DETERMINANTS OF EFFECTIVE TAX INVESTIGATION: A CASE OF THE IRBM INVESTIGATION BRANCH IN THE NORTHERN REGION

TEOH TING TING

MASTER OF SCIENCE
(INTERNATIONAL ACCOUNTING)
UNIVERSITI UTARA MALAYSIA
MARCH 2023

DETERMINANTS OF EFFECTIVE TAX INVESTIGATION: A CASE OF THE IRBM INVESTIGATION BRANCH IN THE NORTHERN REGION

BY
TEOH TING TING

A Project Paper Submitted to
College of Business,
Universiti Utara Malaysia,
in Partial Fulfilment of the Requirement for the Master of Science
(International Accounting)

Kolej Perniagaan
(College of Business)
Universiti Utara Malaysia

PERAKUAN KERJA DISERTASI/KERTAS PENYELIDIKAN/KERTAS PROJEK
(Certification of thesis / dissertation)

Kami, yang bertandatangan, memperakukan bahawa
(We, the undersigned, certify that)

TEOH TING TING (829357)

calon untuk Ijazah **MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)**
(candidate for the degree of)

telah mengemukakan tesis / disertasi yang bertajuk:
(has presented his/her thesis / dissertation of the following title):

DETERMINANTS OF EFFECTIVE TAX INVESTIGATION: A CASE OF THE IRBM INVESTIGATION BRANCH IN THE NORTHERN REGION

seperti yang tercatat di muka surat tajuk dan kulit tesis / disertasi.
(as it appears on the title page and front cover of the thesis / dissertation).

Bahawa tesis/disertasi tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan, sebagaimana yang ditunjukkan oleh calon dalam ujian lisan yang diadakan pada:
.
(That the said thesis/dissertation is acceptable in form and content and displays a satisfactory knowledge of the field of study as demonstrated by the candidate through an oral examination held on:
.

Pengerusi Viva *(Chairman for Viva)*	:	Tandatangan *(Signature)*	
Pemeriksa Dalam *(Internal Examiner)*	: **PROF. DR. ZAINOL BIDIN**	Tandatangan *(Signature)*	

Tarikh: **30 APRIL 2023**
(Date)

Nama Pelajar (Name of Student)	:	**TEOH TING TING (829357)**
Tajuk Tesis / Disertasi *(Title of the Thesis / Dissertation)*	:	**DETERMINANTS OF EFFECTIVE TAX INVESTIGATION: A CASE OF THE IRBM INVESTIGATION BRANCH IN THE NORTHERN REGION**
Program Pengajian *(Programme of Study)*	:	**M20D – MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)**
Nama Penyelia/Penyelia-penyelia *(Name of Supervisor/Supervisors)*	:	**PROF. MADYA DR. MUNUSAMY A/L MARIMUTHU**

Tandatangan

Permission to Use

In presenting this project paper in fulfilment of the requirements for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the library of this university may make it freely available for inspection. I further agree that permission for copying this project paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor(s) or in their absence, by the Director of Postgraduate Studies Unit, College of Business where I did my project paper. It is understood that any copying or publication or use of this project paper or parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my project paper.

Request for permission to copy or to make other use of materials in this project paper in whole or in part should be addressed to:

Director of Postgraduate Studies Unit, College of Business
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman

Abstrak

Menurut maklumat yang diberikan oleh Jabatan Operasi Cukai, semua cawangan siasatan di wilayah utara Malaysia menunjukkan prestasi yang lebih rendah berbanding cawangan lain. Oleh itu, kajian ini bertujuan menyiasat penentu penyiasatan cukai yang berkesan dalam kalangan pegawai penyiasat di Cawangan Siasatan LHDNM khususnya bagi mereka yang berada di wilayah utara Malaysia. Sampel sebanyak 42 responden telah dipilih berdasarkan teknik persampelan *'non-probability judgmental'* atau *'purposive'*. Penemuan penyelidikan mendapati bahawa pengetahuan dan kemahiran cukai, strategi penguatkuasaan cukai, dan penalti cukai mempunyai pengaruh yang signifikan terhadap penyiasatan cukai yang berkesan dalam kalangan pegawai penyiasat LHDNM. Undang-undang cukai yang kompleks, sebaliknya, tidak mempunyai kesan yang signifikan terhadap penyiasatan cukai yang berkesan, dengan andaian bahawa majoriti pegawai penyiasat telah bekerja di LHDNM lebih daripada sepuluh tahun dan mempunyai pengetahuan yang mencukupi untuk mentafsir undang-undang cukai yang kompleks. Keputusan analisis regresi berganda juga menunjukkan bahawa 82.2% daripada varians dalam penyiasatan cukai berkesan boleh diambil kira oleh pembolehubah bebas yang diperiksa. Hasilnya, model yang digunakan dalam kajian ini didapati sesuai dan mampu meramalkan pembolehubah bersandar.

Kata kunci: penyiasatan cukai yang berkesan, undang-undang cukai yang kompleks, pengetahuan dan kemahiran cukai, strategi penguatkuasaan cukai, penalti cukai

Abstract

According to the information provided by the Tax Operation Department, all investigation branches in Malaysia's northern region performed substantially lower than other branches. Therefore, this study attempted to investigate the determinants of effective tax investigation among tax investigation officers in IRBM Investigation Branch, especially those located in the northern region of Malaysia. A sample of 42 respondents was selected based on non-probability judgemental or purposive sampling techniques. The research findings revealed that tax knowledge and skills, tax enforcement strategy, and tax penalty had significant influences on effective tax investigation among IRBM's investigation officers. Complex tax laws, on the other hand, had no significant impact on effective tax investigation, assuming that the majority of the investigation officers have worked in IRBM for more than ten years and possess sufficient knowledge to interpret complex tax laws. The results of multiple regression analysis also showed that 82.2% of the variance in the effective tax investigation could be accounted for by the independent variables examined. As a result, it was determined that the model used in this study is appropriate and capable of predicting the dependent variables.

Keywords: effective tax investigation, complex tax laws, tax knowledge and skills, tax enforcement strategy, tax penalty

Acknowledgement

First and foremost, I would like to express my deepest appreciation to my supervisor, Assoc. Prof. Dr. Munusamy Marimuthu, for his guidance, encouragement, and motivation throughout the process of completing this study. My special thanks are extended to all the lecturers from Tunku Puteri Intan Safinaz School of Accountancy, Universiti Utara Malaysia, who had contributed in helping me to complete this project paper.

This endeavour would not have been possible without the support and nurture from my employer, the Inland Revenue Board of Malaysia (IRBM). Therefore, I would like to extend my sincere thanks to my superiors and colleagues in Penang Investigation Branch for their support and understanding. Also, to my friends and classmates who had inspired me and shared their valuable knowledge, expertise, and friendships along this journey.

Last but not least, I'm deeply indebted to my family, especially my parents, spouse, and children. Their belief in me has sustained my enthusiasm and optimistic attitude throughout this hardship.

Table of Contents

Certification of Thesis Work i

Permission to Use ii

Abstrak iii

Abstract iv

Acknowledgement v

Table of Contents vi

List of Tables ix

List of Figures xi

List of Abbreviations xii

1 CHAPTER ONE INTRODUCTION **1**
1.1 Background of the Study 1
1.2 Problem Statement 6
1.3 Research Questions 11
1.4 Research Objectives 11
1.5 Significance of the Study 11
1.5.1 Theoretical Significance 12
1.5.2 Practical Significance 12
1.6 Scope of the Study 13
1.7 Definition of Key Terms 14
1.8 The Organisation of the Study 15

2 CHAPTER TWO LITERATURE REVIEW **17**
2.1 Introduction 17
2.2 Deterrence Theory 17
2.3 Effective Tax Investigation 18
2.3.1 Investigation Activity 19
2.3.2 Investigation Procedures 20
2.4 Complex Tax Laws and Effective Tax Investigation 23
2.5 Tax Knowledge and Skills and Effective Tax Investigation 24
2.6 Tax Enforcement Strategy and Effective Tax Investigation 25
2.7 Tax Penalty and Effective Tax Investigation 27
2.8 Summary of the Chapter 29

3 CHAPTER THREE RESEARCH METHODOLOGY **30**
3.1 Introduction 30
3.2 Research Framework 30
3.3 Hypotheses Development 31
3.3.1 Complex Tax Laws and Effective Tax Investigation 31

3.3.2 Tax Knowledge and Skills and Effective Tax Investigation 32
3.3.3 Tax Enforcement Strategy and Effective Tax Investigation 33
3.3.4 Tax Penalty and Effective Tax Investigation 34
3.4 Research Design 34
3.4.1 Population and Sampling 35
3.4.1.1 Population of Study 35
3.4.1.2 Sampling Size 36
3.4.1.3 Sampling Technique 36
3.4.2 Data Collection Method 37
3.5 Operational Definition and Measurement of Variables 37
3.5.1 Effective Tax Investigation 38
3.5.2 Complex Tax Laws 39
3.5.3 Tax Knowledge and Skills 39
3.5.4 Tax Enforcement Strategy 40
3.5.5 Tax Penalty 41
3.6 Data Analysis Techniques 41
3.6.1 Description Analysis 42
3.6.2 Reliability and Validity Analysis 42
3.6.3 Multiple Regression Analysis 43
3.7 Pre-test 44
3.8 Summary of the Chapter 44

