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**TAX IMPLICATIONS OF SHADOW ECONOMY IN MALAYSIA:  
INSIGHTS FROM TAX AUTHORITY**

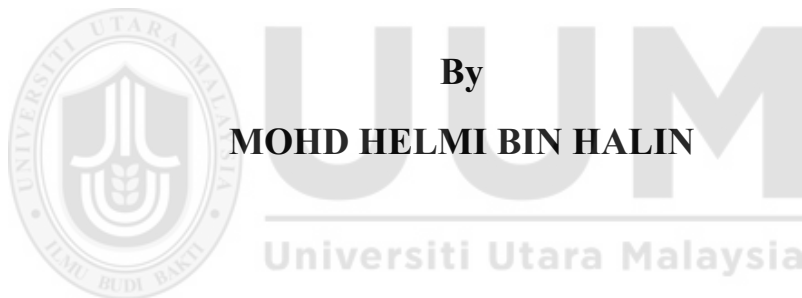
**MOHD HELMI BIN HALIN**



**MASTER OF SCIENCE (INTERNATIONAL ACCOUNTING)  
UNIVERSITI UTARA MALAYSIA**

**MAY 2025**

**TAX IMPLICATIONS OF SHADOW ECONOMY IN MALAYSIA:  
INSIGHTS FROM TAX AUTHORITY**



**Project Paper Submitted to  
Tunku Puteri Intan Safinaz School of Accountancy (TISSA-UUM),  
Universiti Utara Malaysia,  
in Partial Fulfillment of the Requirement for the Master of Science  
(International Accounting)**



**Kolej Perniagaan**  
(College of Business)  
**Universiti Utara Malaysia**

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Program Pengajian  
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## ABSTRACT

This study examines the tax implications of the shadow economy in Malaysia through the perspectives of senior officials from the Inland Revenue Board of Malaysia (IRBM). It explores the current landscape of the shadow economy and investigates key factors contributing to its persistence. Utilizing a qualitative research design, data were gathered via in-depth interviews with ten purposively selected IRBM executives occupying senior and middle management positions. The findings suggest that the shadow economy comprising both legal and illegal activities conducted outside formal regulatory frameworks presents persistent challenges to tax administration, particularly due to its hidden and complex nature. Participants emphasized difficulties in estimating its scale, its continued growth, and its role in exacerbating tax leakage, thereby weakening national revenue collection. The study highlights the need for coordinated policy reform, technological integration, international collaboration, and increased public engagement to strengthen tax compliance and curtail the shadow economy.

*Keywords: Malaysia, IRBM, shadow economy, qualitative research, tax compliance*



## ABSTRAK

Kajian ini meneliti implikasi cukai yang timbul daripada ekonomi bayangan di Malaysia melalui perspektif pegawai kanan daripada Lembaga Hasil Dalam Negeri Malaysia (LHDNM). Ia meneroka keadaan semasa ekonomi bayangan serta menyiasat faktor-faktor utama yang menyumbang kepada kesinambungannya. Menggunakan reka bentuk penyelidikan kualitatif, data diperoleh melalui temu bual mendalam dengan sepuluh orang eksekutif LHDNM yang dipilih secara bertujuan, terdiri daripada pegawai peringkat pengurusan kanan dan pertengahan. Dapatan kajian menunjukkan bahawa ekonomi bayangan yang merangkumi aktiviti sah dan haram yang dijalankan di luar kerangka peraturan formal terus menjadi cabaran berterusan kepada pentadbiran cukai, terutamanya disebabkan sifatnya yang tersembunyi dan kompleks. Responden menekankan kesukaran dalam menganggarkan saiznya, pertumbuhannya yang berterusan, serta peranannya dalam memburukkan ketirisan cukai yang seterusnya melemahkan kutipan hasil negara. Kajian ini menekankan keperluan kepada pembaharuan dasar yang diselaraskan, integrasi teknologi, kerjasama antarabangsa dan penglibatan awam yang lebih meluas bagi memperkukuh pematuhan cukai dan membendung ekonomi bayangan.

