TAX COMPLIANCE INTENTION BEHAVIOUR AMONG SOLE-PROPRIETORSHIPS IN PENANG AND ITS DETERMINANTS

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Abstrak

Sepanjang pandemik COVID-19, kerajaan Malaysia secara konsisten menyokong Industri Kecil dan Sederhana (IKS) dengan memastikan mereka berdaya tahan dan berkembang. Bajet 2021 mewakili peruntukan terbesar setakat ini yang memberi manfaat kepada IKS, berjumlah RM38.7 bilion sebagai insentif kepada IKS untuk mengekalkan perniagaan mereka. Oleh itu, IKS mempunyai kewajipan untuk menyokong kerajaan dengan membayar cukai mereka secara sukarela dan tepat. IKS terdiri daripada pelbagai struktur organisasi, termasuk perniagaan milikan tunggal, perkongsian dan syarikat liabiliti terhad. Daripada sorotan literatur, kumpulan pembayar cukai ini berisiko tinggi untuk terlibat dalam pengelakkan cukai dan mempunyai kepercayaan bahawa membayar cukai adalah satu membebankan. Justeru, kertas kerja ini bertujuan untuk memberi tumpuan kepada pemilikan tunggal sektor berskala kecil yang difahami sebagai pihak yang sukar dalam membayar cukai. Objektif kajian ini adalah untuk mengkaji hubungan antara lima pembolehubah tidak bersandar; sikap, norma subjektif, kawalan gelagat ditanggap (kebarangkalian audit dan ejen cukai berlesen) dan gelagat kepatuhan cukai kepada pembolehubah bersandar; niat untuk mematuhi. Kerangka kajian ini dibangunkan berdasarkan lima pembolehubah dan menggunakan Teori Gelagat Terancang (TGT) yang dibangunkan oleh Ajzen (1991). Lima hipotesis diuji berdasarkan rangka kerja penyelidikan dan soal selidik berstruktur digunakan sebagai instrumen kajian. Soal selidik ini telah diedarkan kepada pembayar cukai di Pulau Pinang dan sebanyak 135 sampel telah dikumpul daripada pembayar cukai melalui teknik persampelan rawak mudah. Berdasarkan analisis, TGT adalah berkaitan dengan kajian ini kerana ia membantu menjelaskan bagaimana tingkah laku pembayar cukai untuk sedar dan patuh kepada cukai. Jika pembayar cukai mempunyai niat dan kepercayaan yang kuat, mereka akan mematuhi cukai tersebut. Pembayar cukai juga memikirkan kesan tindakan mereka sebelum bertindak dengan cara tertentu. Namun, keputusan kajian telah menolak kesahihan kebarangkalian audit terhadap niat gelagat kepatuhan cukai. Kajian ini turut menyumbang kepada literatur semasa dengan menambah pembolehubah baharu ejen cukai berlesen dalam model pematuhan cukai. Seterusnya, kajian menghadapi beberapa batasan di mana saiz sampel yang mewakili keseluruhan populasi pembayar cukai perniagaan individu di Pulau Pinang mungkin tidak mencukupi untuk menyamaratakan keseluruhan pembayar cukai di Malaysia. Oleh itu, cadangan untuk penyelidikan masa depan adalah untuk meningkatkan saiz sampel supaya penyelidikan tersebut dapat menyamaratakan keseluruhan populasi dan dapat menghasilkan model regresi yang lebih kukuh.

Kata kunci: Teori Gelagat Terancang, kebarangkalian audit, ejen cukai berlesen, niat, dan gelagat kepatuhan cukai.

Abstract

Throughout the COVID-19 pandemic, the Malaysian government has consistently supported Small and Medium Enterprises (SMEs) by ensuring that they are resilient and growing. The 2021 Budget represents the largest allocation to date that benefits SMEs, totalling RM38.7 billion as incentives to SMEs for sustaining their businesses. Hence, SMEs have an obligation to support the government by voluntarily and accurately paying their taxes. SMEs are likely to have a variety of organisational structures, including sole proprietorships, partnerships, and limited liability companies. According to the literature, this group of taxpayers appears to be at a high risk of engaging in tax evasion and believes that paying taxes is a burden. Thus, this paper aims to focus on sole proprietorship, the small-scale sector known to be tough when it comes to paying taxes. The objective of this study is to examine the relationship between five independent variables; attitude, subjective norm, perceived behavioural control (probability of audit and licensed tax agent), and the dependent variable; intention to comply. The research framework of this study was developed based on five variables and employed the Theory of Planned Behaviour (TPB) which was developed by Ajzen (1991). Five hypotheses are tested based on the research framework. The research instrument for this study is a structured questionnaire. The questionnaires were distributed to taxpayers in Penang. A total of 135 samples were collected from taxpayers through simple random sampling techniques. According to the analysis, TPB is relevant to this study because it helps to explain how taxpayers behave in order to be aware of and obedient to tax. If taxpayers have strong intentions and beliefs, they will obey the tax. Taxpayers also think about the effects of their actions before acting in a particular way. Surprisingly, the findings ruled out the validity of audit probability in tax intention behaviour. This study contributes to the current literature by adding a new variable of the licensed tax agent to the tax compliance model. Next, the study addresses some limitations to the study in that the sample size that represents the whole population of individual business taxpayers in Penang may not be sufficient to generalise the whole Malaysian taxpayer population. Hence, the suggestion for future research is to increase the sample size so that future research can generalise the whole population and come out with a stronger regression model.

Keywords: Theory of Planned Behaviour, probability of audit, licensed tax agent, intention and tax compliance behaviour.

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List of Abbreviations

ATT	: Attitude
BTOS	: Bartlett's Test of Sphericity
CCM	: Companies Commission of Malaysia
COVID-19	: Coronavirus Disease
DOSM	: Department of Statistics Malaysia
DTPB	: Decomposed Theory of Planned Behaviour
GDP	: Gross Domestic Product
INT	: Intention to Comply
IRBM	: Inland Revenue Board of Malaysia
ITA	: Income Tax Act of 1967
KMO	: Kaiser-Meyer-Olkin
LHDNM	: Lembaga Hasil Dalam Negeri Malaysia
LLP	: Limited Liability Partnerships
LTA	: Licensed Tax Agent
MCO	: Movement Control Order
MMA	: Malaysian Medical Association
OAS	: Official Assessment System
OECD	: Organisation for Economic Co-operation Development
PAU	: Probability of Audit
PBC	: Perceived Behavioural Control
SAS	: Self-Assessment System
SME	: Small and Medium-sized Enterprises
SN	: Subjective Norm
SPM	: Sijil Pelajaran Malaysia
SPSS	: Statistical Package for the Social Sciences
SSM	: Suruhanjaya Syarikat Malaysia
STPM	: Sijil Tinggi Persekolahan Malaysia
TCB	: Tax Compliance Behaviour
TPB	: Theory of Planned Behaviour
TRA	: Theory of Reasoned Action
VIF	: Variance Inflation Factor
ZPRED	: Standardised Predicted Values
ZRESID	: Standardised Residuals Values
α	: Cronbach Alpha
R^2	: Coefficient of Determination

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In many countries, taxation has been used as a measure to promote economic growth and national development (Shaharuddin, Palil, Ramli, & Maelah, 2012). Taxes are a fundamental way to generate public revenues and earn public funds, enabling them to finance investments in human capital, infrastructure, and the delivery of services to citizens and businesses. However, many individual taxpayers continue to misunderstand the importance of taxes.

Non-compliance with the law is unavoidable due to the taxpayer's actions, whether due to illiteracy, ignorance, irresponsibility, or intentional evasion, as well as inefficiencies in tax administration. As a result, the Organisation for Economic Co-operation Development (OECD) (2004) emphasises the importance of the tax administration by having plans and procedures in place to minimise non-compliance with tax law.

Nonetheless, all revenue authorities nationwide are facing a major problem in ensuring full compliance from every taxpayer. Despite maintaining public trust while maximising tax collection efficiency, the government continues to face continual non-compliance (Alm, Clark, & Leibel, 2016; Handayani & Laily, 2017), and the issue became more challenging once the self-assessment system (SAS) was implemented.

The self-assessment system was implemented by the Malaysian government in 2001 to improve and modernise the tax system. During that year, SAS was introduced for corporations for the first time, and in 2004, it was expanded to include other categories of taxpayers, including sole proprietors, partnerships, cooperatives, and employees.

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APPENDIX A

IRBM MEDIA RELEASE/STATEMENT

• SIARAN SEGERA

KENYATAAN MEDIA

HASiL

LHDN MALAYSIA

HASiL/2022/06/14 – 41

HASiL KESAN 31,598 ENTITI TIDAK BERDAFTAR ATAU TIDAK MELAPORKAN PENDAPATAN

Lembaga Hasil Dalam Negeri Malaysia (HASiL) telah mengesan sebanyak **31,598 entiti** yang terdiri daripada individu, perniagaan, syarikat dan lain-lain yang masih tidak melaporkan pendapatan sebenar kepada HASiL. Pengesanan entiti ini dibuat berdasarkan maklumat melalui pemilikan aset dan kemampuan entiti tersebut mengambil pinjaman/sekuriti melebihi RM500,000.00 dan ke atas.

Pecahan entiti yang telah dikesan adalah seperti yang berikut:

Entiti	Jumlah
Individu	23,751
Perniagaan, Syarikat dan lain-lain	7,847
Jumlah	**31,598**

**Sumber: Hasil risikan dan data-data lain milik pihak HASiL*

Berdasarkan data berkenaan dan analisa yang dilakukan, amaun ketirisan cukai langsung yang dialami oleh negara dianggarkan bernilai **RM 665 juta**. Melihat kepada nilai anggaran ketirisan ini, ia merupakan satu amaun yang signifikan dan mampu memberi impak negatif kepada kestabilan ekonomi negara jika ia tidak segera dibendung.