4 CHAPTER FOUR RESEARCH FINDINGS 45
4.1 Introduction 45
4.2 Response Rate 45
4.3 Accuracy of Data Entry 46
4.4 Demography of Respondents 46
4.5 Reliability Analysis 53
4.6 Factor Analysis Results 56
4.7 Descriptive Analysis 57
4.7.1 Effective Tax Investigation 57
4.7.2 Complex Tax Laws 58
4.7.3 Tax Knowledge and Skills 59
4.7.4 Tax Enforcement Strategy 60
4.7.5 Tax Penalty 61
4.8 Statistical Analysis 62
4.8.1 Normality Analysis 62
4.8.2 Correlation Analysis 63
4.9 Multiple Regression Analysis 64
4.10 Summary of the Chapter 66

5 CHAPTER FIVE DISCUSSIONS, RECOMMENDATIONS AND CONCLUSIONS 68
5.1 Introduction 68
5.2 Summary of the Study 68
5.3 Discussion of Research Objectives 70
5.3.1 Research Objective 1 70
5.3.2 Research Objective 2 71
5.4 Theoretical Implications 74
5.5 Practical Implications 75

5.6 Limitation and Recommendation for Future Research 76
5.7 Conclusion 77

6 REFERENCES 79

Appendix A 85

Appendix B 110

Appendix C 113

List of Tables

Page

Table 1.1 *Number of investigation officers.* 2

Table 1.2 *Investigation settlement in terms of number of cases.* 3

Table 1.3 *Investigation settlement in terms of additional tax assessment.* 3

Table 1.4 *Average settlement (number of cases) by each investigation officer.* 7

Table 1.5 *Average settlement (additional tax assessment) by each investigation officer.* 8

Table 1.6 *Horizontal analysis for average settlements by each investigation officer from 2020 to 2021.* 9

Table 3.1 *Measurement for effective tax investigation.* 38

Table 3.2 *Measurement for complex tax laws.* 39

Table 3.3 *Measurement for tax knowledge and skills.* 40

Table 3.4 *Measurement for tax enforcement strategy.* 40

Table 3.5 *Measurement for tax penalty.* 41

Table 3.6 *Cronbach's alpha reliability.* 43

Table 4.1 *Respondent Profile (n=40).* 46

Table 4.2 *Reliability analysis (n=40).* 54

Table 4.3 *Inter-item correlation matrix for effective tax investigation construct (n=40).* 54

Table 4.4 *Inter-item correlation matrix for complex tax laws (n=40).* 54

Table 4.5 *Inter-item correlation matrix for tax knowledge and skills (n=40).* 55

Table 4.6 *Inter-item correlation matrix for tax enforcement strategy (n=40).* 55

Table 4.7 *Inter-item correlation matrix for tax penalty (n=40).* 55

Table 4.8 *Result of factor analysis (n=40).* 56

Table 4.9 *Descriptive statistics for effective tax investigation (n=40).* 57

Table 4.10 *Descriptive statistics for complex tax laws (n=40).* 58

Table 4.11 *Descriptive statistics for tax knowledge and skills (n=40).* 59

Table 4.12 *Descriptive statistics for tax enforcement strategy (n=40).* 60

Table 4.13 *Descriptive statistics for tax penalty (n=40).* 61

Table 4.14 *Normality analysis.* 63

Table 4.15 *Pearson correlation analysis.* 64

Table 4.16 *Linear Regression Model: Model Summary.* 65

Table 4.17 *Multiple regression analysis.* 65

Table 4.18 *Summary of hypotheses results.* 67

List of Figures

Page

Figure 2.1 *The Tax Investigation Procedures* 20

Figure 3.1 *Research Framework* 30

Figure 4.1 *Gender* 48

Figure 4.2 *Race* 48

Figure 4.3 *Age* 49

Figure 4.4 *Marital status* 49

Figure 4.5 *Highest level of education* 50

Figure 4.6 *Main field of study* 50

Figure 4.7 *Professional qualification* 51

Figure 4.8 *Working experience in IRBM* 52

Figure 4.9 *Working experience in investigation department* 52

Figure 4.10 *Have you attended CTIP course?* 53

List of Abbreviations

IRBM	Inland Revenue Board of Malaysia
LHDNM	*Lembaga Hasil Dalam Negeri Malaysia*
OECD	The Organization for Economic Co-operation and Development
GDP	Gross Domestic Product
ITA	Income Tax Act
AMLATFPUAA	Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act
CSi	*Cawangan Siasatan*
DGIR	Director General of Inland Revenue
CTIP	Certified Tax Investigator Programme
IO	Investigation Officer
SPSS	Statistical Package for Social Sciences
SD	Standard Deviation
KPI	Key Performance Indicator
KMO	Kaiser-Meyer-Olkin

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

No matter how good or efficient the tax system is, problems with tax compliance, including tax evasion, will always exist, according to Raig, Pope, and Pinto (2014). Tax evasion is defined as avoiding tax liabilities illegally, attempting to evade tax liabilities unfairly, and failing to report taxable income (LHDNM, 2020). Alm, Martinez-Vazquez, and McClellan (2016) define tax evasion as individuals' unlawful and intentional attempts to reduce the amount of tax payments that are legally required to be made. Tax evasion drastically diminishes the government's capacity for collecting taxes and causes a tremendous amount of injustice in society (Bott, Cappelen, Sorensen, & Tungodden, 2017). Governments across the globe have struggled to manage tax evasion as a result of the innovative and rapidly evolving techniques employed to do so (Alleyne & Harris, 2017).

To deter tax evasion, strengthening tax investigation policies and practices is among the crucial steps. The Inland Revenue Board of Malaysia (IRBM) uses a number of strategies to deal with the problem of income that is either unreported or is only partially reported. As described in the IRBM Corporate Plan 2021-2025, the main strategic core is voluntary tax compliance. One of the strategies under the strategic core is to prepare a prevention of non-compliance mechanism with the strategy coordinators of the investigation department. It is anticipated that the execution of the Non-Compliance Prevention Program will lead to an increase in the percentage of voluntary tax compliance and the amount of tax revenue collected for national development (LHDNM, 2021).

REFERENCES

Adilla, F. (2021, December 16). IRB confident of collecting RM132 billion. *New Straits Times*. Retrieved from https://www.nst.com.my/business/2021/12/754781/irb-confident-collecting-rm132-billion

Alkhatib, A.A., Abdul-Jabbar, H., & Marimuthu, M. (2018). The Effects of Deterrence Factors on Income Tax Evasion among Palestinian SMEs. *International Journal of Academic Research in Accounting, Finance and Management Sciences, 8*(4), 144-152.

Alleyne, P., & Harris, T. (2017). Antecedents of taxpayers' intentions to engage in tax evasion: evidence from Barbados. *Journal of Financial Reporting and Accounting, 15*(1), 2-21.

Allingham, M. G., & Sandmo, A. (1972). Income Tax Evasion: A Theoretical Analysis. *Journal of Public Economics, 1*, 323-338.

Alm, J., Martinez-Vazquez, J., & McClellan, C. (2016). Corruption and firm tax evasion. *Journal of Economic Behavior & Organization, 124*(3), 146-163.

Alm, J. (2019). What motivates tax compliance? *Journal of Economic Surveys, 33*(2), 353-388.

Anderson, A.B., Harris, A.R., & Miller, J. (1983). Models of Deterrence Theory. *Social Science Research, 12*, 236-262.

Ariel, B. (2012). Deterrence and Moral Persuasion Effects on Corporate Tax Compliance: Findings from a Randomized Controlled Trial, *Criminology, 50*(1), 27-69.

Ayuba, A., Saad, N., & Arifin, Z.Z. (2016). Perceived service orientation, economic factors, psychological factors and tax compliance: Evidence from Nigerian SMEs. *Malaysian Management Journal, 20*, 41-57.

Baldry, J., & Kasipillai, J. (1996). Malaysia: Income Tax Enforcement. *Asia-Pacific Tax Bulletin, 2*(9), 268-272.

Bangun, H., Ginting, Y. L., Iskandar, R. (2018). The Problems of Taxpayers Compliance, Ethics, Tax Audit and Tax Penalty: Evidence from Samarinda. *Advances in Economics, Business and Management Research, 35*, 175-180.

Beck, P. J., Davis, J. S., & Jung, W. (1991). Experimental Evidence Reporting on Taxpayer Under Uncertainty. *The Accounting Review, 66*(3), 535-558.

Becker, G.S. (1968). Crime and punishment: An economic approach. *Journal of Political Economy, 76*, 169-217.

Beredugo, S.B., Azubike, J.U.B., & Mefor, P.I. (2019). Addressing Tax Evasion and Avoidance through Effective Tax Audit and Investigation in Cross River State, Nigeria. *International Journal of Research and Scientific Innovation, 6*(6), 65-69.