*Kata kunci: Malaysia, LHDNM, ekonomi bayangan, penyelidikan kualitatif, pematuhan cukai*



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In the name of Allah, the Most Merciful and Gracious. Allah (SWT) is the Sustainer of the World; peace and blessings be upon the Prophet Muhammad (SAW).

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May Allah SWT bless all of you.

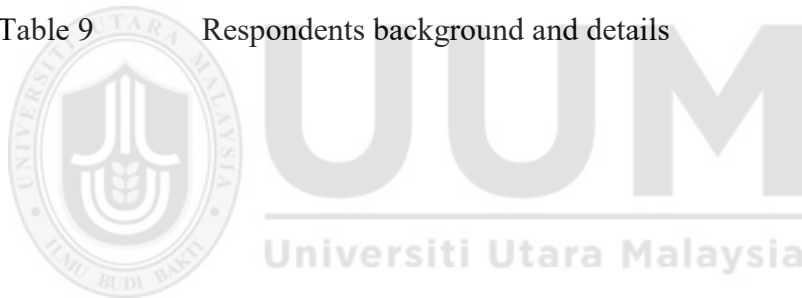
## TABLE OF CONTENTS

	<b>Page</b>
<b>PERMISSION TO USE.....</b>	<b>v</b>
<b>ABSTRACT.....</b>	<b>vi</b>
<b>ABSTRAK.....</b>	<b>vii</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>viii</b>
<b>TABLES OF CONTENTS.....</b>	<b>ix</b>
<b>LIST OF TABLES.....</b>	<b>xi</b>
<b>LIST OF ABBREVIATIONS.....</b>	<b>xii</b>
<b>LIST OF APPENDIXES.....</b>	<b>xiii</b>
<b>CHAPTER 1: INTRODUCTION</b>	
1.1 Background of the Study.....	1
1.2 Motivations.....	3
1.3 Problem Statement.....	5
1.4 Research Objective.....	6
1.5 Research Question.....	6
1.6 Scope of Research.....	6
1.7 Significance of Research.....	7
1.8 Contributions.....	7
<b>CHAPTER 2: LITERATURE REVIEW</b>	
2.1 Introduction.....	8
2.2 Definitions of the Shadow Economy.....	8
2.3 Theories about Shadow Economy.....	12
2.4 Types of Shadow Economy.....	17
2.5 Factors of Shadow Economy.....	18
2.6 Issues in Shadow Economy.....	20
2.7 Summary of Literature Review.....	23
<b>CHAPTER 3: RESEARCH METHODOLOGY</b>	
3.1 Introduction.....	24
3.2 Research Population and Sample.....	24
3.3 Inland Revenue Board of Malaysia as Tax Authority.....	25
3.4 Description of Sampling Technique.....	28

3.5	Data Collection Technique.....	28
3.6	Instrumentation.....	31
3.7	Semi-structured Interview Question.....	32
3.8	Research Consent.....	33
3.9	Data Analysis .....	33
3.10	Summary of Research Methodology.....	34
<b>CHAPTER 4: DATA ANALYSIS AND FINDINGS</b>		
4.1	Introduction.....	36
4.2	Qualitative Data Sources.....	36
4.3	Respondent Background.....	38
4.4	Main Findings.....	40
4.5	Summary of Data Analysis and Findings.....	55
<b>CHAPTER 5: CONCLUSION AND DISCUSSION</b>		
5.1	Introduction.....	57
5.2	Summary of Study Findings.....	57
5.3	Discussion.....	60
5.4	Implication.....	62
5.5	Recommendation to Practice.....	63
5.6	Conclusion.....	65
<b>6.0</b>	<b>REFERENCES.....</b>	<b>68</b>
<b>7.0</b>	<b>APPENDIXS.....</b>	<b>72</b>