Oleh yang demikian, bagi melahirkan suatu ekosistem percukaian yang baik dan pematuhan cukai secara sukarela dapat ditingkatkan dalam kalangan masyarakat di Malaysia, HASiL memfokuskan usaha menangani isu ini melalui tiga pendekatan utama, iaitu Kesedaran (**A** – Awareness), Pendidikan (**E** – Education) dan Perkhidmatan (**S** – Services) atau ringkasnya **AES**. HASiL akan terus mengamalkan tiga pendekatan ini sebagai usaha untuk menunjukkan peranan HASiL sebenarnya adalah sebagai *facilitator of compliance* sekali gus menasihati **31,598 entiti khususnya 23,751 individu** yang dikesan ini untuk tampil **secara sukarela ke cawangan HASiL yang berhampiran dengan segera bagi mendaftar fail cukai** dan **melaporkan pendapatan yang sebenar**.

Bagi tujuan tersebut, tempoh masa yang diberikan kepada mereka untuk mengambil tindakan seperti yang dinasihatkan ialah selama **satu bulan** iaitu bemula dari **15 Jun 2022 sehingga 15 Julai 2022**.

Untuk makluman, setelah tempoh sebulan ini tamat, HASiL akan mengambil tindakan penguatkuasaan cukai seperti audit, siasatan sivil dan siasatan jenayah terhadap entiti dan individu berkenaan yang masih gagal patuh menghantar Borang Nyata Cukai (BNC) bagi sesuatu Tahun Taksiran, mengemukakan penyata yang salah, dan mengelakkan diri daripada dikenakan cukai. **Tindakan siasatan jenayah** akan memberi implikasi pendakwaan di mahkamah. Ketidakpatuhan dan pelarian cukai ini dikenakan tindakan mengikut kesalahan di bawah Seksyen 112, 113 dan 114 Akta Cukai Pendapatan 1967.

Sebagai maklumat tambahan, cukai pendapatan dikenakan terhadap setiap individu bagi pendapatan yang terakru atau terbit di Malaysia atau diterima di Malaysia dari luar Malaysia bagi setiap Tahun Taksiran. Seseorang individu yang mempunyai jumlah pendapatan melebihi nilai ambang yang ditetapkan, yang boleh dikenakan cukai perlu mendaftar fail cukai pendapatan. Orang ramai boleh melayari portal rasmi HASiL di www.hasil.gov.my bagi maklumat lanjut mengenai nilai ambang yang telah ditetapkan.

Skop pengenaan cukai seseorang individu adalah bergantung kepada taraf mastautinnya. Bagi individu yang menerima pendapatan penggajian tahunan melebihi RM 34,000 dan mempunyai Potongan Cukai Bulanan (PCB) adalah layak dikenakan cukai. Keuntungan yang diperolehi daripada menjalankan perniagaan, perdagangan, pencarian atau profesion juga merupakan pendapatan yang layak dikenakan cukai (termasuk sebarang bentuk perniagaan yang tidak berdaftar dengan mana-mana pihak berkuasa).

Sebarang pertanyaan dan maklum balas berkaitan perkara ini boleh dikemukakan kepada HASiL melalui:

a) Hasil Care Line di talian 03-8911 1000 / 603-8911 1100 (Luar Negara);
b) HASiL Live Chat; dan
c) Borang Maklum Balas di portal rasmi LHDNM di pautan pantas https://maklumbalaspelanggan.hasil.gov.my/MaklumBalas/ms-my/.

HASiL/2022/06/14 – 41

# # #

SEKIAN, TERIMA KASIH

Building Sustainable Future TOGETHER

Dikeluarkan Oleh:
Bahagian Komunikasi | Pejabat Ketua Pegawai Eksekutif
Lembaga Hasil Dalam Negeri Malaysia
Customer Care Officer: 019-651 1100
Hasil Care Line : 03-8911 1000 / 603-8911 1100 (luar negara)
Hasil Recovery Call Centre: 03-8751 1000
Portal Rasmi : www.hasil.gov.my

Tarikh: 14 Jun 2022

APPENDIX B
TAX CASE / JUDICIAL REVIEW

DATO DR. SINGARAVELOO A/L MUTHUSAMY V KPHDN

DALAM MAHKAMAH TINGGI MALAYA DI KUALA LUMPUR
(BAHAGIAN RAYUAN DAN KUASA-KUASA KHAS)
PERMOHONAN BAGI SEMAKAN KEHAKIMAN NO: WA-25-237-12/2016

Dalam perkara Keputusan Ketua Pengarah Hasil Dalam Negeri/Lembaga Hasil Dalam Negeri Malaysia melalui surat bertarikh 09.09.2016 yang dialamatkan kepada Dr. Koh Kar Chai, Setiausaha Kehormat Persatuan Perubatan Malaysia;

Dan

Dalam perkara Perkara-Perkara 7 dan 8 Perlembagaan Persekutuan;

Dan

Dalam perkara seksyen-seksyen 2, 4, 65, 66, 91 dan 140 Akta Cukai Pendapatan 1967;

Dan

Dalam perkara Jadual Pertama (Perenggan 1) Akta Mahkamah Kehakiman 1964;

Dan

Dalam perkara Aturan 53 Kaedah-Kaedah Mahkamah 2012

Antara

1. DATO' DR. SINGARAVELOO A/L MUTHUSAMY

1

2. SINGA & HOE SDN BHD (NO. 587356-U)

... **Pemohon - Pemohon**

Dan

1. **KETUA PEGAWAI EKSEKUTIF/ KETUA PENGARAH HASIL DALAM NEGERI**
2. **LEMBAGA HASIL DALAM NEGERI**

... **Responden - Responden**

Grounds of Decision

Azizah Nawawi, J:

Application

[1] This is an application for judicial review seeking the following prayers:

(i) an order of certiorari to quash the decision of the Respondents by way of a letter dated 9.9.2016 ("**Decision**") addressed to Dr. Koh Kar Chai, the General Secretary of the Malaysian Medical Association, ruling amongst others, that the income received by the 2nd Applicant should be taxed under section 4(a) of the Income Tax Act 1967 as individual income and not company income;

(ii) a declaration that the Decision is invalid and ultra vires Article 7 of the Federal Constitution and accordingly null and void, as it punishes the Applicants for the incorporation of a company to carry on business as medical practitioners and to provide medical services ("**Arrangement**") which was not illegal and invalid when the arrangement was made back in 2002;

(iii) a declaration that the Decision is inherently unreasonable and arbitrary, as it does not apply equally across the board and is therefore ultra vires Article 8 of the Federal Constitution and is accordingly null and void;

(iv) a declaration that the Decision is unlawful, invalid and ultra vires the Income Tax Act 1967 ("**ITA 1967**"), as the Respondents have exceeded their powers or committed an error of law, in treating the Arrangement as a tax avoidance arrangement;

(v) a declaration that the Decision is unlawful and invalid, as the Respondents have acted unfairly towards the Applicants, as to amount to an abuse of power, by retrospectively departing from their previous course of conduct which had led the Applicants to reasonably believe at all material times, that the Arrangement was lawful and valid;

(vi) a declaration that the Decision is unlawful and invalid, as the Respondents have breached their duty to treat similarly placed taxpayer alike, by taking an inconsistent approach in their tax treatment of the Applicants, as compared to other similarly placed taxpayers; and

(vii) an order of prohibition to restrain and/or to prevent the Respondents from implementing the Decision to the detriment or prejudice of the Applicants.

[2] The grounds of the application are an error of law, that the decision was arbitrary and a breach of legitimate expectation.

[3] Having considered the application and the submission of the parties, this Court had dismissed the application with costs.

The Salient Facts

[4] The 1st Applicant, Dato' Dr. Singaraveloo a/l Muthusamy (the "**Doctor**") is a registered specialist medical practitioner who has retired from the Government Medical Services in 2002.

[5] On 24.7.2002, the Doctor incorporated the 2nd Applicant (the "**Company**"), to carry on the business as medical practitioners and to provide medical services to in-patients and out-patients in and/or

outside hospitals (see Clause 3(1) of the Company's Memorandum of Articles).

[6] The Doctor had signed a Resident Consultant Agreement With The Use of Suite dated 1.7.2002 ("**Resident Consultant Agreement**") with Johore Specialist Hospital Sdn Bhd ("**JSHSD**"), the owner and operator of Johore Specialist Hospital ("**Hospital**"), to provide medical consultancy services, as a Resident Consultant Physician at the Hospital.

[7] The Respondents have initiated tax audits on several specialist medical practitioners focusing on their tax treatment on the income received by the specialist medical practitioner who has set up a Sdn Bhd business and operate their own medical services business in a private specialist hospital.

[8] Because of the said tax audits, the Malaysia Medical Association ("**MMA**") had made inquiries and meetings with the Respondent. In response to MMA inquiries, the 1st Respondent ("**DGIR**") had issued the letter dated 9.9.2016 to MMA, which *inter alia*, reads:

> *"2. Harap maklum bahawa pertemuan yang diadakan telah membincangkan perkara-perkara berikut –*
>
> ***2.1 ISU PERCUKAIAN YANG BERBANGKIT***

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Isu yang terlibat adalah sama ada pendapatan yang diterima doktor pakar daripada kontrak perkhidmatan dengan hospital pakar swasta adalah dikenakan cukai dibawah perenggan 4(a) Akta Cukai Pendapatan 1967 [Akta 53] atas pendapatan individu atau pendapatan syarikat (dimiliki oleh doktor pakar). Diagram yang jelas menunjukkan situasi persoalan ini adalah seperti di Lampiran 1.

2.2 KEPUTUSAN KETUA PENGARAH

2.2.1 Berdasarkan semakan terhadap perjanjian yang telah ditandatangani oleh doktor pakar dan hospital pakar swasta serta dokumen-dokumen yang terlibat, adalah diputuskan bahawa pendapatan yang diterima daripada hospital pakar swasta adalah dikenakan cukai dibawah perenggan 4(a) Akta 53 atas pendapatan individu dan bukanlah pendapatan syarikat.