Berman, S.L., Down, J., & Hill, C.W.L. (2002). Tacit knowledge as a source of competitive advantage in the National Basketball Association. *Academy of Management Journal, 45*(1), 13-31.

Bird, R., and Davis-Nozemack, K. (2018). Tax avoidance as a sustainability problem. *Journal of Business Ethics, 151*(4), 1009-1025.

Borrego, A., Lopes, C., & Ferreira, C. (2017). Tax professionals' profiles concerning tax noncompliance and tax complexity: Empirical contributions from Portugal. *eJournal of Tax Research, 15*(3), 424-456.

Bott, K. M., Cappelen, A. W., Sorensen, E., & Tungodden, B. (2020). You've got mail: A randomised field experiment on tax evasion. *Management Science, 66*(7), 2801-2819.

Cambridge dictionaries online. (2022). Retrieved from https://dictionary.cambridge.org/

Carnes, G.A. & Cuccia, A.D. (1996). An analysis of the effect of tax complexity and its perceived justification on equity judgements. *Journal of the American Taxation Association, 18*, 40-56.

Chau, G., & Leung, P. (2009). A critical review of Fischer tax compliance model: A research synthesis. *Journal of Accounting and Taxation, 1*(2), 34–40.

Devos, K. (2007). Measuring and Analysing Deterrence in Taxpayer Compliance Research. *Journal of Australia Taxation, 10*(2), 182-219.

Devos, K. (2013). The Role of Sanctions and Other Factors in Tackling International Tax Fraud. *Common Law World Review, 42*(1), 1-22.

Doran, M. (2009). Tax Penalties and Tax Compliance. *Harvard Journal on Legislation, 46*, 111-161.

Dudovskiy, J. (2022). *The Ultimate Guide to Writing a Dissertation in Business Studies: A Step-by-Step Assistance* (6th ed.).

Dularif, M., Sutrisno, T., Nurkholis & Saraswati, E. (2019). Is deterrence approach effective in combating tax evasion? A meta-analysis. *Problems and Perspectives in Management, 17*(2), 93-113.

Efebera, H., Hayes, D. C., Hunton, J. E., & O'Neil, C. J. (2004). Tax compliance intentions of low-income individual taxpayers. *Advances in Accounting Behavioural Research, 7*, 1-25.

Erickson, M.L., Gibbs, J.P., & Jensen, G.F. (1977). The deterrence doctrine and the perceived certainty of legal punishments. *American Sociological Review, 42*(2), 305-317.

Fischer, C., Wartick, M., & Mark, M. (1992). Detection probability and taxpayer compliance: a review of the literature. *Journal of Accounting Literature, 11*, 1-46.

George, D. & Mallery, M. (2010). *SPSS for Windows Step by Step: A Simple Guide and Reference, 17.0 Update* (10th ed.). Boston: Pearson.

Grasmick, H. G., & Scott, W. J. (1982). Tax Evasion and Mechanisms of Social Control: A Comparison with Grand and Petty Theft. *Journal of Economic Psychology, 2*(3), 213-230.

Hair, I., Black, W., Babin, B., Anderson, R. & Tatham, R. (2006). *Multivariate Data Analysis (6th Edition).* Upper Saddle River, NJ: Pearson Prentice Hall.

Hasseldine, J., Hite, P., James, S., & Toumi, M. (2007). Persuasive communication: tax compliance enforcement strategies for sole proprietors. *Contemporary Accounting Research, 24*(1), 171-194.

Hasseldine, J., Holland, K., & Rijt, P. V. (2009). *The management of tax knowledge.* The Association of Chartered Certified Accountants, ACCA.

Isa, K. (2013). Tax complexities in the Malaysian corporate tax system: minimise to maximise. *International Journal of Law and Management, 56*(1), 50-65.

Jackson, B.R., & Milliron, V.C. (1986). Tax Compliance Research: Findings, Problems, and Prospects. *Journal of Accounting Literature, 5*(1), 125-165.

Kaplow, L. (1990). Optimal taxation with costly enforcement and evasion. *Journal of Public Economics, 43*(2), 221-236.

Khlif, H., & Achek, I. (2015). The determinants of tax evasion: a literature review. *International Journal of Law and Management, 57*(5), 486-497.

Kleck, G. (1979). Capital punishment, gun ownership, and homicide. *American Journal of Sociology, 84*(4), 882-910.

Kirchler, E., Niemirowski, A., & Wearing, A. (2006). Shared subjective views, intent to cooperate and tax compliance: Similarities between Australian taxpayers and tax officers. *Journal of Economic Psychology, 27*(4), 502 - 517.

Kumar, R. (2005). *Research Methodology* (2nd ed.). London: SAGE Publications.

LHDNM. (2020). *Tax Investigation Framework*.

LHDNM. (2021). *IRBM Corporate Plan 2021-2025*.

Long, S.B. and Swingen, J.A. (1987). An approach to the measurement of tax law complexity. *Journal of the American Taxation Association, 8*(2), 22-36.

Long, S.B. and Swingen, J.A. (1988). The role of legal complexity in shaping taxpayer compliance, in Van Koppen, P.J., Hessings, D. and Heuvel, G.V.D. (Eds). *Lawyers on Psychology and Psychologists on Law*, Swets & Zeitlinger, Amsterdam.

Luttmer, E.F.P., & Singhal, M., (2014). Tax Morale. *Journal of Economic Perspectives, 28*(4), 149-168.

Martinez, A.L., & Silva, R.D. (2021). Tax law readability and tax complexity. *Tax Administration Review CIAT/AEAT/IEF, 47*, 57-70.

Maseko, N. (2014). The impact of personal tax knowledge and compliance costs on tax compliance behaviour of SMEs in Zimbabwe. *Elite Research Journal of Accounting and Business Management, 2*(3), 26-37.

Mayasari, L. D., & Tridayanti, H. (2019). The effect of work skills, work attitude, work knowledge on work competence and employee performance in Galaxy Mall Shuang Surabaya. *Journal of World Conference, 1*, 77-82.

McKerchar, M. (2002). The Effect of Complexity on Unintentional Noncompliance for Personal Taxpayers in Australia. *Australian Tax Forum, 17*, 3-26.

McKerchar, M. (2005). The impact of income tax complexity on practitioners in Australia. *Australian Tax Forum, 20*(4), 529 – 554.

McKerchar, M., & Evans, C. (2009). Sustaining Growth in Developing Economies through Improved Taxpayer Compliance: Challenges for Policy Makers and Revenue Authorities. *eJournal of Tax Research, 7*(2), 171-173.

Musimenta, D. (2020). Knowledge requirements, tax complexity, compliance costs, and tax compliance in Uganda. *Cogent Business & Management, 7*(1), 1-19.

OECD. (2021). Revenue Statistics in Asia and the Pacific 2021 – Malaysia. OECD, Paris.

Oladipupo, A. O., & Obazee, U. (2016). Tax knowledge, penalties and tax compliance in small and medium scale enterprises in Nigeria. *IBusiness, 8*(1), 1-9.

Pallant, J. (2010). *SPSS SURVIVAL MANUAL: A step by step guide to data analysis using SPSS for Windows*. McGraw-Hill International.

Park, C. G., & Hyun, J. K. (2003). Examining the determinants of tax compliance by experimental data: a case of Korea. *Journal of Policy Modeling, 25*(8), 673-684.

Petchko, K. (2018). Data and Methodology. *How to Write About Economics and Public Policy* (pp. 241-270). Academic Press.

Pickhardt, M., & Prinz, A. (2012). *Tax Evasion and the Shadow Economy*. Cheltenham, UK.: Edward Elgar Publishing.

Pratama, A. (2018). Individual Taxpayer Characteristics and Taxpayer Knowledge: Exploratory Survey on Individual Taxpayers in Bandung City, Indonesia. *Review of Integrative Business and Economics Research, 7*, 338-349.

Raig, J., Pope, J., & Pinto, D. (2014). Determinants of effective tax investigations in Malaysia. *New Zealand Journal of Taxation Law and Policy, 20*(4), 390 - 411.

Roscoe, J. (1975). *Fundamental Research Statistics for The Behavioral Science* (2nd ed.). New York: Holt, Rinehart & Winston, Inc.

Saad, N. (2014). Tax knowledge, Tax Complexity and Tax Compliance: Taxpayers' View. *Procedia - Social and Behavioral Sciences, 109*, 1069-1075.

Samitah, S. (2019). *Determinants of Field Tax Auditors' Productivity: A Case of Inland Revenue Board of Malaysia Klang Valley Tax Auditors*, PhD Dissertation, Universiti Utara Malaysia, Malaysia.

Scotchmer, S. (1987). Audit Classes and Tax Enforcement Policy. *The American Economic Review, 77*(2), 229-233.

Sekaran, U. (2003). *Research Method for Business: A Skill-Building Approach* (4th ed.). New York: John Wiley and Sons.

Sekaran, U, & Bougie, R. (2016). *Research methods for business: A skill building approach* (7th ed.). West Sussex: Wiley & Sons.