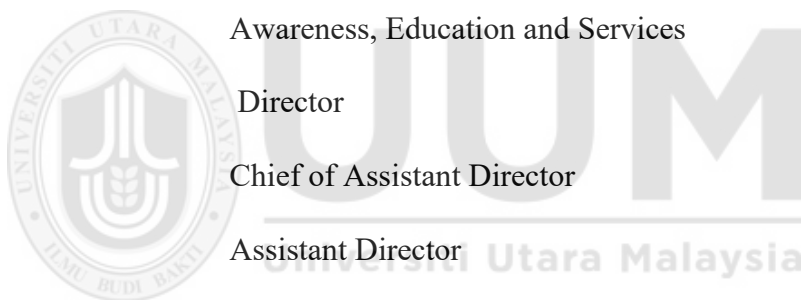
## LIST OF TABLES

<b>NO.</b>	<b>TITLE</b>	<b>PAGE</b>
Table 1	Revised adjectives, nouns describe shadow economy	10
Table 2	Theories of shadow economy	12
Table 3	Types of shadow economy activities	17
Table 4	Identification of the scope of shadow economy	19
Table 5	Keys differences between LHDNM and JKDM	27
Table 6	Respondents information's	29
Table 7	Semi-structured interview questions	32
Table 8	Objectives and corresponding questions	37
Table 9	Respondents background and details	38



## LIST OF ABBREVIATION

IRBM	Inland Revenue Board of Malaysia
LHDNM	Lembaga Hasil Dalam Negeri Malaysia
SE	Shadow Economy
MOF	Ministry of Finance
GDP	Gross Domestic Product
SST	Sales and Service Tax
SME	Small Medium Enterprise
CEO	Chief Executive Officer
JKDM	Jabatan Kastam Diraja Malaysia
AES	Awareness, Education and Services
D	Director
CAD	Chief of Assistant Director
AD	Assistant Director



## LIST OF APPENDIXES

	<b>PAGE</b>
APPENDIX A: Permission Letter	72
APPENDIX B: Interview Data	74



# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

The shadow economy, comprising economic activities conducted outside formal regulations and tax systems, poses a persistent and complex challenge to governments and economies worldwide. Its existence is not a random occurrence; rather, it is often facilitated by systemic imperfections and inadequate economic policies. Also referred to as the unofficial, hidden, or unobserved economy (Terzi et al., 2023), it includes a wide range of activities—from unreported income in otherwise legal businesses to entirely illegal undertakings. In general, several key factors commonly found in developed countries contribute to the expansion of the shadow economy. These include the tax burden and high social insurance contributions, the level and complexity of regulations, strict labour market rules (such as early retirement), rising unemployment, and limitations on weekly working hours (Enste, 2015). The shadow economy is not exclusive to developing nations; it is present across virtually all countries (Terzi et al., 2023), albeit to different degrees. Estimates suggest that it accounted for an average of 31.9% of global GDP across 158 countries between 1991 and 2015 (Medina & Schneider, 2018). High tax burdens, burdensome regulations, and corruption are key drivers of this phenomenon (Enste, 2018). The shadow economy undermines tax revenue (Sira Habibu, 2019), distorts fair market competition, and can even support criminal networks. Countries with a large shadow economy often experience low tax morale—the willingness of individuals and businesses to pay taxes. This is influenced by perceived corruption and a general distrust of government institutions.