2.2.2 Keputusan ini dibuat berlandaskan kepada layanan cukai yang di amalkan oleh Ketua Pengarah berasaskan kepada peruntukan Statutori Akta 53, yang *memperuntukkan dengan jelas kuasa-kuasa Ketua Pengarah seperti yang terkandung di bawah peruntukan Seksyen 140, Seksyen 91 atau Seksyen 65 Akta 53 tersebut. Fakta dan merit kes telah menunjukkan bahawa perjanjian yang ditandatangani adalah antara hospital pakar swasta dan doktor pakar adalah merupakan perjanjian untuk perkhidmatan (contract for service).*

2.2.3 Sehubungan dengan itu, dengan mengguna pakai peruntukan Akta 53, Ketua Pengarah mempunyai kuasa statutory untuk mengabaikan pendapatan yang diterima oleh doktor pakar melalui Syarikat Sdn Bhd dan seterusnya membangkitkan taksiran atas pendapatan individu doktor pakar berkenaan."

[9] Even though the Decision of the DGIR was conveyed to MMA, the Applicants commenced this review proceeding as they would also be affected by the Decision of the DGIR as their case falls squarely within the ambit of the Decision.

[10] However on 14.11.2016, the Doctor had entered into a Service Agreement with the Company, whereby it was agreed that the Company, as the Employer had engaged the Doctor, as the

Employee, to provide Medical Consultancy Services as a physician to the **Hospital.**

The Findings of the Court

[11] In **Booi Kim Lee v. YB Menteri Sumber Manusia & Golden Plus Geaniait SB** [1999] 3 MLJ 515, Justice KC Vohrah adopted Lord Diplock's classification of grounds of judicial review in the House of Lords case of *Council of Civil Service Unions V. Minister for the Civil Service* [1985] AC 374. The three (3) grounds described by Lord Diplock are:

(i) illegality;
(ii) irrationality; and
(iii) procedural impropriety.

[12] By illegality as a ground for judicial review, it means *"that the decision-maker must correctly understand the law that regulates his decision-making power and must give effect to it"* and that *"... the authority concerned has been guilty of an error of law in its action as for example, purporting to exercise a power which in law it does not possess"*.

[13] By irrationality it means '*Wednesbury unreasonableness*' and *"applies to a decision which is so outrageous in its defiance of logic or of accepted moral standards that no sensible person who had*

applied his mind to the question to be decided upon could have arrived at it".

[14] By procedural impropriety, it includes *"failure by an administrative tribunal to observe procedural rules that are expressly laid out.."* and *"duty to act fairly".*

[15] Bearing in mind the above principles, the issues raised by the Applicants are as follows:

(i) that the Decision amounts to an error of law, as it is premised upon erroneous and invalid grounds;

(ii) arbitrary and unfair treatment of the Applicants;

(iii) breach of the Applicants' legitimate expectation; and

(iv) retrospective punishment of the Applicants is in breach of Article 7(1) of the Federal Constitution.

Issue (i) - error of law

[16] The Applicants take the position that the DGIR has committed an error of law, as the Decision is flawed and defective based on the following reasons:

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(i) that the Respondent had failed to appreciate that medical practitioners are authorized or permitted by law, to incorporate a company or body corporate to carry on business as medical practitioners and to provide medical services. In any event, the Arrangement is/was in accordance with generally accepted business practices and was, at all material times, approved by the Respondents;

(ii) that in the present case, the Respondent had failed to appreciate that whilst the Resident Consultant Agreement was entered into between the JSHSD and the Doctor, the Doctor was in fact acting at all material times for and on behalf of the Company, as confirmed by the fact that the monies received from patients seen by the Doctor were paid over by the JSHSD to the Company;

(iii) that consequently, pursuant to section 3 and 66 read together with section 2 of the ITA 1967, it is the Company and not the Doctor who is chargeable and assessable to income tax in respect of the aforesaid monies received from the patients; and

(iv) that in the circumstances, the Respondents have acted unlawfully and ultra vires the ITA 1967 in treating the Arrangement as a tax avoidance arrangement and in ruling that the income tax received by the Company should be taxed under section 4(a) of the ITA 1967, as individual income and not company income.

[17] This case calls for an interpretation of the Resident Consultant Agreement, that was entered into by the Doctor and JSHSD.The guiding principle on the construction of a contract can be found in the decision of the Federal Court in **Berjaya Times Square Sdn Bhd v. M-Concept Sdn Bhd** [2010] 1 MLJ 597, where the Court held that the most recent statement of the guideline to interpretation of contract is to be found in *Attorney General of Belize & Ors v Belize Telecom Ltd* [2009] UKPC and quoted Lord Hoffman at page 621:

> *"**The court has no power to improve upon the instrument which is called upon to construe, whether it be a contract**, a statute or articles of association. **It cannot introduce terms to make it fairer or more reasonable**. However, that meaning is not necessarily or always what the authors or parties to the document would have intended. It is the meaning which the instrument would convey to a reasonable person having all the background knowledge which would reasonably be available to the audience to whom the instrument is addressed... It is this objective meaning which is conventionally called **the intention of the parties,** or the intention of Parliament, or the intention of whatever*

person or body was or is deemed to have been the author of the instrument." (emphasis added)

[18] Bearing in mind the abovementioned principle, in order to ascertain the intention of the parties, we need to look at the salient terms of the Resident Consultant Agreement.

[19] Under the terms of the Resident Consultant Agreement, the Hospital had offered the Doctor to conduct his professional practice at the Hospital in consideration for fees and chargeable, payable by the Doctor to the Hospital, under clause 5, which inter alia, reads:

*"**Clause 5: GRANT OF HOSPITAL PRIVILEGES***

5.1 The Company hereby grants the following licenses and privileges to the Consultant at the Hospital pursuant to and subject to the terms of this Agreement: -

5.1.1 The right to carry on his profession as a consulting medical specialist in the discipline he is specialized in ….

5.1.2 The right of exclusive occupation of all areas forming the Suite …

5.1.3 Rights in common with the Company's employees, … use of the utilities provided …

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5.1.4 ....

5.1.5 ....

5.2 Payment by the Consultant

The following payment shall be payable by the Consultant:-

5.2.1 Rental Charges

....

5.2.2 Payment for Hospital Privileges ..."

[20] As for the medical services rendered by the Doctor at the Hospital, JSHSD will pay all the money so received by the Doctor from his patients. This is clearly provided for under clause 8.4 of the Resident Consultant Agreement, which reads:

"***Clause 8: OBLIGATIONS OF THE COMPANY***

The Company binds and obligates itself to the following in respect of the Hospital:-

8.1 Reasonable Standard and Quality

8.2 Maintenance of the Hospital

8.3 Keep Proper Records

8.4 Payment of Monies

The Company shall pay over all monies so received, in respect of the first half of every month by the 22nd of the relevant month and in respect of the second half of the month by the seventh day of the subsequent month or by the end of the period of stay of the inpatient concerned, whichever is later, and such money shall be paid without any deduction except for the payment of such amount as had been agreed herein to be paid by the Consultant pursuant to Clause 5.2 above or under any other agreement."

[21] The Resident Consultant Agreement was signed by the Doctor and JSHSD. Having considered the relevant clauses in the Resident Consultant Agreement, I agree with the DGIR's stand that the Doctor had signed the said agreement in his personal capacity. The Resident Consultant Agreement allows the Doctor to practice his profession as a registered specialist medical practitioner at the Hospital, subject to payment of rental fees and payment for hospital privileges.

[22] For the medical services that the Doctor had rendered to his patients, he is entitled to such payments and clause 8.4 provides that JSHSD will pay all the monies received for the medical services rendered. Therefore, when the agreement for services was clearly made between the Doctor and JSHSD, then all monies and payments from the patients under the Resident Consultant

Agreement rightly belonged to the Doctor. Since all the monies and payments that arises from the Resident Consultant Agreement belonged to the Doctor, consequentially all taxes derived from the income of the practice at the Hospital is taxable under the Doctor as individual income, not the Company's income.

[23] However, the Applicants take the position that whilst the Resident Consultant Agreement was entered into between the Doctor and JSHSD, the Doctor was in fact acting for the Company at all material times. This can be seen from the Service Agreement dated 14.11.2016 and from the fact that the monies received from the patients seen by the Doctor at the Hospital, were paid by JSHSD to the Company.

[24] With regards to the Service Agreement entered into between the Doctor and the Company, this is not a relevant consideration as it was only executed on 14.11.2016, whereas the DGIR's letter was dated 9.9.2016.

[25] In any event, with regards to the payments of professional fees made by JSHSD to the Company instead to the Doctor, I am of the considered opinion that the said payments made was only an arrangement that was agreed to by the parties, but it cannot detract away from the fact that it was the Doctor (in his personal capacity), who has entered into the Resident Consultant Agreement with JSHSD. The payments were for the services rendered by the Doctor at the Hospital, pursuant to the Resident Consultant

Agreement. As to how the payments were transmitted by JSHSD is up to the parties' arrangements, but it does not change the character of the payments made, that is, for the medical services rendered by the Doctor to his patients at the Hospital pursuant to Resident Consultant Agreement.

[26] In **Controller of Inland Revenue v. Lim Foo Yong Sdn Bhd** [1982] CLJ (Rep) 76, the Federal Court had applied the principle laid down in the English case of *Commissioners of Inland Revenue v. Wesleyan & General Assurance Society* 30 TC 11, where the court is to look at the real character of the payment, and not the label that the parties have given it. Justice Salleh Abas FCJ held as follows:

> *"As the supposed doctrine of substance is only a matter of construction, the following passage in the judgment of Lord Greene MR in Commissioners of Inland Revenue v. Wesleyan and General Assurance Society 30 TC 11, 16 is very relevant:*
>
> > *It is perhaps convenient to call to mind some of the elementary principles which govern cases of this kind.* ***The function of the Court in dealing with contractual documents is to construe those documents according to the ordinary principles of construction, giving to the language used its normal ordinary meaning save in so far as the***

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context requires some different meaning to be attributed to it. Effect must be given to every word in the contract save in so far as the context otherwise requires.