Slemrod, J., Blumenthal, M., & Christian, C. (2001). Taxpayer Response to an Increase Probability of Audit: Evidence from a Controlled Experiment in Minnesota. *Journal of Public Economics, 79*(3), 455-483.

Tilahun, M. (2019). Determinants of Tax Compliance: A Systematic Review. *Economics, 8*(1), 1-7.

Virmani, A. (1989). Indirect tax evasion and production efficiency. *Journal of Public Economics, 39*(2), 223-237.

Waerzeggers, C., Hillier, C., & Aw, I. (2019). Designing Interest and Tax Penalty Regimes. *Tax Law IMF Technical Note, 1*, 1-16.

Williams, C. (2015). *Effective Management* (7th ed.). Boston, United States: Cengage Learning.

Xynas, L. (2010). Tax Planning, Avoidance and Evasion in Australia 1970-2010: The Regulatory Responses and Taxpayer Compliance. *Revenue Law Journal, 20*(1), 1-37.

Yitzhaki, S. (1974). A note on income tax evasion: A theoretical analysis. *Journal of Public Economics, 3*(2), 201-202.

Appendix A

Frequency Table

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	20	50.0	50.0	50.0
	Female	20	50.0	50.0	100.0
	Total	40	100.0	100.0	

Race

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Malay	34	85.0	85.0	85.0
	Chinese	3	7.5	7.5	92.5
	Indian	3	7.5	7.5	100.0
	Total	40	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	30 - 40 years	13	32.5	32.5	32.5
	41 - 50 years	25	62.5	62.5	95.0
	>50 years	2	5.0	5.0	100.0
	Total	40	100.0	100.0	

Marital status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	3	7.5	7.5	7.5
	Married	36	90.0	90.0	97.5
	Divorced	1	2.5	2.5	100.0
	Total	40	100.0	100.0	

Frequency Table (Continue)

Highest education level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Master Degree	3	7.5	7.5	7.5
	Bachelor Degree	37	92.5	92.5	100.0
	Total	40	100.0	100.0	

Main field of study

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Accounting	32	80.0	80.0	80.0
	Finance	3	7.5	7.5	87.5
	Economics	2	5.0	5.0	92.5
	Management	3	7.5	7.5	100.0
	Total	40	100.0	100.0	

Professional qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MIA & ACCA	1	2.5	2.5	2.5
	MIA	5	12.5	12.5	15.0
	Nil	34	85.0	85.0	100.0
	Total	40	100.0	100.0	

Working experience in IRBM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<10 years	7	17.5	17.5	17.5
	10 - 15 years	9	22.5	22.5	40.0
	16 - 20 years	18	45.0	45.0	85.0
	>20 years	6	15.0	15.0	100.0
	Total	40	100.0	100.0	

Frequency Table (Continue)

Working experience in investigation department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<5 years	16	40.0	40.0	40.0
	5 - 10 years	17	42.5	42.5	82.5
	10 - 15 years	7	17.5	17.5	100.0
	Total	40	100.0	100.0	

Have you attended CTIP course?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes, I have	29	72.5	72.5	72.5
	Never	11	27.5	27.5	100.0
	Total	40	100.0	100.0	

Reliability Analysis

Scale: Effective Tax Investigation

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.603	.616	4

Item Statistics

	Mean	Std. Deviation	N
IVa_ETI	4.80	.405	40
IVb_ETI	4.60	.496	40
IVc_ETI	4.88	.335	40
IVd_ETI	4.78	.423	40

Inter-Item Correlation Matrix

	IVa_ETI	IVb_ETI	IVc_ETI	IVd_ETI
IVa_ETI	1.000	.102	.378	.329
IVb_ETI	.102	1.000	.154	.416
IVc_ETI	.378	.154	1.000	.339
IVd_ETI	.329	.416	.339	1.000

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.762	4.600	4.875	.275	1.060	.014	4
Inter-Item Correlations	.286	.102	.416	.313	4.071	.015	4

Reliability Analysis (Continue)

Scale: Effective Tax Investigation (Continue)

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
IVa_ETI	14.25	.859	.341	.190	.562
IVb_ETI	14.45	.767	.307	.175	.610
IVc_ETI	14.17	.917	.390	.195	.537
IVd_ETI	14.27	.717	.535	.290	.408

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
19.05	1.279	1.131	4

Scale : Complex Tax Laws

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.671	.699	4

Item Statistics

	Mean	Std. Deviation	N
DVe_CTL	4.53	.506	40
DVf_CTL	4.20	.648	40
DVg_CTL	4.30	.564	40
DVh_CTL	4.13	.822	40

Reliability Analysis (Continue)

Scale : Complex Tax Laws (Continue)

Inter-Item Correlation Matrix

	DVe_CTL	DVf_CTL	DVg_CTL	DVh_CTL
DVe_CTL	1.000	.453	.423	.270
DVf_CTL	.453	1.000	.393	.192
DVg_CTL	.423	.393	1.000	.470
DVh_CTL	.270	.192	.470	1.000

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.288	4.125	4.525	.400	1.097	.030	4
Inter-Item Correlations	.367	.192	.470	.278	2.444	.011	4

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
DVe_CTL	12.63	2.343	.493	.282	.594
DVf_CTL	12.95	2.151	.415	.255	.628
DVg_CTL	12.85	2.079	.593	.354	.524
DVh_CTL	13.03	1.820	.390	.227	.681

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
17.15	3.362	1.833	4

Scale : Tax Knowledge and Skills

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Analysis (Continue)

Scale : Tax Knowledge and Skills (Continue)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.722	.718	4

Item Statistics

	Mean	Std. Deviation	N
DVi_TKS	4.75	.439	40
DVj_TKS	4.50	.506	40
DVk_TKS	4.65	.483	40
DVl_TKS	4.72	.452	40

Inter-Item Correlation Matrix

	DVi_TKS	DVj_TKS	DVk_TKS	DVl_TKS
DVi_TKS	1.000	.346	.303	.291
DVj_TKS	.346	1.000	.629	.280
DVk_TKS	.303	.629	1.000	.487
DVl_TKS	.291	.280	.487	1.000

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.656	4.500	4.750	.250	1.056	.013	4
Inter-Item Correlations	.389	.280	.629	.349	2.247	.018	4

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
DVi_TKS	13.88	1.343	.391	.162	.725
DVj_TKS	14.13	1.087	.559	.426	.630
DVk_TKS	13.98	1.051	.655	.501	.567
DVl_TKS	13.90	1.272	.447	.265	.696

Reliability Analysis (Continue)

Scale : Tax Knowledge and Skills (Continue)

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
18.63	1.933	1.390	4

Scale : Tax Enforcement Strategy

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.621	.623	4

Item Statistics

	Mean	Std. Deviation	N
DVm_TES	4.68	.474	40
DVn_TES	4.50	.506	40
DVo_TES	4.43	.501	40
DVp_TES	4.63	.490	40

Inter-Item Correlation Matrix

	DVm_TES	DVn_TES	DVo_TES	DVp_TES
DVm_TES	1.000	.267	.381	.455
DVn_TES	.267	1.000	.354	.258
DVo_TES	.381	.354	1.000	.039
DVp_TES	.455	.258	.039	1.000

Reliability Analysis (Continue)

Scale : Tax Enforcement Strategy (Continue)

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.556	4.425	4.675	.250	1.056	.013	4
Inter-Item Correlations	.292	.039	.455	.416	11.610	.019	4

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
DVm_TES	13.55	1.074	.529	.339	.456
DVn_TES	13.73	1.128	.405	.186	.547
DVo_TES	13.80	1.190	.347	.251	.590
DVp_TES	13.60	1.221	.331	.264	.600

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
18.23	1.820	1.349	4

Scale : Tax Penalty

Case Processing Summary

		N	%
Cases	Valid	40	100.0
	Excluded[a]	0	.0
	Total	40	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.698	.707	4

Reliability Analysis (Continue)

Scale : Tax Penalty (Continue)

Item Statistics

	Mean	Std. Deviation	N
DVq_TP	4.35	.622	40
DVr_TP	4.70	.464	40
DVs_TP	4.55	.504	40
DVt_TP	4.72	.452	40

Inter-Item Correlation Matrix

	DVq_TP	DVr_TP	DVs_TP	DVt_TP
DVq_TP	1.000	.462	.270	.533
DVr_TP	.462	1.000	.175	.696
DVs_TP	.270	.175	1.000	.118
DVt_TP	.533	.696	.118	1.000

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.581	4.350	4.725	.375	1.086	.030	4
Inter-Item Correlations	.376	.118	.696	.578	5.893	.046	4

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
DVq_TP	13.98	1.102	.563	.338	.583
DVr_TP	13.63	1.369	.590	.501	.573
DVs_TP	13.78	1.666	.235	.083	.773
DVt_TP	13.60	1.374	.609	.545	.565

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
18.33	2.225	1.492	4

Factor Analysis

Scale : Effective Tax Investigation

Correlation Matrix[a]

		IVa_ETI	IVb_ETI	IVc_ETI	IVd_ETI
Correlation	IVa_ETI	1.000	.102	.378	.329
	IVb_ETI	.102	1.000	.154	.416
	IVc_ETI	.378	.154	1.000	.339
	IVd_ETI	.329	.416	.339	1.000
Sig. (1-tailed)	IVa_ETI		.265	.008	.019
	IVb_ETI	.265		.171	.004
	IVc_ETI	.008	.171		.016
	IVd_ETI	.019	.004	.016	

a. Determinant = .593

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.624
Bartlett's Test of Sphericity	Approx. Chi-Square	19.274
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
IVa_ETI	1.000	.440
IVb_ETI	1.000	.330
IVc_ETI	1.000	.481
IVd_ETI	1.000	.625

Extraction Method: Principal Component Analysis.