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## 7.0 APPENDIXES

### APPENDIX A: PERMISSION LETTER





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**UUM/COB/P-40**  
 30 October 2022

**TO WHOM IT MAY CONCERN**

Dear Sir/Madam,

**DATA COLLECTION**

**COURSE : MASTERS PROJECT**  
**COURSE CODE : BPMZ6996**  
**LECTURER : ASSOC. PROF. DR. NOR ZALINA BINTI MOHAMAD YUSOF**

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

NO.	NAME	MATRIC NO.
1.	MOHD HELMI BIN HALIN	829346

In this regard, I hope that you could kindly provide him with assistance and cooperation to enable him 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 (829346)

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## **APPENDIX B: INTERVIEW DATA**



Question / Respondent	1) What is the current state of this problem (shadow economy problem?)
Respondent 1	<p>The problem is having been with us such a long time, many studies have been studies about this problem. Size around 30% average in the world and we in Malaysia around 20%++. This problem will increase if not taken well because nowadays everything is borderless such us finance, banking now.</p>
Respondent 2	<p>The SE is around 21% of Malaysia GDP or around RM300 billion. This SE includes legal businesses as well as illegal businesses for a country such as prostitution, drugs and even human trafficking.</p>
Respondent 3	<p>The shadow economy has existed for a long time in Malaysia. The OECD also stated the existence of this shadow economy. That is why we do have several laws to control this issue. The laws like AMLA (Anti Money Laundering Act 2021)</p>

Respondent 4

SE is still growing as it gets bigger every year. The actual size of SE is quite difficult to measure due to its own nature of being sheltered from the mainstream.

Respondent 5

SE is indeed rampant all over the world and in Malaysia is no exception and may never end. The size of SE in Malaysia is huge because everyone is talking about it. SE is also seen as an economic problem that is difficult to control.

Respondent 6

This SE problem is indeed a big and global issue that exists in almost all countries including Malaysia. In Malaysia it is a big thing because today many people are talking about it.

Respondent 7

The issue of SE is getting worse and the size is getting bigger if you look at the current records. In Malaysia it is also spreading and growing.

Respondent 8

SE is an economic structure that exists illegally and the direct effect of this economic structure is that it is exempt from any collection of taxes for example. Almost all countries have SE

**Respondent 9**


Referring to the current fact, the estimated size of SE in Malaysia is RM300 billion. It is a huge amount that the country has experienced leakage from that amount for tax collection.

**Respondent 10**

In Malaysia this issue of SE is not new which has existed for a long time but if you look at the current record it is getting bigger in terms of size and also maybe the parties involved in it.



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Question / Respondent	2) How is the seriousness of the problem and implications on tax income?
Respondent 1	<p>This shadow economy issues is ultimately serious and of course directly will effect in lowering tax income. As we know the tax income came from the activities which report and file to LHDNM and if the activities which are involve in the SE of course they and not report to us.</p>
Respondent 2 	<p>LHDNM look this issue is very serious based on the RM300 billion the size. This figure is even more than tax collection which is RM175.4 billion last year of 2022.</p>
Respondent 3	<p>Since the SE directly lower the tax collection is definitely very serious for the country. As far as the tax collection will benefits many of Malaysians that is why this SE very serious.</p>
Respondent 4	<p>GDP of Malaysia should be around 10% but we only reach around 5% which the difference that exists can be said to be due to the shadow economy. So, this figure can be said to be very serious because it implies low tax collection for the country.</p>

**Respondent 5**

If viewed in terms of its relatively large size, the SE issue is very serious in Malaysia and it also involves a large tax leakage to the country. SE is something that is difficult to detect because it involves many businesses that do not comply with the law and also hide behind other businesses.

**Respondent 6**

This SE issue is indeed very serious because it has a direct impact on the economic structure in the country. From a taxation point of view, it will definitely have a big impact from the point of view of reducing tax collection because this SE has no record with LHDNM and does not pay tax.

**Respondent 7**

SE is seen as a serious issue along with its development from year to year. From the point of view of tax revenue impact, it will necessarily reduce tax collection because the tax authorities cannot collect tax from this SE activity.

**Respondent 8**

The issue of SE in Malaysia is very serious because it involves illegal activities, in other words it is quite worrying that it can create social problems among the community. The impact on tax collection is that this SE does not contribute to tax collection.