Another principle which must be remembered is this. ***In considering tax matters a document is not to have placed upon it a strained or forced construction in order to attract tax, nor is a strained or forced construction to be placed upon it in order to avoid tax. The document must be construed in the ordinary way and the tax legislation then applied to it. If on its true construction it falls within a certain taxing category, then it is taxed. If on its true construction it falls outside the taxing category, then it escapes tax.***

The Special Commissions applied the above principle and came to the conclusion that these three documents constitute a sale, a lease and an agreement to repurchase the properties. The construction of these documents does not only involve a matter of the words or form used in the agreements but above all the method employed by the parties in the transaction. The modus operandi adopted was clearly based upon the assumption that it was a sale. Thus there is no way in which the Special Commissioners could find the transaction to be otherwise, short of tearing off these documents or ignoring them altogether.

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As to the respondent's explanation that the transaction was documented in the form of sale rather than of loan because of certain legal technicalities and benefits we do not think that they only amount to a motive which had no effect on the legal consequence. It may well be that sale was entered into instead of a loan, because the EPF Board had also no power to run and invest in a hotel business. Thus technicalities cut both ways, and in any case motive is completely irrelevant.

We therefore think that the Special Commissioners' finding that the transaction with the EPF Board was a sale was correct." (emphasis added)

[27] In this case, I am of the considered opinion that the DGIR had complied with the above principle of construction, giving the Resident Consultant Agreement its ordinary meaning, in that the said agreement is a contract for service between the Doctor and JSHSD, where the Doctor will pay for the rental of his clinic at the hospital and will receive payments from his patients in consideration of his professional service. There is no forced construction to the said agreement in order to attract tax. But if we are to read the Service Agreement into it, or to read into it the manner in which payments were made to the Company instead to the Doctor, then we will be giving it a strained or forced construction, in order to avoid tax.

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[28] In any event, section 140 of the ITA 1967 empowers the DGIR to disregard certain transactions, (in this case the monies being paid to the Company and not to the Doctor by JSHSD). Section 140 reads:

> *"**Power to disregard certain transactions***
>
> *140. (1) The Director General, where he has reason to believe that any transaction has the direct or indirect effect of:*
>
> *(a) altering the incidence of tax which is payable or suffered by or which would otherwise have been payable or suffered by any person;*
>
> *(b) relieving any person from any liability which has arisen or which would otherwise have arisen to pay tax or to make a return;*
>
> *(c) evading or avoiding any duty or liability which is imposed or would otherwise have been imposed on any person by this Act; or*
>
> *(d) hindering or preventing the operation of this Act in any respect.*
>
> *may, without prejudice to such validity as it may have in any other respect or for any other purpose, disregard or vary the transaction and make such adjustments as he*

thinks fit with a view to counter acting the whole or any part of any such direct or indirect effect of the transaction."

[29] The application of section 140 was considered by the Court of Appeal in the case of **Syarikat Ibraco – Paremba Sdn Bhd v. Ketua Pengarah Hasil Dalam Negeri** [2017] 2 MLJ 120; [2015] 10 CLJ 114, where the Court held as follows:

"[28] The distinction between what is accepted and what is not in the way of reducing the amount of tax to be paid used to be conveniently described by the terms tax avoidance and tax evasion respectively. Section 140(1)(c) of the Act in particular, has the effect of demolishing that convenient description. ***The Act now empowers the Director General, without prejudice to such validity as it may have in any other respect or for any other purpose, where he has reason to believe that any transaction has the direct or indirect effect of evading or avoiding any duty or liability which is imposed or would otherwise have been imposed on any person by the Act, to disregard or vary the transaction and make such adjustments as he thinks fit with a view to counteracting the whole or any part of any such direct or indirect effect of the transaction.*** *Thus the oft quoted words of Lord Tomlin in IRC v. Duke of Westminster [1936] AC 1 and quoted by Lord*

Templeman in Commissioner of Inland Revenue v. Challenge Corporation Ltd (supra) that every man is entitled if he can to order his affairs so as that the tax attaching under the appropriate Act is less than it otherwise would be is now only partially true, for whether he succeeds or not, according to s. 140(1)(c), depends upon the determination of the Director General. We make the observation that it is for the taxpayer to demonstrate that the transaction or the arrangement by which the income was produced was so preordained by compliance with the requirements of law or accepted business practices to limit risk exposure, and that the tax savings were purely incidental." (emphasis added)

[30] In this case, the issue is on the construction of the Resident Consultant Agreement, whether it is the Doctor or the Company who is taxable for the income derived under the said Agreement. Therefore, there is no issue with regards to whether the medical practitioners are authorized or permitted by law to incorporate a company or body corporate to carry on business as medical practitioners and to provide medical services.

[31] Therefore, premised on the reasons enumerated above, on the construction of the Resident Consultant Agreement, I find that the DGIR has applied the correct principles in the construction of the same, when he finds that based on the said agreementand pursuant to the ITA 1967, it is the Doctor and not the Company, who is

chargeable and assessable to income tax in respect of the aforesaid monies received from the Doctor's patients.

Issue (ii) arbitrary and unfair treatment of the Applicants

[32] It is the submission of the Applicants that the DGIR's decision is unfair and discriminatory as the said Decision does not apply to other categories of specialist doctors, general practitioners in private medical clinics, architects and engineers.

[33] The Decision cannot be said to have been made arbitrarily as from the DGIR's letter itself, there were discussions with the MMA. Added to that, the Decision was made based on the Applicant's own documents and the DGIR's construction of the same.

[34] With regards to the other categories of professionals given a different treatment, there are no documentation before this court as to whether their contracts are the same as the Applicants herein. It must be emphasized that the DGIR will only look at each taxpayer's own documents on the issue of taxes and each case will be assessed on its own merits.

Issue (iii) breach of the Applicants' legitimate expectation

[35] The Applicants submit that premised on the principle of legitimate expectation, the Respondents are bound by the Respondents' own Tax Audit Frameworks and its audit on the 2^{nd} Applicant in 2013.

[36] The Tax Audit Framework provided that the objective of tax audit is to ensure the correct amount of tax has been reported and the right amount of tax has been paid, and that once an audit case is settled, the audit should not be repeated on the same issues for the same year of assessment.

[37] However, the 2013 audit on the 2nd Applicant is not on the tax treatment practiced by the Applicants, but rather on the issue of expenses claimed by the Applicant, that is the expenses for petrol, parking and toll, filing fees, telephone bills, travelling expenses and printing stationary.

[38] In any event, section 91(1) of the ITA 1967 allows the DGIR to raise any assessment or additional assessment if the DGIR is of the opinion that no tax or sufficient tax has been made, and this will include departing from the existing practice and adopting a different form of assessment. In **Government of Malaysia v. Sarawak Properties Sdn Bhd** [1984] 1 MLJ 14, Justice Chong Siew Fai held as follows:

> *"... It cannot be doubted that the Director of Inland Revenue and his subordinate officers down to those charged with the due administration of the Act are holding public offices (s. 134 of the Act) and, in carrying out their tasks of assessing taxes under the Act, are performing public duties.* ***As such, the doctrine of estoppel by record does not apply to them in that they cannot, by***

issuing a letter such as Exh. CSC- 2, be estopped from subsequently exercising a power or discretion which it is their duty to exercise...

...

In my opinion, the question of the applicability of estoppel against the Crown does not necessarily depend on the existence of any mistake on the part of revenue officers but rests on the broader basis as to whether the Crown is bound by representations and conduct of the officers of the Inland Revenue irrespective of the presence or otherwise of any mistake.

.....

Lastly it was contended for the defendant that since the plaintiff had, for the years of assessment 1981 - 1985 (both inclusive), agreed to and accepted what was called "the completed contract" method of accounting adopted by the defendant respecting the same project and had assessed taxes on that basis, the plaintiff was estopped from changing to a new method (known as "percentage completion method") to assess the tax respecting the year of assessment 1986 in relation to the same project.

With respect I am unable to agree to the contention. ***The fact that the Revenue Department had accepted or adopted certain method in assessing tax does not preclude it from departing from the existing method or practice and changing its opinion by adopting a***

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***different form of assessing**. Pethaperumal Chettiar v. C.I.T. [1943] 1 TR 532, 538.*

*The **doctrine of res judicata does not apply to the decisions of income tax commissioners**. Patuck v. Llyod (Inspector of Taxes) [1944] 26 TC 284 at 292 CA."* (emphasis added)

[39] The above principle was applied by the Court of Appeal in **Teruntum Theatre Sdn Bhd v. Ketua Pengarah Hasil Dalam Negeri** [2006] 4 MLJ 685, where the Court held as follows:

*"[18] Estoppel is a rule of evidence which can only be invoked in special circumstances. The estoppel relied upon by the taxpayer against revenue in this case is that of estoppel in pais, ie, estoppel by words or conduct. In our view the Special Commissioners were not wrong to reject the suggestion that the assessment by the respondent of a taxpayer under the RPGT was an irrevocable act. **Estoppel cannot be invoked against the Director General of Income Tax when he is put to notice that an incorrect assessment has been made under the RPGT. The Director General cannot raise an estoppel against himself from discharging his statutory duty to raise a correct assessment under the appropriate law if the basis of treating the gain as a capital gain was not within the meaning ascribed to***

it by the RPGT and no real property gains tax is payable. In such a situation the Director General is not absolved from discharging his duty of raising the correct assessment in accordance with the relevant law. *No person can raise an estoppel against himself so as to defeat a positive duty imposed upon him by a statute (Maritime Electric Co. Ltd v. General Diaries Ltd. [1937] AC 610 at pp. 620-621). The duty of both parties, the Director General and the taxpayer, is to obey the law."* (emphasis added)

Issue (iv) breach of Article 7(1) of the Federal Constitution

[40] The Applicants submit that there had been a breach of Article 7 of the Federal Constitution as the DGIR's decision amounts to punishing the Applicants for implementing the Arrangement, which was neither illegal nor invalid when it was made back in 2002.

[41] I do not appreciate this argument and the relevance of Article 7, which is on double jeopardy in criminal cases. However, as the cases are very clear that the DGIR can adopt a different form of assessing tax, this is clearly a non-issue.