Factor Analysis (Continue)

Scale : Effective Tax Investigation (Continue)

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.876	46.901	46.901	1.876	46.901	46.901
2	.988	24.703	71.604			
3	.622	15.539	87.143			
4	.514	12.857	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component 1
IVd_ETI	.791
IVc_ETI	.694
IVa_ETI	.663
IVb_ETI	.574

Extraction Method: Principal Component Analysis.[a]

a. 1 components extracted.

Rotated Component Matrix[a]

a. Only one component was extracted. The solution cannot be rotated.

Factor Analysis (Continue)

Scale : Complex Tax Laws

Correlation Matrix[a]

		DVe_CTL	DVf_CTL	DVg_CTL	DVh_CTL
Correlation	DVe_CTL	1.000	.453	.423	.270
	DVf_CTL	.453	1.000	.393	.192
	DVg_CTL	.423	.393	1.000	.470
	DVh_CTL	.270	.192	.470	1.000
Sig. (1-tailed)	DVe_CTL		.002	.003	.046
	DVf_CTL	.002		.006	.117
	DVg_CTL	.003	.006		.001
	DVh_CTL	.046	.117	.001	

a. Determinant = .473

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.684
Bartlett's Test of Sphericity	Approx. Chi-Square	27.587
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
DVe_CTL	1.000	.560
DVf_CTL	1.000	.491
DVg_CTL	1.000	.647
DVh_CTL	1.000	.414

Extraction Method: Principal Component Analysis.

Factor Analysis (Continue)

Scale : Complex Tax Laws (Continue)

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.111	52.778	52.778	2.111	52.778	52.778
2	.874	21.855	74.632			
3	.542	13.545	88.178			
4	.473	11.822	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
DVg_CTL	.804
DVe_CTL	.748
DVf_CTL	.701
DVh_CTL	.643

Extraction Method: Principal Component Analysis.[a]

a. 1 components extracted.

Rotated Component Matrix[a]

a. Only one component was extracted. The solution cannot be rotated.

Factor Analysis (Continue)

Scale : Tax Knowledge and Skills

Correlation Matrix[a]

		DVi_TKS	DVj_TKS	DVk_TKS	DVl_TKS
Correlation	DVi_TKS	1.000	.346	.303	.291
	DVj_TKS	.346	1.000	.629	.280
	DVk_TKS	.303	.629	1.000	.487
	DVl_TKS	.291	.280	.487	1.000
Sig. (1-tailed)	DVi_TKS		.014	.029	.034
	DVj_TKS	.014		.000	.040
	DVk_TKS	.029	.000		.001
	DVl_TKS	.034	.040	.001	

a. Determinant = .386

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.637
Bartlett's Test of Sphericity	Approx. Chi-Square	35.071
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
DVi_TKS	1.000	.376
DVj_TKS	1.000	.622
DVk_TKS	1.000	.726
DVl_TKS	1.000	.467

Extraction Method: Principal Component Analysis.

Factor Analysis (Continue)

Scale : Tax Knowledge and Skills (Continue)

Total Variance Explained

Component	Initial Eigenvalues Total	Initial Eigenvalues % of Variance	Initial Eigenvalues Cumulative %	Extraction Sums of Squared Loadings Total	Extraction Sums of Squared Loadings % of Variance	Extraction Sums of Squared Loadings Cumulative %
1	2.191	54.775	54.775	2.191	54.775	54.775
2	.761	19.026	73.801			
3	.732	18.291	92.092			
4	.316	7.908	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component 1
DVk_TKS	.852
DVj_TKS	.789
DVl_TKS	.684
DVi_TKS	.613

Extraction Method: Principal Component Analysis.[a]
a. 1 components extracted.

Rotated Component Matrix[a]

a. Only one component was extracted. The solution cannot be rotated.

Factor Analysis (Continue)

Scale : Tax Enforcement Strategy

Correlation Matrix[a]

		DVm_TES	DVn_TES	DVo_TES	DVp_TES
Correlation	DVm_TES	1.000	.267	.381	.455
	DVn_TES	.267	1.000	.354	.258
	DVo_TES	.381	.354	1.000	.039
	DVp_TES	.455	.258	.039	1.000
Sig. (1-tailed)	DVm_TES		.048	.008	.002
	DVn_TES	.048		.013	.054
	DVo_TES	.008	.013		.405
	DVp_TES	.002	.054	.405	

a. Determinant = .537

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.530
Bartlett's Test of Sphericity	Approx. Chi-Square	22.867
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
DVm_TES	1.000	.634
DVn_TES	1.000	.455
DVo_TES	1.000	.405
DVp_TES	1.000	.397

Extraction Method: Principal Component Analysis.

Factor Analysis (Continue)

Scale : Tax Enforcement Strategy (Continue)

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.890	47.258	47.258	1.890	47.258	47.258
2	.991	24.770	72.027			
3	.721	18.017	90.045			
4	.398	9.955	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
DVm_TES	.796
DVn_TES	.674
DVo_TES	.636
DVp_TES	.630

Extraction Method: Principal Component Analysis.[a]

a. 1 components extracted.

Rotated Component Matrix[a]

a. Only one component was extracted. The solution cannot be rotated.

Factor Analysis (Continue)

Scale : Tax Penalty

Correlation Matrix[a]

		DVq_TP	DVr_TP	DVs_TP	DVt_TP
Correlation	DVq_TP	1.000	.462	.270	.533
	DVr_TP	.462	1.000	.175	.696
	DVs_TP	.270	.175	1.000	.118
	DVt_TP	.533	.696	.118	1.000
Sig. (1-tailed)	DVq_TP		.001	.046	<.001
	DVr_TP	.001		.139	.000
	DVs_TP	.046	.139		.234
	DVt_TP	.000	.000	.234	

a. Determinant = .331

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.660
Bartlett's Test of Sphericity	Approx. Chi-Square	40.763
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
DVq_TP	1.000	.613
DVr_TP	1.000	.715
DVs_TP	1.000	.144
DVt_TP	1.000	.746

Extraction Method: Principal Component Analysis.

Factor Analysis (Continue)

Scale : Tax Penalty (Continue)

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.217	55.433	55.433	2.217	55.433	55.433
2	.953	23.816	79.249			
3	.540	13.508	92.757			
4	.290	7.243	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
DVt_TP	.863
DVr_TP	.846
DVq_TP	.783
DVs_TP	

Extraction Method: Principal Component Analysis.[a]

a. 1 components extracted.

Rotated Component Matrix[a]

a. Only one component was extracted. The solution cannot be rotated.

Normality Analysis

Descriptive Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Effective Tax Investigation	40	-.998	.374	.042	.733
Complex Tax Laws	40	-.180	.374	-.781	.733
Tax Knowledge and Skills	40	-.543	.374	-.976	.733
Tax Enforcement Strategy	40	-.235	.374	-.983	.733
Tax Penalty	40	-.837	.374	.026	.733
Valid N (listwise)	40				

Correlation Analysis

Correlations

		Effective Tax Investigation	Complex Tax Laws	Tax Knowledge and Skills	Tax Enforcement Strategy
Effective Tax Investigation	Pearson Correlation	1	.355*	.860**	.816**
	Sig. (2-tailed)		.025	<.001	<.001
	N	40	40	40	40
Complex Tax Laws	Pearson Correlation	.355*	1	.334*	.266
	Sig. (2-tailed)	.025		.035	.097
	N	40	40	40	40
Tax Knowledge and Skills	Pearson Correlation	.860**	.334*	1	.757**
	Sig. (2-tailed)	<.001	.035		<.001
	N	40	40	40	40
Tax Enforcement Strategy	Pearson Correlation	.816**	.266	.757**	1
	Sig. (2-tailed)	<.001	.097	<.001	
	N	40	40	40	40
Tax Penalty	Pearson Correlation	.796**	.394*	.716**	.676**
	Sig. (2-tailed)	<.001	.012	<.001	<.001
	N	40	40	40	40

Correlation Analysis (Continue)

Correlations

		Tax Penalty
Effective Tax Investigation	Pearson Correlation	.796**
	Sig. (2-tailed)	<.001
	N	40
Complex Tax Laws	Pearson Correlation	.394*
	Sig. (2-tailed)	.012
	N	40
Tax Knowledge and Skills	Pearson Correlation	.716**
	Sig. (2-tailed)	<.001
	N	40
Tax Enforcement Strategy	Pearson Correlation	.676**
	Sig. (2-tailed)	<.001
	N	40
Tax Penalty	Pearson Correlation	1
	Sig. (2-tailed)	
	N	40