**Respondent 9**

Because the SE immediately reduces the amount of revenue collected, this is unquestionably a very serious problem for the government.

**Respondent 10**

This SE issue is really serious considering that it involves an economic structure that is not recognized in the country. In addition, the direct impact on the country's tax collection will necessarily reduce tax collection.



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Question / Respondent	3) What are the factors that contribute to the problem/why this is such an issue / what causes?
Respondent 1	<p>Many factors but mostly is behaviours of people which is refuse to pay the taxes. 2nd is operating in illegal activities and don't want to be seen by the authorities such drugs, smugglers, human trafficking. This is among the huge contributor to the shadow economy. 3rd opportunities, this factor will help the certain people to operate in the shadow economy since the opportunities is there.</p>
Respondent 2	<p>1st factors are opportunity. People will always take the opportunity for their own benefit. 2nd live survival force people to involve in this SE. 3rd is technologies itself, everything online now. Everything can access through electronic base. 4th global factor, SE is increase year by years globally so, Malaysia will directly be affected.</p>
Respondent 3	<p>As the current CEO said, the tax authorities may not make it easy for taxpayers to report taxes.</p>
Respondent 4	<p>Taxation laws can be one factor. Tax authorities should be ahead of the existing economies. For example, prostitution activities are not taxed so this has become a drain on tax collection. This activity cannot be registered under SSM so directly will not have a tax record to the tax authorities.</p>

**Respondent 5**

The first reason is to avoid paying taxes. Second is the provision of aggressive tax incentives which have been manipulated by certain companies. This can also be a contributor to the expansion of this SE.

**Respondent 6**

The first factor is possible because of the opportunity for them to engage with this issue. This opportunity can be from friends who have been in the SE business. The second urge to live, as it is known most of the activities involved with SE are illegal activities such as drugs, prostitution and hypnotic pills.

**Respondent 7**

The current situation, which is the change of society from working for a salary to self-employment can also be the cause of the development of this SE. For example, there are many platforms for buying and selling online that are practiced and are well received by the general public. When self-employed they overlook the need to report income to LHDNM.

**Respondent 8**

This SE also consists of illegal businesses so directly the business is not registered with the government. In addition, the reluctance to pay taxes, as it is known awareness about paying taxes is still low among Malaysians, especially for the young people between the ages of 20-40. When refusing to pay taxes they start looking for opportunities to hide their transactions from being detected by the tax authorities.

**Respondent 9**


The existence of open opportunities can be a factor in SE growing. These opportunities can be linked to less strict law enforcement from the authorities. In addition, awareness of how important it is to pay taxes can also be a factor in this SE issue.

**Respondent 10**

The factor of lack of awareness among the community is one of the main causes. For example, now there are many online transactions where many of these sellers do not report their income to the tax authorities.



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Question / Respondent	4) What are the roles of the government in addressing the issue/what can/should the government do?
<p><b>Respondent 1</b></p>	<p>Problems occur when there is an opportunity and besides that, the opportunity that exists will cause a problem to increase. The government needs to tighten enforcement on this issue which the lack of which also causes the issue of the shadow economy to continue to worsen. In addition, the government also needs to identify other factors that continue to contribute to this issue.</p>
<p><b>Respondent 2</b></p> 	<p>Refer to the developed country on how to cater this SE issue. Malaysian government under Jabatan Perdana Menteri already established the National Financial Anti-Crime Centre (NFCC) to cater such issue like SE. Need to improve the enforcement and also up to-date with current technologies to manage this issue.</p>
<p><b>Respondent 3</b></p>	<p>The cooperation or involvement of all related government agencies is very necessary in sharing data and information which will further facilitate the control process over this SE. This is because LHDNM only has data on taxes whereas this SE issue involves all departments so cooperation between each other is necessary.</p>

**Respondent 4**

The government needs to expand the law by mandating activities that need to be registered regardless of the business being run. If all businesses need to be registered, the economic SE size can be reduced.