Conclusion

[42] Premised on the reasons enumerated above, I am of the considered opinion that the Decision of the DGIR is legal as it is premised on the construction of the Resident Consultant Agreement. The ITA 1967 empowers the DGIR to raise any assessment or additional assessment, and the DGIR is not estopped from adopt a different form of assessing tax. Therefore, I find no merit in the application and the same is dismissed with costs.

(AZIZAH BINTI HAJI NAWAWI)
JUDGE
HIGH COURT MALAYA
(Appellate and Special Powers Division 2)
KUALA LUMPUR

Dated: 23rd November 2018

For the Applicants : T. Sudhar/Tanya Edward
Messrs Steven Thiru & Sudhar Parnership
Kuala Lumpur.

For the Respondents : Tuan Ahmad Isyak bin Mohd Hassan (PKH)
Lembaga Hasil Dalam Negeri
Cyberjaya, Selangor.

Cases reffered:

1. Booi Kim Lee v. YB Menteri Sumber Manusia & Golden Plus Geaniait SB [1999] 3 MLJ 515.

2. Berjaya Times Square Sdn Bhd v. M-Concept Sdn Bhd [2010] 1 MLJ 597.

3. Controller of Inland Revenue v. Lim Foo Yong Sdn Bhd [1982] CLJ (Rep) 76.

4. Syarikat Ibraco – Paremba Sdn Bhd v. Ketua Pengarah Hasil Dalam Negeri [2017] 2 MLJ 120; [2015] 10 CLJ 114.

5. Government of Malaysia v. Sarawak Properties Sdn Bhd [1984] 1 MLJ 14.

6. Teruntum Theatre Sdn Bhd v. Ketua Pengarah Hasil Dalam Negeri [2006] 4 MLJ 685.

Salinan Diakui Sah

Setiausaha Kepada
Y.A. Datuk Hajjah Azizah Binti Haji Nawawi
Rayuan dan Kuasa-Kuasa Khas 2
Mahkamah Tinggi Kuala Lumpur

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APPENDIX C

LETTER TO REQUEST DATA FOR RESEARCH

UNIT PENGAJIAN SISWAZAH
POSTGRADUATE STUDIES UNIT (PSU)
UUM COB
Universiti Utara Malaysia
06010 UUM SINTOK
KEDAH DARUL AMAN
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Laman web (Web): http://psucob.uum.edu.my/

UUM/COB/P-40
28 June 2022

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

DATA COLLECTION
COURSE : RESEARCH METHODOLOGY
COURSE CODE : BPMN6073
LECTURER : PROF. DR. ZAINOL BIN BIDIN

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.	NOOR SITI AMINAH BINTI ABD WEHEED	829351

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 (829351)

Universiti Pengurusan Terkemuka
The Eminent Management University

Letter To Request Data For Research (Continue)

Noor Siti Aminah Bt Abd Weheed
26, Jalan Maqbul
10150 Georgetown
Pulau Pinang

29 June 2022

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

Tuan,

PERMOHONAN BAGI MENDAPATKAN DATA STATISTIK LDHNM BAGI TUJUAN PENYELIDIKAN PENGAJIAN MASTER (INTERNATIONAL ACCOUNTING) DI FAKULTI TUNKU PUTERI INTAN SAFINAZ SCHOOL OF ACCOUNTING (TISSA) UNIVERSITI UTARA MALAYSIA (UUM)

Dengan segala hormatnya, saya merujuk kepada perkara diatas.

Sebagai makluman tuan, saya sedang menjalankan penyelidikan di peringkat Master dalam bidang Perakaunan Antarabangsa di Universiti Utara Malaysia (UUM) dan sedang dalam penyediaan Kertas Projek **'TAX COMPLIANCE INTENTION BEHAVIOR AMONG SOLE-PROPRIETORSHIPS IN PENANG AND ITS DETERMINANTS'**.

Tujuan permohonan saya ini adalah semata-mata untuk tujuan penyelidikan akademik sahaja dan segala butiran yang diterima adalah dikendalikan dengan tahap kerahsiaan yang tertinggi. Oleh itu, data yang diperolehi akan disimpan di lokasi yang selamat dan terkawal seperti dalam peti almari berkunci. Data tersebut juga akan disimpan selama 3 tahun bagi tujuan penyelidikan akademik sahaja dan akan dilupuskan selepas itu.

Oleh yang demikian, disertakan format data yang dikehendaki seperti dilampirkan bagi tujuan kemudahan koordinasi dan penyediaan data tersebut di peringkat Jabatan Operasi Cukai.

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 dengan selamat dan terkawal.

Letter To Request Data For Research (Continue)

Sehubungan itu, permohonan ini tujukan untuk mendapatkan kebenaran tuan dalam memperolehi data-data statistik untuk tujuan tersebut. Segala pertimbangan dan kelulusan tuan amat diharapkan dan didahului dengan ucapan berbillion terima kasih dalam menjayakan hasrat saya untuk membantu dalam meningkatkan keberkesanan perkhidmatan LHDNM yang menjerus kepada tahap peningkatan pematuhan dikalangan pembayar cukai.

Pihak tuan boleh menghubungi saya melalui email noorsitiaminah@yahoo.com atau nombor telefon 012-4611950 jika mempunyai sebarang pertanyaan.

Sekian terima kasih.

Yang Benar,

NOOR SITI AMINAH BT ABD WEHEED

TUNKU PUTERI INTAN SAFINAZ SCHOOL OF ACCOUNTING (TISSA-UUM)

(Emel: noorsitiaminah@yahoo.com HP: 012-4611950)

APPENDIX D
COVER LETTER FOR RESEARCH QUESTIONNAIRE

Unit Pengajian Siswazah
Postgraduates Studies Unit (PSU)
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman, Malaysia
Email: oyagsb@uum.edu.my
Date: 30 September 2022

Tel: (+604) 928 7130 | 7104 | 7119 | 7121 | 7124
Laman web (Web): www.cob.uum.edu.my

Dear Mr / Mrs / Ms

ACADEMIC RESEARCH QUESTIONNAIRE

Warm greetings from the researcher, Noor Siti Aminah Bt Abd Weheed and the research enumerators. I am a Master candidate of Universiti Utara Malaysia under UUM-LHDN jointly programme. I am doing research on "**TAX COMPLIANCE INTENTION BEHAVIOUR AMONG SOLE-PROPRIETORSHIPS IN PENANG AND ITS DETERMINANTS**". The survey uses a fixed-response format so that you will be able to complete it easily and quickly (within 15 – 20 minutes) only.

All responses are voluntary and will be kept with highest confidentiality. There are no foreseeable risks from participating in this study. There is no right or wrong answer in answering the questions. By submitting your respond, you have indicated that you are voluntarily agreeing to participate in this study. On behalf of the research team, we really appreciate your time taken, effort and kindness towards completing this survey form. Your contribution is highly appreciated.

The format of the questionnaire given to you is in English and Bahasa Malaysia. Please respond to every question and record your thoughts immediately on each statement. After answering the questionnaire, could you please put it in the free postage envelope and post it to the address which is already stated in the envelope. This research programme will be due within two (2) months from the date stated above. We greatly appreciate your participation in this study.

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

Thank you very much for your kindness cooperation.

Yours sincerely,

Noor Siti Aminah Bt Abd Weheed
Tel: 04-2558400 ext:142765
Email: sitiaminah.w@hasil.gov.my

APPENDIX E
RESEARCH QUESTIONNAIRE

Part (ONE): General Information – Please tick (√) in the appropriate box.
(Bahagian (SATU): Maklumat Am – Sila tandakan (√) dalam kotak berkenaan)

1. Please indicate your gender *(Jantina Anda)*

☐ Male *(Lelaki)* ☐ Female *(Perempuan)*

2. Please indicate your age *(Umur Anda)*

☐ Less than 26 years *(Kurang dari 26 tahun)* ☐ 26 – 35 years *(26 – 35 tahun)*

☐ 36 – 45 years *(36 – 45 tahun)* ☐ Above 45 years *(45 tahun ke atas)*

3. Please indicate your ethnicity (*Bangsa Anda)*

☐ Malay *(Melayu)* ☐ Chinese *(Cina)* ☐ Indian *(India)* ☐ Others: Please specify ____________ *(Lain-lain : Sila Nyatakan)*

4. What is the highest level of education you have completed?
(Peringkat tertinggi taraf pendidikan yang dimiliki?)

☐ Primary School / Lower *(Sekolah Rendah / Bawah)* ☐ Secondary School *(Sekolah Menegah)*

☐ Certificate/Diploma *(Sijil/Diploma)* ☐ Bachelor Degree *(Ijazah Sarjana Muda)* ☐ Masters, PhD *(Masters, PhD)*

5. Number of years running your business?
(Sudah berapa tahunkah anda telah menjalankan perniagaan?

☐ Below 3 years *(Kurang dari 3 tahun)* ☐ 3 - 6 years *(3 – 6 tahun)*

☐ 7 -10 years *(7 – 10 tahun)* ☐ 11-15 years *(11 – 15 tahun)* ☐ Above 15 years *(15 tahun ke atas)*

6. Which of the classification best describe your business?
(Yang manakah menerangkan klasifikasi perniagaan anda?)

☐ Food and Beverage Service Activities
(Aktiviti Perkhidmatan Makanan Dan Minuman)

☐ Fishing and Aquaculture
(Perikanan dan Akuakultur)

☐ Specialized Construction Activities
(Aktiviti Pembinaan Pertukangan Khas)

☐ Financial And Insurance / Takaful Activities
(Aktiviti Kewangan dan Insurans/Takaful)

☐ Personal, Health Care and Cosmetics Products
(Produk Penjagaan, Kesihatan Diri dan Kosmetik)

☐ Retail Trade, Except of Motor Vehicles and Motorcycles
(Perdagangan Runcit, Kecuali Kenderaan Bermotor Dan Motosikal)

☐ Others: ____
(Please specify the type of your business or the product/services)
Lain-lain: (Sila nyatakan jenis perniagaan anda atau produk/servis)

7. How do you conduct your business operation activities?
(Bagaimana anda menjalankan aktiviti operasi perniagaan anda?)

☐ Ordinary Stores/Premise *(Kedai / Premis Biasa)*
☐ Direct Selling *(Jualan Langsung)*
☐ Online Platform *(Platform dalam Talian)*
☐ Others: Please specify ____________ *(Lain-lain : Sila Nyatakan)*

8. How do you filed your income tax return?
(Bagaimana anda memfailkan cukai pendapatan?)

☐ Self *(Sendiri)*
☐ Spouse *(Pasangan)*
☐ Licensed tax agent *(Ejen cukai berlesen)*
☐ Freelance accountant *(Akauntan bebas)*
☐ Others: Please specify ____________ *(Lain-lain : Sila Nyatakan)*

9. Have you been audited by the Inland Revenue Board of Malaysia (IRBM)?
(Adakah anda pernah diaudit oleh Lembaga Hasil Dalam Negeri Malaysia (LHDNM)?)