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Multiple Regression Analysis

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Tax Penalty, Complex Tax Laws, Tax Enforcement Strategy, Tax Knowledge and Skills[b]	.	Enter

a. Dependent Variable: Effective Tax Investigation
b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.917[a]	.841	.822	.11918

a. Predictors: (Constant), Tax Penalty, Complex Tax Laws, Tax Enforcement Strategy, Tax Knowledge and Skills
b. Dependent Variable: Effective Tax Investigation

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.622	4	.655	46.139	<.001[b]
	Residual	.497	35	.014		
	Total	3.119	39			

a. Dependent Variable: Effective Tax Investigation
b. Predictors: (Constant), Tax Penalty, Complex Tax Laws, Tax Enforcement Strategy, Tax Knowledge and Skills

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.977	.292		3.343	.002
	Complex Tax Laws	.014	.046	.023	.305	.762
	Tax Knowledge and Skills	.348	.093	.428	3.732	<.001
	Tax Enforcement Strategy	.249	.091	.297	2.741	.010
	Tax Penalty	.212	.079	.280	2.689	.011

a. Dependent Variable: Effective Tax Investigation

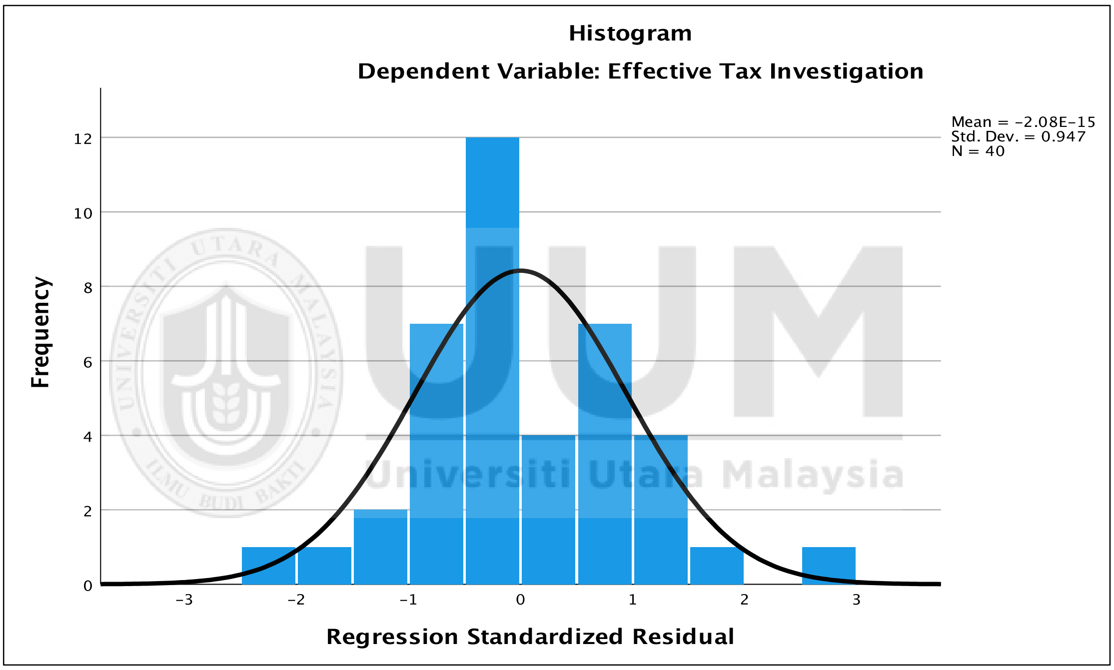
Multiple Regression Analysis (Continue)

Residuals Statistics[a]

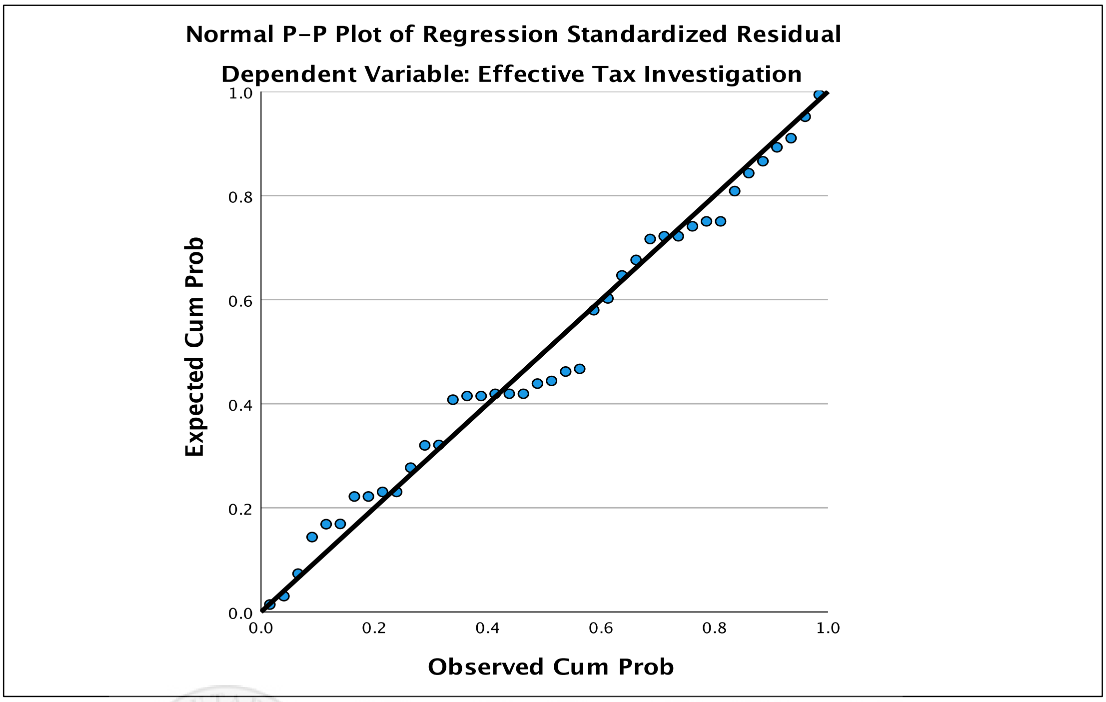
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	4.2614	5.0913	4.7625	.25927	40
Residual	-.26144	.29887	.00000	.11291	40
Std. Predicted Value	-1.933	1.268	.000	1.000	40
Std. Residual	-2.194	2.508	.000	.947	40

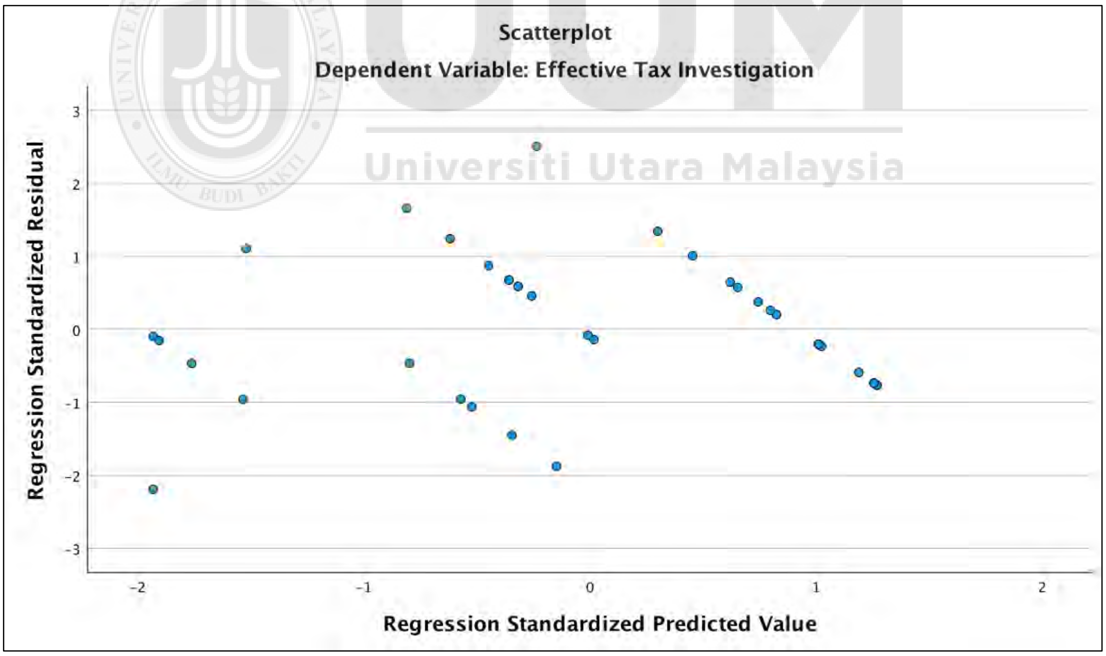
a. Dependent Variable: Effective Tax Investigation

Charts



Multiple Regression Analysis (Continue)





Appendix B

Letter to Request Data For Research

UNIT PENGAJIAN SISWAZAH
POSTGRADUATE STUDIES UNIT (PSU)
UUM COB
Universiti Utara Malaysia
06010 UUM SINTOK
KEDAH DARUL AMAN
MALAYSIA

UUM
Universiti Utara Malaysia

Tel: 604-928 7155 / 7104 / 7119 / 7121 / 7156
Laman web (Web): http://psucob.uum.edu.my/

UUM/COB/P-40
5 July 2022

LEMBAGA HASIL DALAM NEGERI MALAYSIA
Jabatan Siasatan, Menara Hasil, Aras 7
Persiaran Rimba Permai, Cyber 8
63000 Cyberjaya, Selangor

Dear Sir/Madam,

DATA COLLECTION

COURSE : MASTERS PROJECT
COURSE CODE : BPMZ6996
LECTURER : ASSOC. PROF. DR. MUNUSAMY S/O MARIMUTHU

This is to certify that the following is a postgraduate student from UUM College of Business, Universiti Utara Malaysia. She is pursuing the above mentioned course which requires her to undertake an academic study and prepare an assignment. The details are as follows:

NO.	NAME	MATRIC NO.
1.	TEOH TING TING	829357

In this regard, I hope that you could kindly provide her with assistance and cooperation for her to successfully complete the assignment given. All the information gathered will be strictly used for academic purposes only.