**Respondent 5**

The law needs to be expanded by the government so that all operations, irrespective of the type of company being operated, are required to be registered. If all enterprises are required to be registered, then the size of the economic SE can be lowered.

**Respondent 6**

The main role that the government can play is to further enhance efforts to publicize this SE to the community. This is because it is possible that many people are not aware that they are actually involved with SE. Broadcast through TV, radio and digital platforms.

**Respondent 7**

The role that the government should play is to give more exposure to the community about this SE widely. As with awareness campaigns such as critical illnesses. Creating information sharing between relevant government departments can also be implemented.

**Respondent 8**

Awareness of SE issues needs to be intensified by the government and other authorities. Many also seem to be unaware that they are doing business in SE which does not benefit the country from a tax point of view.

**Respondent 9**

If you look at the factors of the existence of this SE, the role of the government is necessary to further tighten the enforcement of existing laws as well as create more related laws that can control SE from continuing to spread.

**Respondent 10**

The government's role is important to give publicity and emphasis to the community about what this SE is. This is because there are still many people who are not aware of SE, especially for those who are in the depths.



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Question / Respondent	5) What are the roles of LHDNM in addressing the issue/ what LHDNM should/could do?
Respondent 1	<p>LHDNM do have the many collaborations with government authorities in control of SE issue. Latest LHDNM sign an MOU with Labuan Financial Services Authority. This among the action taken by the LHDNM to improve efforts to control the such issue like SE. Latest, under the current CEO, LHDNM have changed the way of approach in term of enforcement. The approach is AES which is awareness, education and services. The best way to cater the ignorance to pay tax.</p>
Respondent 2	<p>LHDNM always tries to curb or control this issue. Deeper exposure to the community is very necessary even though so far various efforts have been made which need to be further improved.</p>
Respondent 3	<p>The tax authorities need to constantly improve in terms of disclosure or tax education to the public also improve existing systems to make it easier for people to report taxes and avoid them from getting involved with SE. Good cooperation with tax agents is also necessary because these tax agents are indirectly middlemen for the public and the tax authorities.</p>

**Respondent 4**

The tax authorities need to step up their efforts to find the players hiding behind this shadow economy. When the government obliges all businesses to be registered so the tax authorities directly have to find these people to pay taxes.

**Respondent 5**

LHDNM has played a large role in managing this SE issue. Various activities have been created including a committee established to manage SE issues. Perhaps IRBM can increase the number of activities to make the public aware of economic SE.

**Respondent 6**

For LHDNM, the role that needs to be played is to raise awareness about SE issues that are directly related to tax leakage. Although the tax issue is less popular, it is very important for the progress of a country.

**Respondent 7**

Until now there have been various actions taken by IRB but, this SE issue does not seem to have changed much. It gives an impression of the possibility of more decisive action and law enforcement needs to be intensified to control this issue. Cooperation with appropriate government departments to deal with this issue.

**Respondent 8**

The enforcement of taxation laws is felt to be very appropriate to curb this SE issue. Since many people are looking for opportunities to get involved with SE, IRBM needs to further strengthen existing efforts to control this issue.

**Respondent 9**

As with the recommendations made to the government, LHDNM is also very necessary to further expand the publicity regarding the SE issue and also directly the issue of tax leakage faced by the country as a result of the involvement of the SE.

**Respondent 10**

The campaign on SE needs to be widely spread in the country. LHDNM needs to find opportunities that are felt to be more suitable and accurate to give awareness to the public about this SE issue. Focusing on specific business activities first may be appropriate before comprehensive exposure to all types of business activities.