☐ Never *(Tidak Pernah)*
☐ Yes *(Pernah)*

Part (TWO): Below are hypothetical tax scenario and a number of statements that reflect compliance behaviour.

Berikut merupakan situasi cukai (andaian) dan beberapa pernyataan berkaitan dengan gelagat kepatuhan cukai.

SCENARIO 1
SITUASI 1

Adam is a sole proprietor who receives cheques and cash for his business. In the current year, **he received a cash sale of RM2,000 from one of his friends**. He is certain that the tax authority will not know the income is not reported and will not detect the income since there is no record about the cash sale. He notices that **he will fall under a higher tax bracket if he declares the RM2,000 cash sale**. At the same time, **he wants to renovate his shop and intends to use the RM2,000 cash sale for that purpose**.

For that year, Adam omits the RM2,000 cash sale from his current year tax computation. If you are in a similar situation, what would you do?

Adam ialah pemilik tunggal yang menerima cek dan wang tunai untuk perniagaannya. Pada tahun semasa, ***dia menerima jualan tunai RM2,000 daripada salah seorang rakannya.*** *Beliau pasti pihak berkuasa cukai tidak akan mengetahui pendapatan tidak dilaporkan dan tidak akan mengesan pendapatan kerana tiada rekod mengenai penjualan tunai itu. Dia menyedari bahawa* ***dia akan berada di bawah kurungan cukai yang lebih tinggi jika dia mengisytiharkan jualan tunai RM2,000.*** *Pada masa sama,* ***dia ingin mengubah suai kedai dan berhasrat menggunakan jualan tunai RM2,000 untuk tujuan itu.***

Untuk tahun itu, Adam mengetepikan jualan tunai RM2,000 daripada pengiraan cukai tahun semasanya. Jika anda berada dalam situasi yang sama, apakah yang anda akan lakukan?

Please (√) one answer in each line that best describes how you feel about the statements.

Sila TANDAKAN (√) salah satu nombor pada skala 1 – 5 bagi menggambarkan pendapat anda bagi setiap pernyataan berikut.

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
	Intention *(Niat)*					
1.	I would report my income fully, including the amount of RM2,000 from the cash sales in the year received. *(Saya akan melaporkan pendapatan saya sepenuhnya, termasuk jumlah RM2,000 daripada jualan tunai pada tahun diterima.)*	○	○	○	○	○
2.	I would report my income fully, including the amount of RM2,000 from the cash sales in the future. *(Saya akan melaporkan pendapatan saya sepenuhnya, termasuk jumlah RM2,000 daripada jualan tunai pada masa hadapan.)*	○	○	○	○	○
3.	I would **NOT** attempt to cheat by omitting to report the amount of RM2,000 in my tax return form. *(Saya **TIDAK** akan cuba menipu dengan tidak melaporkan jumlah RM2,000 dalam borang nyata cukai saya.)*	○	○	○	○	○
4.	I would declare the RM2,000 although that amount arises from trading goods with friends and family. *(Saya akan mengisytiharkan RM2,000 walaupun jumlah itu diperoleh daripada berniaga barangan dengan rakan dan keluarga.)*	○	○	○	○	○

Please (√) one answer in each line that best describes how you feel about the statements.

Sila TANDAKAN (√) salah satu nombor pada skala 1 – 5 bagi menggambarkan pendapat anda bagi setiap pernyataan berikut.

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
	Attitude *(Sikap)*					
1.	I would be upset if I did **NOT** declare the cash sales amount of RM2,000. *(Saya akan berasa kecewa jika saya **TIDAK** mengisytiharkan jumlah jualan tunai sebanyak RM2,000.)*	○	○	○	○	○
2.	I would feel guilty if I did **NOT** declare that extra cash sales amount of RM2,000. *(Saya akan rasa bersalah jika saya **TIDAK** mengisytiharkan jumlah jualan tunai tambahan sebanyak RM2,000.)*	○	○	○	○	○
3.	I would feel pleased if I did declare the cash sales amount of RM2,000. *(Saya berasa gembira jika saya mengisytiharkan jumlah jualan tunai sebanyak RM2,000.)*	○	○	○	○	○
4.	I believe that is my responsibility to declare the actual cash sales amount of RM2,000. *(Saya percaya itu adalah tanggungjawab saya untuk mengisytiharkan jumlah jualan tunai sebenar RM2,000.)*	○	○	○	○	○

Please (√) one answer in each line that best describes how you feel about the statements.

Sila TANDAKAN (√) salah satu nombor pada skala 1 – 5 bagi menggambarkan pendapat anda bagi setiap pernyataan berikut.

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
	Licensed Tax Agent *(Ejen Cukai Berlesen)*					
1.	With my current tax knowledge, I can compute my own income tax. *(Berdasarkan kepada pengetahuan semasa saya, saya mampu membuat pengiraan cukai saya sendiri.)*	○	○	○	○	○
2.	If I want to, I can comply with current tax law by hiring a licensed tax agent. *(Jika saya mahu, saya boleh mematuhi undang-undang cukai semasa dengan mengupah ejen cukai berlesen.)*	○	○	○	○	○
3.	With advice from a licensed tax agent, businesses are able to declare income more accurately. *(Dengan nasihat daripada ejen cukai berlesen, perniagaan dapat mengisytiharkan pendapatan dengan lebih tepat.)*	○	○	○	○	○
4.	I would be willing to declare income more accurately and pay more tax if it would help my country. *(Saya bersedia untuk mengisytiharkan pendapatan dengan lebih tepat dan membayar lebih cukai jika ia akan dapat membantu negara saya.)*	○	○	○	○	○

Below are statements concerning tax compliance behavior. Please (√) one answer in each line that best describes your opinion.

Di bawah ialah penyataan mengenai tingkah laku pematuhan cukai. Sila (√) satu jawapan dalam setiap baris yang paling sesuai dengan pendapat anda..

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

No.	Item					
	Tax Compliance Behavior (*Tingkah Laku Pematuhan Cukai*)	**1**	**2**	**3**	**4**	**5**
1.	The benefits that we as a society could enjoy from the amount of tax collected are very important to me. *(Faedah yang kita boleh nikmati sebagai masyarakat daripada jumlah cukai yang dikutip adalah sangat penting bagi saya.)*	○	○	○	○	○
2.	I always feel confident with the decision that I make when complying with the tax law. *(Saya sentiasa berasa yakin dengan keputusan yang saya buat apabila mematuhi undang-undang cukai.)*	○	○	○	○	○
3.	I would consider the long-term effect to society when complying with the tax law. *(Saya akan mempertimbangkan kesan jangka panjang kepada masyarakat apabila mematuhi undang-undang cukai.)*	○	○	○	○	○
4.	When complying with the tax law, I avoid taking any tax risk since a tax risk could cause unfavorable effects. *(Apabila mematuhi undang-undang cukai, saya mengelak daripada mengambil sebarang risiko cukai kerana risiko cukai boleh menyebabkan kesan yang tidak baik.)*	○	○	○	○	○

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS QUESTIONNAIRE. YOUR ASSISTANCE IN PROVIDING THIS INFORMATION IS VERY MUCH APPRECIATED.

TERIMA KASIH DI ATAS KERJASAMA ANDA. BANTUAN ANDA DALAM MENYEDIAKAN MAKLUMAT INI AMAT DIHARGAI.

Please return your completed questionnaire in the enclosed envelope to:

Noor Siti Aminah Bt Abd Weheed

Lembaga Hasil Dalam Negeri Malaysia
Cawangan Pulau Pinang
Tingkat 10, Wisma MTT
26, Pengkalan Weld
10300 Pulau Pinang

APPENDIX F
PILOT TEST RESULTS

RELIABILITY (Pilot Test n=30)

Dependent variable: Intention to Comply

Reliability Statistics

Cronbach's Alpha	N of Items
.694	4

Independent variable: Attitude

Reliability Statistics

Cronbach's Alpha	N of Items
.929	4

Independent variable: Subjective Norm

Reliability Statistics

Cronbach's Alpha	N of Items
.981	4

Independent variable: Probability of Audit

Reliability Statistics

Cronbach's Alpha	N of Items
.738	4

Independent variable: Licensed Tax Agent

Reliability Statistics

Cronbach's Alpha	N of Items
.731	4

Independent variable: Tax Compliance Behaviour

Reliability Statistics

Cronbach's Alpha	N of Items
.876	4

NORMALITY (Pilot Test n=30)

Statistics

		INTENTION	ATTITUDE	SUBJECTIVE NORM	PROBABILITY OF AUDIT	LICENSED TAX AGENT	TAX COMPLIANCE BEHAVIOUR
N	Valid	30	30	30	30	30	30
	Missing	0	0	0	0	0	0
Mean		14.6750	14.8500	14.6500	14.6250	14.8333	14.9167
Median		16.2500	16.2500	16.2500	15.6250	15.2500	15.7500
Mode		16.25	16.25	16.25	16.25	16.25	16.25
Std. Deviation		2.19928	1.75012	2.15818	1.89458	1.35719	1.71998
Variance		4.837	3.063	4.658	3.589	1.842	2.958
Skewness		-1.101	-.987	-1.164	-.834	-.350	-1.273
Std. Error of Skewness		.427	.427	.427	.427	.427	.427
Kurtosis		.163	.437	.358	-.356	-1.590	1.208
Std. Error of Kurtosis		.833	.833	.833	.833	.833	.833
Range		7.25	6.50	6.50	6.50	3.25	6.50
Minimum		9.00	9.75	9.75	9.75	13.00	9.75
Maximum		16.25	16.25	16.25	16.25	16.25	16.25

