844 |
| PBC_Enforce8 | 12.1942 | 5.844 | 0.607 | 0.538 | 0.931 |

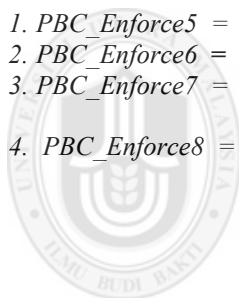
Reliability Coefficient

Number N = 103 Number of items = 4

Alpha = 0.901

Note:

1. *PBC_Enforce5 = IRB always check those who have not paid tax*
2. *PBC_Enforce6 = IRB always able to detect those who do not pay tax*
3. *PBC_Enforce7 = Fine and penalty are being imposed by IRB for those who do not pay tax and submitting incorrect tax return*
4. *PBC_Enforce8 = IRB always conduct audit on taxpayers.*



Universiti Utara Malaysia

Appendix E Factor Analyses

1. Attitude towards the intention to appoint legitimate tax agent

KMO and Bartlett's Test

| | | |
|--|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .837 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 445.285 |
| | df | 10 |
| | Sig. | .000 |

Total Variance Explained

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 3.862 | 77.230 | 77.230 | 3.862 | 77.230 | 77.230 |
| 2 | 0.474 | 9.488 | 86.719 | | | |
| 3 | 0.417 | 8.337 | 95.056 | | | |
| 4 | 0.143 | 2.854 | 97.910 | | | |
| 5 | 0.104 | 2.090 | 100.000 | | | |

Extraction Method: Principal Component Analysis.

Component Matrix^a

| | Component |
|------|-----------|
| | 1 |
| Att1 | 0.814 |
| Att2 | 0.951 |
| Att3 | 0.936 |
| Att4 | 0.813 |
| Att5 | 0.871 |

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Note :

1. Att1 = Approved tax agent services are important
2. Att2 = Prefer to appoint approved tax agent rather than unapproved tax agent
3. Att3 = Approved tax agent will deliver good professional advice and quality of services compared to unapproved tax agent
4. Att4 = The fee that will be charged by approved tax agent is expected reasonable
5. Att5 = It easy to find approved tax agents in Negeri Sembilan

2. Subjective norm towards the intention to appoint legitimate tax agent

KMO and Bartlett's Test

| | | | |
|--|--------------------|--|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | | .743 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | | 1205.065 |
| | df | | 45 |
| | Sig. | | .000 |

Total Variance Explained

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | | | | | | | | | |
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 5.901 | 59.014 | 59.014 | 5.901 | 59.014 | 59.014 | 5.018 | 50.179 | 50.179 |
| 2 | 1.926 | 19.263 | 78.276 | 1.926 | 19.263 | 78.276 | 2.810 | 28.097 | 78.276 |
| 3 | .746 | 7.459 | 85.736 | | | | | | |
| 4 | .658 | 6.575 | 92.311 | | | | | | |
| 5 | .263 | 2.631 | 94.942 | | | | | | |
| 6 | .183 | 1.834 | 96.777 | | | | | | |
| 7 | .178 | 1.782 | 98.558 | | | | | | |
| 8 | .064 | .642 | 99.201 | | | | | | |
| 9 | .052 | .520 | 99.721 | | | | | | |
| 10 | .028 | .279 | 100.000 | | | | | | |

Extraction Method: Principal Component Analysis.

Component Matrix^a

| | Component | |
|--------|-----------|-------|
| | 1 | 2 |
| SNF5 | .923 | -.208 |
| SNF7 | .897 | -.313 |
| SNF9 | .883 | -.125 |
| SNFM8 | .863 | -.262 |
| SNF1 | .842 | -.276 |
| SNF3 | .813 | -.298 |
| SNFM6 | .688 | .538 |
| SNFM2 | .656 | .454 |
| SNFM4 | .305 | .812 |
| SNFM10 | .596 | .617 |

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

Note:

1. SNF1 = Friends choose approved tax agent rather than unapproved tax agent
2. SNFM2 = Family members choose approved tax agent rather than unapproved tax agent
3. SNF3 = Friends influence to choose approved tax agent
4. SNFM4 = Family members influence to choose approved tax agent
5. SNF5 = Friends prefer approved tax agent rather than unapproved tax agent
6. SNFM6 = Family members prefer approved tax agent rather than unapproved tax agent
7. SNF7 = Friends' opinion to choose approved tax agent
8. SNFM8 = Family members' opinion to choose approved tax agent
9. SNF9 = Friends encourage to choose approved tax agent
10. SNFM10 = Family members encourage to choose approved tax agent

3. Self-efficacy towards the Intention To Use Legitimate Tax Agent

KMO and Bartlett's Test

| | |
|--|--------------------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .786 |
| Bartlett's Test of Sphericity | Approx. Chi-Square |
| | 471.974 |
| | df |
| | 6 |
| | Sig. |
| | .000 |

Total Variance Explained

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 3.528 | 88.212 | 88.212 | 3.528 | 88.212 | 88.212 |
| 2 | .248 | 6.211 | 94.422 | | | |
| 3 | .160 | 4.001 | 98.423 | | | |
| 4 | .063 | 1.577 | 100.000 | | | |

Extraction Method: Principal Component Analysis.

Component Matrix^a

| | Component |
|-----------|-----------|
| | 1 |
| PBC_Self3 | .967 |
| PBC_Self1 | .935 |
| PBC_Self2 | .928 |
| PBC_Self4 | .927 |

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

- Note:
1. PBC_Self1 = Capable to handle income tax matters
 2. PBC_Self2 = Confident to compute income tax without any assistant
 3. PBC_Self3 = Capable to compute income tax every year
 4. PBC_Self4 = With current tax knowledge, can compute income tax

4. Tax Enforcement towards the Intention To Use Legitimate Tax Agent

KMO and Bartlett's Test

| | |
|--|--------------------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .713 |
| Bartlett's Test of Sphericity | Approx. Chi-Square |
| | 387.019 |
| | df |
| | 6 |
| | Sig. |
| | .000 |

Total Variance Explained

| Component | Initial Eigenvalues | | | Extraction Sums of Squared | | |
|-----------|---------------------|---------------|--------------|----------------------------|---------------|--------------|
| | | | | Loadings | | |
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 3.145 | 78.626 | 78.626 | 3.145 | 78.626 | 78.626 |
| 2 | .611 | 15.266 | 93.892 | | | |
| 3 | .186 | 4.662 | 98.554 | | | |
| 4 | .058 | 1.446 | 100.000 | | | |

Extraction Method: Principal Component Analysis.

Component Matrix^a

| | Component |
|--------------|-----------|
| | 1 |
| PBC_Enforce6 | .970 |
| PBC_Enforce7 | .939 |
| PBC_Enforce5 | .862 |
| PBC_Enforce8 | .761 |

Extraction Method: Principal

Component Analysis.

a. 1 components extracted.

Note:

1. *PBC_Enforce5 = IRB always check those who have not paid tax*
2. *PBC_Enforce6 = IRB always able to detect those who do not pay tax*
3. *PBC_Enforce7 = Fine and penalty are being imposed by IRB for those who do not pay tax and submitting incorrect tax return*
4. *PBC_Enforce8 = IRB always conduct audit on taxpayers.*