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Question / Respondent	6) What are the roles of other relevant institutions?
Respondent 1	Willingness of others relevant institutions in sharing data about the certain information that might be confidential but very important in curbing the SE. It is because the authorities maybe be governed different act of laws but then when it comes to overcome this SE issue.
Respondent 2	Until now, various collaborations have been done with various relevant authorities to control this SE issue and closer collaboration is felt to also improve law enforcement.
Respondent 3	External institutions also play a role in combating this SE issue. For example, tax agents should help the public to report taxes correctly indirectly by providing tax education to the community.
Respondent 4	As an example of relevant institutions, tax agents need to go hand in hand with tax authorities in dealing with SE issues. This is because they are knowledgeable about taxes and sometimes they are the cause of the spread of the shadow economy because they know how to hide from tax collection.

Respondent 5

The role of other relevant institutions such as Customs, Local Authorities, SSM, Immigration is necessary to join hands and move together to win this SE issue. Sharing data with each other can also help to control SE issues.

Respondent 6

From the point of view of taxation, the closest relevant institutions are the tax agents. These tax agents should be able to facilitate IRBM for the public to report their income.

Respondent 7

When it comes to the issue of tax leakage due to this SE, it is not only the duty of the LHDNM because the revenue collected by the LHDNM is for the country so the same effort must also be taken by the relevant institutions to curb this SE issue.

Respondent 8

Relevant institutions other than LHDNM and government agencies are the closest tax agents. These people should help the government in controlling this SE issue. This is because, with the registration of businesses that are legally involved with SE under SSM, their customers indirectly increase and can increase income in the preparation of documents related to taxation.

Respondent 9

The role that needs to be played is probably the willingness to share SE related data. Relevant institutions may be related agencies such as Customs and Immigration can share relevant information with IRBM.

**Respondent 10**

Cooperation in sharing related information is most appropriate because through this information can help IRBM in approaching those who are involved with this SE.



Question / Respondent	7) There have any drastic measures should be done by the government/LHDNM/ other institutions?
Respondent 1	<p>In budget 2023, government announce to use e-invoicing. E-invoicing is not new because many countries already used this method. It's proven can increase the countries revenue. It is because whoever people who want to make transactions in the countries will emerge and use this e-invoicing. This e-invoicing will bring the SE player into the 'net' of government.</p>
Respondent 2	<p>The closest is the introduction to e-invoicing. This e-invoicing is going to have quite a big impact because after this every business that wants to make sales transactions needs to use this system and indirectly the tax authorities can collect records from various types of businesses. This will directly cause individuals who are always hiding behind the shadows to come out.</p>
Respondent 3	<p>In 2023, LHDNM has introduced A.E.S (awareness, education and services). This matter is expected to help the community to be closer to the tax authorities. LHDNM is in the process of drafting a Tax Corporate Governance Framework focusing on compliance to ensure that taxpayers get information and report the correct tax from the very beginning. LHDNM will introduce e-invoicing to match business data with income reporting.</p>

**Respondent 4**

Government policies and policies need to be improved. Current sentiments also need to be emphasized when involved with political issues. For example, previously the tax authorities were wrongly considered to be taking actions based on cronyism and double standards in enforcement. So, this issue needs to be addressed well. A transparent and comprehensive tax law needs to be enacted.

**Respondent 5**

Most recently LHDNM has introduced e-invoicing which is a new policy or policy whereby sellers and buyers report to the tax authorities regarding their sale/purchase transactions.

**Respondent 6**

LHDNM has announced to use e-invoicing. This system is the latest and has been used by many countries and it turns out that it can indirectly increase income from tax revenue.

**Respondent 7**

LHDNM has introduced a new tagline which is AES which will bring the tax authorities closer to the community. This step is also indirectly to give awareness in a more friendly and close manner to the public. In addition, IRB has announced to use e-invoicing in Malaysia.

**Respondent 8**

AES was introduced at the beginning of 2023 to bring the community closer to the IRB. This campaign feels closer and friendlier to the public as it means awareness, educate and services.

Besides, LHDNM has announced to use e-invoicing.