FACTOR ANALYSIS (Pilot Test n=30)

Dependent variable: Intention to Comply

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.701
Bartlett's Test of Sphericity	Approx. Chi-Square	70.586
	df	6
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.718	67.961	67.961	2.718	67.961	67.961
2	.884	22.102	90.063			
3	.296	7.408	97.471			
4	.101	2.529	100.000			

Independent variable: Attitude

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	99.491
	df	6
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.302	82.547	82.547	3.302	82.547	82.547
2	.332	8.290	90.837			
3	.289	7.224	98.062			
4	.078	1.938	100.000			

FACTOR ANALYSIS (Pilot Test n=30)

Independent variable: Subjective Norm

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.889
Bartlett's Test of Sphericity	Approx. Chi-Square	177.426
	df	6
	Sig.	.000

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	3.787	94.678	94.678	3.787	94.678	94.678
2	.074	1.856	96.535			
3	.074	1.856	98.391			
4	.064	1.609	100.000			

Independent variable: Probability of Audit

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.761
Bartlett's Test of Sphericity	Approx. Chi-Square	39.515
	df	6
	Sig.	.000

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	2.509	62.715	62.715	2.509	62.715	62.715
2	.809	20.229	82.944			
3	.399	9.982	92.926			
4	.283	7.074	100.000			

FACTOR ANALYSIS (Pilot Test n=30)

Independent variable: Licensed Tax Agent

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.732
Bartlett's Test of Sphericity	Approx. Chi-Square	48.040
	df	6
	Sig.	.000

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.518	62.943	62.943	2.518	62.943	62.943
2	.942	23.548	86.490			
3	.321	8.035	94.525			
4	.219	5.475	100.000			

Independent variable: Tax Compliance Behaviour

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.764
Bartlett's Test of Sphericity	Approx. Chi-Square	63.962
	df	6
	Sig.	.000

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.947	73.669	73.669	2.947	73.669	73.669
2	.541	13.518	87.187			
3	.345	8.613	95.801			
4	.168	4.199	100.000			

APPENDIX G
RESULTS OF RELIABILITY TEST

RELIABILITY ANALYSIS (n=135)

Dependent variable: Intention to Comply

Reliability Statistics

Cronbach's Alpha	N of Items
.652	4

Independent variable: Attitude

Reliability Statistics

Cronbach's Alpha	N of Items
.785	4

Independent variable: Subjective Norm

Reliability Statistics

Cronbach's Alpha	N of Items
.884	4

Independent variable: Probability of Audit

Reliability Statistics

Cronbach's Alpha	N of Items
.761	4

Independent variable: Licensed Tax Agent

Reliability Statistics

Cronbach's Alpha	N of Items
.758	4

Independent variable: Tax Compliance Behaviour

Reliability Statistics

Cronbach's Alpha	N of Items
.908	4

APPENDIX H
RESULTS OF NORMALITY TEST

NORMALITY TEST (n = 135)

Statistics

		INTENTION	ATTITUDE	SUBJECTIVE NORM	PROBABILITY OF AUDIT	LICENSED TAX AGENT	TAX COMPLIANCE BEHAVIOUR
N	Valid	135	135	135	135	135	135
	Missing	0	0	0	0	0	0
Mean		14.5704	14.6222	14.5556	14.0944	14.8222	14.6444
Median		16.2500	16.2500	15.2500	14.2500	15.2500	16.0000
Mode		16.25	16.25	16.25	16.25	15.25	16.25
Std. Deviation		2.11133	1.88545	1.87050	2.28249	1.30150	2.02053
Variance		4.458	3.555	3.499	5.210	1.694	4.083
Skewness		-1.026	-.820	-.944	-.732	-.523	-1.219
Std. Error of Skewness		.209	.209	.209	.209	.209	.209
Kurtosis		.473	.045	.866	-.454	-1.000	1.161
Std. Error of Kurtosis		.414	.414	.414	.414	.414	.414
Range		9.25	8.50	9.25	8.50	5.25	9.25
Minimum		7.00	7.75	7.00	7.75	11.00	7.00
Maximum		16.25	16.25	16.25	16.25	16.25	16.25

APPENDIX I
RESULTS OF FACTOR ANALYSIS

FACTOR ANALYSIS (n = 135)

Dependent variable: Intention to Comply

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.654
Bartlett's Test of Sphericity	Approx. Chi-Square	101.543
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
INT_1	1.000	.657
INT_2	1.000	.319
INT_3	1.000	.617
INT_4	1.000	.498

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.091	52.266	52.266	2.091	52.266	52.266
2	.886	22.155	74.421			
3	.620	15.512	89.934			
4	.403	10.066	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
INT_1	.811
INT_2	.785
INT_3	.705
INT_4	.565

Extraction Method: Principal Component Analysis.[a]

a. 1 component extracted.

FACTOR ANALYSIS (n = 135)

Independent variable: Attitude

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.714
Bartlett's Test of Sphericity	Approx. Chi-Square	251.616
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
ATT_1	1.000	.508
ATT_2	1.000	.852
ATT_3	1.000	.505
ATT_4	1.000	.783

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.649	66.231	66.231	2.649	66.231	66.231
2	.727	18.165	84.396			
3	.455	11.369	95.765			
4	.169	4.235	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
ATT_1	.923
ATT_2	.885
ATT_3	.713
ATT_4	.711

Extraction Method: Principal Component Analysis.[a]

a. 1 component extracted.

FACTOR ANALYSIS (n = 135)

Independent variable: Subjective Norm

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.813
Bartlett's Test of Sphericity	Approx. Chi-Square	363.901
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
SN_1	1.000	.836
SN_2	1.000	.796
SN_3	1.000	.857
SN_4	1.000	.575

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.064	76.599	76.599	3.064	76.599	76.599
2	.531	13.266	89.865			
3	.249	6.233	96.098			
4	.156	3.902	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component 1
SN_1	.926
SN_2	.914
SN_3	.892
SN_4	.758

Extraction Method: Principal Component Analysis.[a]

a. 1 component extracted.

FACTOR ANALYSIS (n = 135)

Independent variable: Probability of Audit

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.775
Bartlett's Test of Sphericity	Approx. Chi-Square	135.670
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
PAU_1	1.000	.488
PAU_2	1.000	.608
PAU_3	1.000	.600
PAU_4	1.000	.689

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.384	59.601	59.601	2.384	59.601	59.601
2	.654	16.358	75.958			
3	.527	13.174	89.133			
4	.435	10.867	100.000			

Extraction Method: Principal Component Analysis

Component Matrix[a]

	Component
	1
PAU_1	.830
PAU_2	.780
PAU_3	.774
PAU_4	.698

Extraction Method: Principal Component Analysis.[a]

a. 1 component extracted.

FACTOR ANALYSIS (n = 135)

Independent variable: Licensed Tax Agent

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.762
Bartlett's Test of Sphericity	Approx. Chi-Square	344.785
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
LTA_1	1.000	.059
LTA_2	1.000	.857
LTA_3	1.000	.905
LTA_4	1.000	.873

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.693	67.335	67.335	2.693	67.335	67.335
2	.964	24.106	91.441			
3	.205	5.123	96.564			
4	.137	3.436	100.000			

Extraction Method: Principal Component Analysis

Component Matrix[a]

	Component
	1
LTA_1	.951
LTA_2	.934
LTA_3	.926
LTA_4	

Extraction Method: Principal Component Analysis.[a]

a. 1 component extracted.

FACTOR ANALYSIS (n = 135)

Independent variable: Tax Compliance Behaviour

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.798
Bartlett's Test of Sphericity	Approx. Chi-Square	392.049
	df	6
	Sig.	.000

Communalities

	Initial	Extraction
TCB_1	1.000	.752
TCB_2	1.000	.759
TCB_3	1.000	.872
TCB_4	1.000	.781

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.164	79.095	79.095	3.164	79.095	79.095
2	.439	10.986	90.081			
3	.249	6.233	96.314			
4	.147	3.686	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix[a]

	Component
	1
TCB_1	.934
TCB_2	.883
TCB_3	.871
TCB_4	.867

Extraction Method: Principal Component Analysis.[a]

a. 1 component extracted.

APPENDIX J
RESULTS OF CORRELATION ANALYSIS

Correlations

		INTENTION	ATTITUDE	SUBJECTIVE NORM	PROBABILITY OF AUDIT	LICENSED TAX AGENT
INT	Pearson Correlation	1	.514**	.498**	.443**	.460**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	135	135	135	135	135
ATT	Pearson Correlation	.514**	1	.606**	.508**	.477**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	135	135	135	135	135
SN	Pearson Correlation	.498**	.606**	1	.504**	.457**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	135	135	135	135	135
PAU	Pearson Correlation	.443**	.508**	.504**	1	.562**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	135	135	135	135	135
LTA	Pearson Correlation	.460**	.477**	.457**	.562**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	135	135	135	135	135
TCB	Pearson Correlation	.451**	.575**	.614**	.611**	.613**
	Sig. (2-tailed)	.000	.000	.000	.000	.000
	N	135	135	135	135	135

APPENDIX K

MULTIPLE REGRESSION ANALYSIS

MULTIPLE REGRESSION ANALYSIS (n=135)

MODEL 1

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Attitude, Licensed Tax Agent, Probability of Audit, Subjective Norm[b]	.	Enter

a. Dependent Variable: Average INT

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.603[a]	.364	.344	1.71004	1.808

a. Predictors: (Constant), Average TCB, Average ATT, Average LTA, Average PAU, Average SN

b. Dependent Variable: Average INT

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	217.184	4	43.437	14.740	.000[b]
	Residual	380.148	130	2.947		
	Total	597.331	134			

a. Dependent Variable: Average INT

b. Predictors: (Constant), Average ATT, Average LTA, Average PAU, Average SN

Coefficients[a]