Your cooperation and assistance are very much appreciated.

Thank you.

"WAWASAN KEMAKMURAN BERSAMA 2030"
"BERKHIDMAT UNTUK NEGARA"
"KEDAH SEJAHTERA - NIKMAT UNTUK SEMUA"
"ILMU BUDI BAKTI"

Upholding the principles of trust and integrity

NURUL NADIAH RUSLE
Assistant Registrar
for Director
Postgraduate Studies Unit
UUM College of Business

c.c. - Student's File (829357)

Universiti Pengurusan Terkemuka
The Eminent Management University

Letter to Request Data For Research (Continue)

UNIT PENGAJIAN SISWAZAH
POSTGRADUATE STUDIES UNIT (PSU)
UUM COB
Universiti Utara Malaysia
06010 UUM SINTOK
KEDAH DARUL AMAN
MALAYSIA

UUM
Universiti Utara Malaysia

Tel: 604-928 7155 / 7104 / 7119 / 7121 / 7156
Laman web (Web): http://psucob.uum.edu.my/

UUM/COB/P-40
5 July 2022

LEMBAGA HASIL DALAM NEGERI MALAYSIA
Jabatan Operasi Cukai, Menara Hasil, Aras 12
Persiaran Rimba Permai, Cyber 8
63000 Cyberjaya, Selangor

Dear Sir/Madam,

DATA COLLECTION

COURSE : MASTERS PROJECT
COURSE CODE : BPMZ6996
LECTURER : ASSOC. PROF. DR. MUNUSAMY S/O MARIMUTHU

This is to certify that the following is a postgraduate student from UUM College of Business, Universiti Utara Malaysia. She is pursuing the above mentioned course which requires her to undertake an academic study and prepare an assignment. The details are as follows:

NO.	NAME	MATRIC NO.
1.	TEOH TING TING	829357

In this regard, I hope that you could kindly provide her with assistance and cooperation for her to successfully complete the assignment given. All the information gathered will be strictly used for academic purposes only.

Your cooperation and assistance are very much appreciated.

Thank you.

"WAWASAN KEMAKMURAN BERSAMA 2030"
"BERKHIDMAT UNTUK NEGARA"
"KEDAH SEJAHTERA - NIKMAT UNTUK SEMUA"
"ILMU BUDI BAKTI"

Upholding the principles of trust and integrity

NURUL NADIAH RUSLE
Assistant Registrar
for Director
Postgraduate Studies Unit
UUM College of Business

c.c. - Student's File (829357)

Universiti Pengurusan Terkemuka
The Eminent Management University

Letter to Request Data For Research (Continue)

Teoh Ting Ting
12C-3A-1, One Foresta
Lengkok Kelicap
11900 Bayan Lepas
Pulau Pinang

8 Ogos 2022

Lembaga Hasil Dalam Negeri Malaysia
Jabatan Operasi Cukai
Menara Hasil, Aras 12
Persiaran Rimba Permai
Cyber 8, 63000 Cyberjaya
Selangor

Tuan,

PERMOHONAN DATA STATISTIK LHDNM BAGI TUJUAN PENYEDIAAN KERTAS KAJIAN MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING) SESI KOHORT 5

Saya dengan hormatnya merujuk kepada perkara diatas.

2. Dimaklumkan bahawa saya dalam peringkat penyediaan kertas kajian projek bagi melengkapi 6 jam kredit dalam bidang pengajian Master of Science (International Accounting) di Universiti Utara Malaysia. Sehubungan dengan itu, saya ingin memohon data-data yang berkaitan dengan topik kajian saya iaitu **'Determinants of Effective Tax Investigation: A Case of the IRBM Investigation Branch in the Northern Region'**.

3. Tujuan permohonan saya ini adalah semata-mata untuk tujuan penyelidikan akademik sahaja dan segala butiran yang diterima adalah dikendalikan dengan tahap kerahsiaan yang tertinggi. Walaupun ini adalah merupakan pengajian akademik, saya faham akan tugas saya sebagai pegawai LHDNM yang masih tertakluk kepada kerahsiaan maklumat dibawah Seksyen 138 ACP 1967. Saya akan bertanggungjawab ke atas segala kerahsiaan maklumat-maklumat data tersebut dan akan memastikan data-data yang diperoleh disimpan selamat dan terkawal.

4. Disertakan format data yang dikehendaki seperti dilampirkan bagi tujuan kemudahan koordinasi dan penyediaan data tersebut di peringkat jabatan tuan. Surat kebenaran permohonan data yang diperolehi dari pihak UUM dengan memo kelulusan pihak LHDNM bagi saya mengikuti pengajian ini turut dilampirkan bersama.

5. Kerjasama dan perhatian tuan dalam perkara ini amatlah dihargai.
Sekian, terima kasih.

Yang benar,

Teoh Ting Ting
(Emel: tingting@hasil.gov.my | Tel: 019-5990329)

Appendix C

Questionnaire

QUESTIONNAIRE/ *SOAL KAJI SELIDIK*

DETERMINANTS OF EFFECTIVE TAX INVESTIGATION: A CASE OF THE IRBM INVESTIGATION BRANCH IN THE NORTHERN REGION
PENENTU SIASATAN CUKAI BERKESAN: KES CAWANGAN SIASATAN LHDNM DI WILAYAH UTARA

Dear participants,

This questionnaire is designed to study the determinants of effective tax investigation, with a special focus on the IRBM Investigation Branch in the Northern Region. Thus, I would be very grateful if you could participate in this survey.

This study was conducted as a partial fulfilment for my Master of Science (International Accounting). The survey will take about 10 minutes to complete. All your responses will be kept STRICTLY CONFIDENTIAL. The success of this study highly depends on your assistance. Thank you for taking the time to complete the survey. Your participation and cooperation are highly appreciated.

Peserta yang dihormati,

Borang soal kaji selidik ini dijalankan untuk mengkaji penentu penyiasatan cukai yang berkesan dengan tumpuan khusus kepada Cawangan Siasatan LHDNM di Wilayah Utara. Justeru, saya amat berterima kasih sekiranya anda dapat mengambil bahagian dalam kajian ini.

Kajian ini dijalankan sebagai salah satu syarat untuk melengkapkan Sarjana Sains (Perakaunan Antarabangsa) saya. Soal selidik ini akan mengambil masa sekitar 10 minit untuk diselesaikan. Semua jawapan anda akan DIRAHSIAKAN. Kejayaan kajian ini sangat bergantung kepada bantuan anda. Terima kasih kerana meluangkan masa untuk melengkapkan borang soal selidik. Penyertaan dan kerjasama anda amaltlah dihargai.

Yours sincerely/ *Yang benar*,

Teoh Ting Ting
Candidate/ *Calon*
Master of Science (International Accounting) /*Sarjana Sains (Perakauan Antarabangsa)*,
Universiti Utara Malaysia
No. Tel: 019-5990329
E-mail/ Emel: tingting@hasil.gov.my

1

Questionnaire (Continue)

Section A: Demographic Information
Bahagian A: Maklumat Demografik

Please place a tick (√) in the appropriate box or fill in the blank, where appropriate.
Sila tandakan (√) dalam kotak yang berkenaan atau isu tempat kosong, jika bersesuaian.