**Respondent 9**

The e-invoicing policy has been introduced and will be widely used in Malaysia. This e-invoicing will help the government especially IRBM in controlling SE issues because after this every transaction involving sale/purchase needs to be registered.

**Respondent 10**

IRBM through the government has announced that it will use the e-invoicing system in 2024 and this will help the tax authorities and the government to curb SE issues in Malaysia.



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Question / Respondent	8) Are there have any factors/parties that hamper the efforts?
Respondent 1	Stakeholders are positives with this e-invoicing. The main factors may hamper is the preparation and implementation phase because it's requires technologies. It's because if relate to technologies the main factors are expensive and complicated.
Respondent 2	Among the factors is limitations of laws and no authority to go to that extend. For example, online gambling players and servers are outside Malaysia. There is no power to question details about the player.
Respondent 3	Constraints in terms of lack of data or incomplete information sharing are among the factors that limit the implementation to control this SE issue.
Respondent 4	The change of direction that is planned when there is a change in the political landscape is also a factor that hampers the efforts. For example, when there is a change of government, the efforts that have been done before are stopped and a new direction is introduced, causing the old plan to stop and cannot be implemented.

**Respondent 5**

This issue is quite subjective, legal limitations may be among the factors that make it difficult.

**Respondent 6**

Although various efforts have been made including introducing new systems, obstacles may exist such as legal limitations when it involves various agencies.

**Respondent 7**

Systems such as e-invoicing have been introduced and hopefully this system can run smoothly because when it comes to information technology there may be technical problems and these technical problems may be an obstacle to this effort.

**Respondent 8**

This SE involves various parties and government agencies and necessarily each of these agencies has its own law and the limitations of this law may hamper the effort.

**Respondent 9**

The proposal for sharing data or information between various agencies is good but the factor that will prevent it is the limitation and the extent to which the data can be shared among agencies because each of these agencies definitely has its own laws.

**Respondent 10**

The e-invoicing system that has been introduced will make it a new system and may be an obstacle is the willingness of every public to really understand to use this system correctly and not manipulate it.



Question / Respondent	9) What are the future expectations regarding of this issue?
Respondent 1	SE will always be there. It is how government/ authorities may use technologies in tackle this SE in future.
Respondent 2	To manage until nil or zero is impossible but hoping to smaller the size of RM300 billion.
Respondent 3	It is hoped that this SE issue can be controlled and the size of this SE can be reduced in the hope that the country can collect more taxes in the future as well as be able to benefit the people as a whole. High revenue from taxes can also realize any plan from the government that will benefit the people.
Respondent 4	If SE is not dealt with appropriately, tax leakage will continue to occur. This has a direct impact on the level of the economy in the country. A long-term plan needs to be taken not only by the tax authorities but also by the government to deal with SE. At least in reducing the size of the SE.
Respondent 5	Our expectation is that we can reduce or reduce the RM300 billion gap. In addition, it is hoped that the government will always support whatever efforts are made by the tax authorities in fighting this SE issue.

**Respondent 6**

Our hope at LHDNM is that this SE can be handled well to reduce its size and once it can be reduced it can directly contribute to the country's tax collection.

**Respondent 7**

It is impossible to eliminate SE because it has existed for so long but the main hope is to reduce its size in Malaysia because the bigger the size of SE the more the country's tax leakage.

**Respondent 8**

The main thing in the revenue board is to collect revenue from taxes and directly be able to benefit the country in general and the people in particular. So, the hope is to bring this SE to a legitimate economy and be able to report income and pay taxes to the country.

**Respondent 9**

The biggest future expectations is for the Malaysian government to be able to control this SE by reducing the size of the high gap based on the current record of RM300 billion.

**Respondent 10**

Drastic control of SE is the hope so that it does not continue to grow and can increase tax leakage to the country because it is a real loss for the government. Tax revenue that should be collected can be capital for the government to use in government operating expenses.