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.215	1.771		.686	.494
	Average ATT	.269	.105	.241	2.571	.011
	Average SN	.239	.105	.212	2.287	.024
	Average PAU	.100	.085	.108	1.178	.241
	Average LTA	.305	.144	.188	2.123	.036

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions (Constant)	ATT	SN	PAU	LTA
1	1	4.967	1.000	.00	.00	.00	.00	.00
	2	.014	19.022	.12	.01	.01	.77	.01
	3	.010	22.719	.16	.27	.29	.08	.07
	4	.006	27.895	.00	.72	.71	.00	.00
	5	.003	39.185	.72	.01	.00	.15	.92

a. Dependent Variable: Average INT

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	11.1180	16.0655	14.5704	1.27309	135
Residual	-7.94949	3.19325	.00000	1.68432	135
Std. Predicted Value	-2.712	1.174	.000	1.000	135
Std. Residual	-4.649	1.867	.000	.985	135

a. Dependent Variable: Average INT

MODEL 2

Coefficients[a]

Model		Unstandardised Coefficients B	Std. Error	Standardised Coefficients Beta	t	Sig.
2	(Constant)	8.357	1.090		7.665	.000
	Average INT	.432	.074	.451	5.826	.000

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions (Constant)	INT
2	1	1.990	1.000	.01	.01
	2	.010	13.925	.99	.99

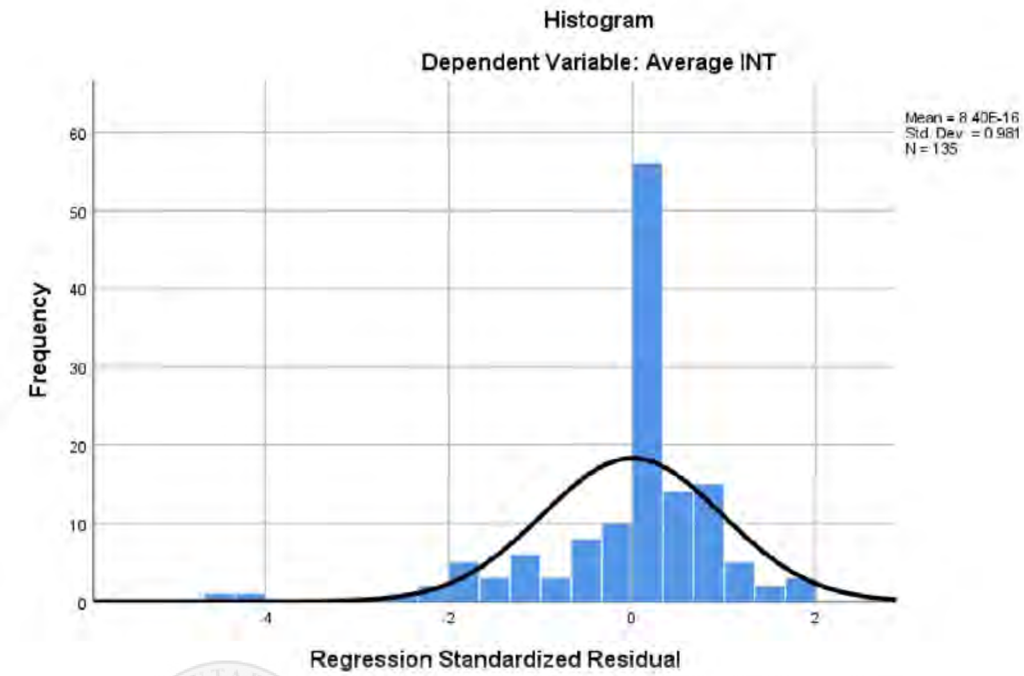
a. Dependent Variable: Average TCB

Residuals Statistics[a]

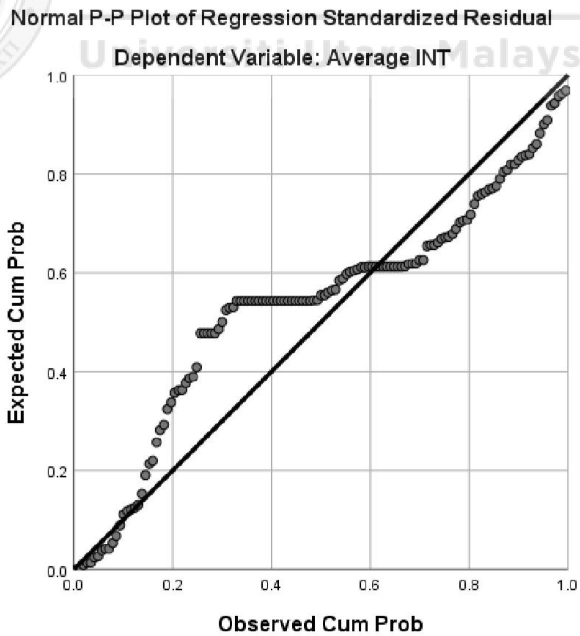
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	11.3778	15.3692	14.6444	.91105	135
Residual	-6.85894	4.87222	.00000	1.80347	135
Std. Predicted Value	-3.586	.796	.000	1.000	135
Std. Residual	-3.789	2.691	.000	.996	135

a. Dependent Variable: Average TCB

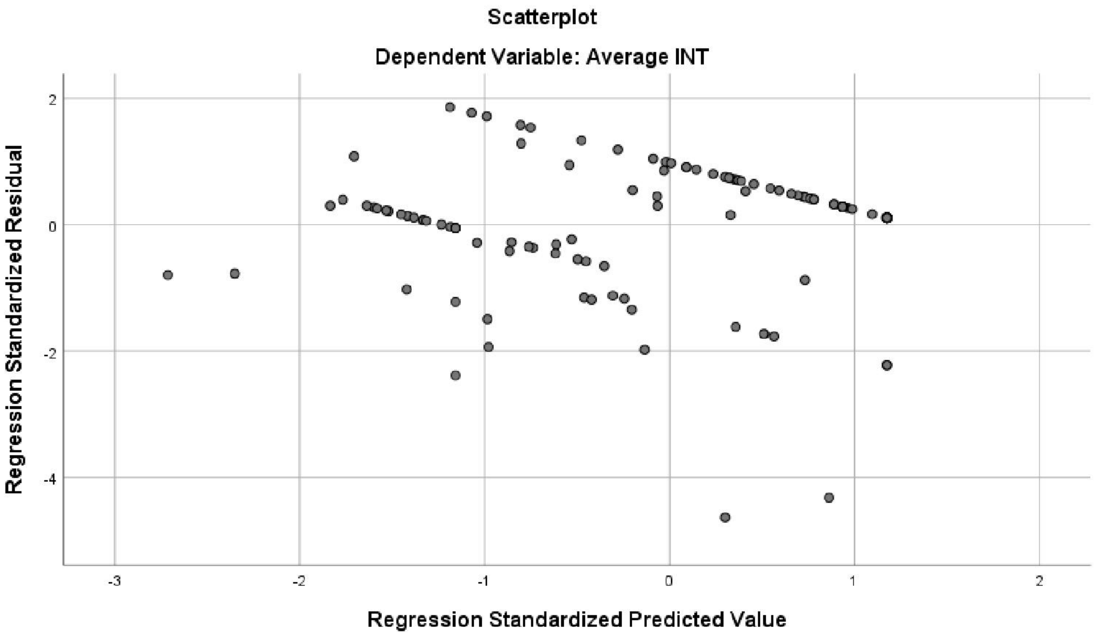
APPENDIX L
NORMALITY PROBABILITY PLOT



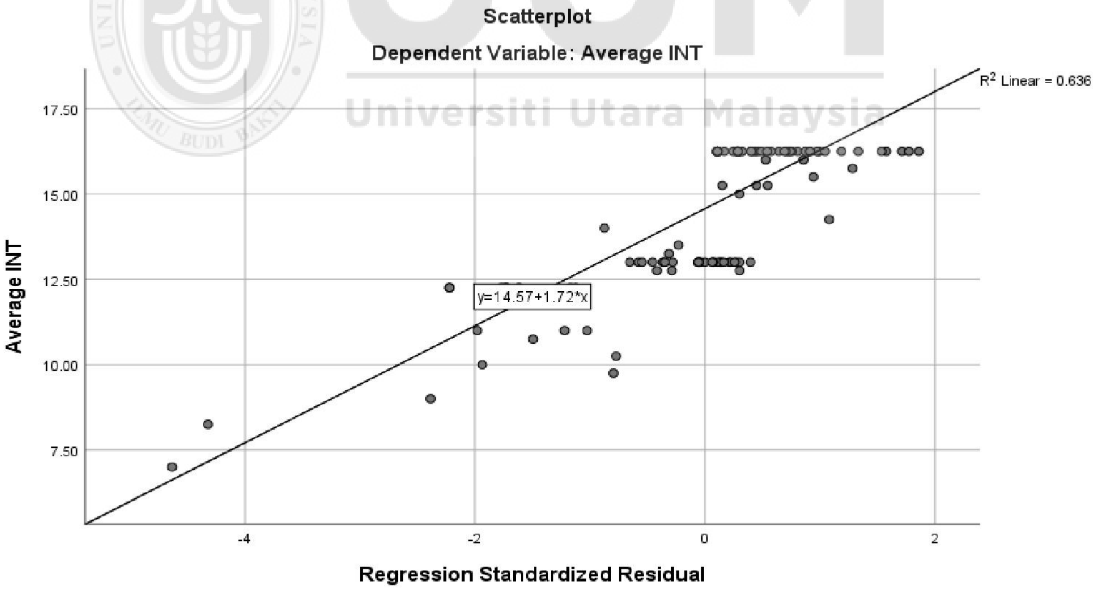
(i) Frequency of the Regression Standardized Residual



(ii) P-P Plot of the Regression Standardized Residual



(iii) Scatter Plot (Linearity)



(iv) Scatter Plot (Homoscedasticity)