1. Gender/ *Jantina*:

☐ Male/ *Lelaki* ☐ Female/ *Perempuan*

2. Race/ *Bangsa*:

☐ Malay/ *Melayu* ☐ Chinese/ *Cina* ☐ Indian/ *India* ☐ Others/ *Lain-lain*

3. Age/ *Umur*:

☐ < 30 years/ *tahun* ☐ 41 – 50 years/ *tahun*
☐ 30 – 40 years/ *tahun* ☐ > 50 years/ *tahun*

4. Marital status/ *Status perkahwinan*:

☐ Single/ *Bujang* ☐ Married/ *Berkahwin* ☐ Divorced/ *Janda atau Duda*

5. Highest education level/ *Tahap pendidikan*:

☐ PhD/ *Doktor Falsafah* ☐ Bachelor Degree/ *Ijazah Sarjana Muda*
☐ Master degree/ *Ijazah Sarjana* ☐ Others please specify/ *lain-lain, sila nyatakan*
:______________________________

6. Please state the main field of study (example: accounting, finance, business)/
Sila nyatakan bidang pengajian utama (contoh: perakaunan, kewangan, perniagaan)

____

7. Please state the professional qualifications (example: MIA, ACCA, CPA, CIMA)/
Sila nyatakan kelayakan ikthisas dan profesional (contoh: MIA, ACCA, CPA, CIMA)

____

2

Questionnaire (Continue)

8. How long have you been working with IRBM? / *Berapa lama anda berkhidmat dengan LHDNM.*

☐ < 10 years/ *tahun* ☐ 16 – 20 years/ *tahun*
☐ 10 – 15 years/ *tahun* ☐ > 20 years/ *tahun*

9. How long have you been in the investigation department? / *Berapa lama anda berada di bahagian siasatan.*

☐ < 5 years/ *tahun* ☐ 10 – 15 years/ *tahun*
☐ 5 – 10 years/ *tahun* ☐ > 15 years/ *tahun*

10. Have you attended CTIP course? / *Telah menghadir kursus CTIP?*

☐ Yes, I have ☐ Never

Section B: Survey of determinants of effective tax investigation
Bahagian B: Soal selidik berkenaan penentu penyiasatan cukai yang berkesan

Instruction:
It is important that you answer all the questions. Your approximate answer is far more useful than an incomplete response. Please choose an appropriate answer (by clicking) below, 1 out of 5 for the correct answer.
Arahan :
Adalah penting anda menjawab semua soalan. Jawapan yang lengkap amat digalakkan. Pilih satu jawapan (dengan klik) yang bersesuaian di bawah ini, 1 dari 5 untuk jawapan yang sesuai.

(I) Effective Tax Investigation/ *Penyiasatan Cukai Berkesan*

The following statements is the meaning of effective tax investigation.
Penyataan berikut adalah maksud bagi penyiasatan cukai berkesan.

a. **Achieved key performance indicator (number of cases settled, amount of back duty collected) set by IRBM.**
Mencapai prestasi KPI (bilangan kes diselesaikan, jumlah kutipan cukai) yang ditetapkan oleh LHDNM.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

3

Questionnaire (Continue)

b. **Deter tax evasion as well as able to identify and prosecute tax evaders.**
Mencegah pelarian cukai serta mengenalpasti orang yang bertanggungjawab ke atas kesalahan pelarian cukai dan menghadapkannya ke mahkamah.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

c. **Conducts investigation activities in accordance with investigation procedures.**
Menjalankan aktiviti penyiasatan dengan mengikut prosedur kerja siasatan cukai.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

d. **Enhance voluntary tax compliance.**
Meningkatkan pematuhan cukai secara sukarela.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

(II) Complex Tax Laws/ *Undang-undang cukai yang rumit*

The following statements determine whether complex tax laws influence effective tax investigation.
Penyataan berikut menentukan sama ada undang-undang cukai yang rumit mempengaruhi penyiasatan cukai yang berkesan.

e. **Simple and unambiguous tax laws help in enhancing the performance of investigation officers and support their intention to achieve effective tax investigation.**
Undang-undang cukai yang ringkas dan jelas akan membantu dalam meningkatkan prestasi pegawai penyiasat dan menyokong hasrat untuk mereka untuk mencapai penyiasatan cukai yang berkesan.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

4

f. **Complex tax laws cause investigation officers to take more time in interpretation and prolong the settlement of case.**
Undang-undang cukai yang rumit menyebabkan pegawai penyiasat mengambil lebih banyak masa dalam tafsiran akta serta penyelesaian kes.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

g. **The interpretation and application of certain tax laws are always subject to disputes, not only with the tax agents even among the IRBM's own officers.**
Tafsiran dan pengunaan undang-undang cukai yang tertentu sentiasa tertakluk kepada pertikaian, bukan sahaja dengan ejen cukai malah di kalangan pegawai LHDNM sendiri.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

h. **Complex tax laws cause high inadvertent errors among taxpayers as well as lower taxpayers' morale to comply with tax laws.**
Undang-undang cukai yang rumit menyebabkan kesilapan tidak disengajakan yang tinggi di kalangan pembayar cukai serta mengurangkan semangat untuk mematuhi undang-undang cukai.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

(III) Tax Knowledge and Skills/ *Pengetahuan dan kemahiran dalam percukaian*

The following statements determine whether knowledge and skills influence effective tax investigation.
Penyataan berikut menentukan sama ada pengetahuan dan kemahiran dalam percukaian mempengaruhi penyiasatan cukai yang berkesan.

i. **Tax knowledge and skills are very important in detecting tax fraud and enhancing the quality of tax investigation.**
Pengetahuan dan kemahiran dalam percukaian sangat penting dalam mengesan penipuan cukai dan meningkatkan kualiti penyiasatan cukai.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

5

Questionnaire (Continue)

j. **Lack of tax knowledge and skills distorts the performance of investigation officers.**
Kekurangan pengetahuan dan kemahiran dalam percukaian akan memesongkan prestasi pegawai penyiasat.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

k. **Tax knowledge and skills are directly related to the quality of tax investigation work and lead to an effective tax investigation.**
Pengetahuan dan kemahiran dalam percukaian secara langsung berkaitan dengan kualiti kerja penyiasatan cukai dan membawa kepada penyiasatan cukai yang berkesan.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

l. **High proficiency in tax knowledge and good negotiation skills will shorten the period of case settlement.**
Kemahiran yang tinggi dalam pengetahuan cukai serta kemahiran perunding akan memendekkan tempoh penyelesaian kes.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

(IV) Tax Enforcement Strategy /*Strategi penguatkuasaan cukai*

The following statements determine whether tax enforcement strategy influence effective tax investigation.
Penyataan berikut menentukan sama ada strategi penguatkuasaan cukai mempengaruhi penyiasatan cukai yang berkesan.

m. **Tax enforcement strategy highly influences the performance of investigation officers and supports their intention to achieve effective tax investigation.**
Strategi penguatkuasaan cukai sangat mempengaruhi prestasi pegawai penyiasat dan menyokong hasrat mereka untuk mencapai penyiasatan cukai yang berkesan.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

6

Questionnaire (Continue)

n. **Voluntary tax compliance is encouraged by an efficient tax enforcement system.**
Pematuhan cukai secara sukarela digalakkan oleh sistem penguatkuasaan cukai yang cekap.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

o. **Compassionate and fair treatment of tax offenders can help to achieve effective tax investigation.**
Layanan belas kasihan dan adil terhadap pesalah cukai boleh membantu mencapai penyiasatan cukai yang berkesan.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

p. **Tax enforcement strategies are designed to reduce opportunities for tax evaders.**
Strategi penguatkuasaan cukai direka untuk mengurangkan peluang bagi pengelak cukai.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

(V) Tax Penalty /*Penalti cukai*

The following statements determine whether tax penalty influence effective tax investigation.
Penyataan berikut menentukan sama ada penalti cukai mempengaruhi penyiasatan cukai yang berkesan.

q. **Tax penalties in terms of monetary fines have a deterrent impact on tax evaders and lead to effective tax investigation.**
Penalti cukai dari segi denda kewangan mempunyai kesan menghalang kepada pengelak cukai dan membawa kepada penyiasatan cukai yang berkesan.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

7

Questionnaire (Continue)

r. **An effective tax penalty regime should also include a variety of non-monetary sanctions to encourage compliance and help IRBM to achieve effective tax investigation.**
Rejim penalti cukai yang berkesan juga harus merangkumi pelbagai sekatan selain daripada denda kewangan untuk menggalakkan pematuhan dan membantu LHDNM mencapai penyiasatan cukai yang berkesan.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

s. **A reasonable and fair tax penalty imposed on tax offenders can encourage taxpayers to comply and is consistent with the objective of tax investigation.**
Penalti cukai yang munasabah dan adil dikenakan ke atas pesalah cukai boleh menggalakkan pembayar cukai untuk mematuhi undang-undang dan ia konsisten dengan objektif penyiasatan cukai.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

t. **A high tax penalty instils high deterrence among taxpayers towards achieving effective tax investigation.**
Penalti cukai yang tinggi mengukuhkan pencegahan yang tinggi di kalangan pembayar cukai untuk ke arah mencapai penyiasatan cukai yang berkesan.

Strongly Disagree/ *Sangat tidak Setuju*				Strongly Agree/ *Sangat Setuju*
1	**2**	**3**	**4**	**5**

Thank you for taking the time to complete this questionnaire.

Your assistance in providing this information is very much appreciated.

Terima kasih kerana meluangkan masa mengisi borang kaji selidik ini.

Kerjasama anda amatlah dihargai.

8