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UNDERSTANDING THE ACCEPTANCE OF SPECIAL VOLUNTARY
DISCLOSURE PROGRAMME AMONG COMPANY TAXPAYERS



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



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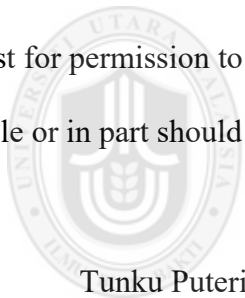
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ABSTRACT

The Malaysian Ministry of Finance announced on 3 November 2018 on the implementation of the Special Voluntary Disclosure Programme (SVDP) which runs from 3 November 2018 until 30 September 2019. The programme aimed to provide taxpayers with the opportunity to make up for their previous underreported and undeclared income and offers a 10% – 15% lower penalty rate than the very serious 45% – 300% penalty that they pay after the expiry of the programme. The programme, with an estimated RM 10 billion, aims to attract at least one million taxpayers. Taxes and penalties totalling RM 7.01 billion were collected at the end of the programme. The programmed results were low in comparison to the IRBM (Inland Revenue Board Malaysia) targets. Therefore, this study was carried out to understand the company taxpayers' acceptance towards SVDP used qualitative method. The findings of this study indicate that attitude of the company taxpayers lead to success in the SVDP, effective campaign related to the value of SVDP is necessary to raise awareness among the company taxpayer. Finally, trust between company taxpayers and IRBM is crucial and is the most powerful element in ensuring company taxpayers complies with the tax regulations. These findings would be beneficial input for IRBM for the next SVDP.

Keywords: Special Voluntary Disclosure Programme (SVDP), Attitude, Awareness, Trust

ABSTRAK

Pada 3 November 2018, Kementerian Kewangan Malaysia mengumumkan pelaksanaan Program Khas Pengakuan Sukarela (PKPS) yang berlangsung mulai 3 November 2018 sehingga 30 September 2019. Program ini bertujuan memberi peluang kepada pembayar cukai untuk melaporkan pendapatan yang belum lapor atau kurang lapor dan menawarkan kadar penalti 10% - 15% lebih rendah daripada kadar penalti 45% - 300% setelah tamat program. Program ini bertujuan untuk menarik sekurang-kurangnya satu juta pembayar cukai dengan kutipan cukai berjumlah RM 10 bilion. Pada akhir tempoh program, sejumlah RM 7.01 bilion cukai dan penalti telah berjaya dikutip. Kutipan cukai daripada PKPS dilihat rendah berbanding sasaran yang telah ditetapkan oleh Lembaga Hasil Dalam Negeri Malaysia (LHDNM). Sehubungan dengan itu, kajian ini dijalankan untuk memahami pembayar cukai terhadap penerimaan PKPS dengan menggunakan kaedah kualitatif. Hasil kajian ini menunjukkan bahawa kelakuan pembayar cukai syarikat membawa kejayaan terhadap pelaksanaan PKPS dan kempen secara berkesan yang berkaitan dengan nilai program PKPS diperlukan untuk meningkatkan kesedaran di kalangan pembayar cukai syarikat. Akhir sekali, kepercayaan di antara pembayar cukai syarikat dan LHDNM sangat penting serta merupakan elemen paling penting dalam memastikan pembayar cukai syarikat mematuhi perundangan percukaian. Penemuan-penemuan kajian ini akan memberikan input yang sangat bermanfaat kepada LHDNM untuk PKPS seterusnya.

Katakunci: Program Khas Pengakuan Sukarela (PKPS), Kelakuan, Kesedaran, Kepercayaan

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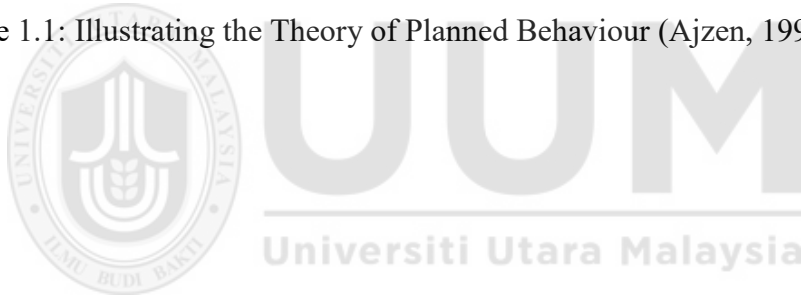
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ABBREVIATIONS

IRBM	Inland Revenue Board Malaysia
LHDNM	Lembaga Hasil Dalam Negeri Malaysia
PKPS	Program Khas Pengakuan Sukarela
SVDP	Special Voluntary of Disclosure Programme
VDP	Voluntary Disclosure Programme



CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides an introduction of the study, problem statement, research questions and research objectives. This chapter also provides a brief summary of the specific terms and concepts that are used in this study.

1.2 Background of the Study

Tax evasion is a global problem faced by almost all countries, both in developed and developing countries. However, tax evasion is more common in developing countries due to the rapid growth in investment in their economy and the lack of sufficient experience in dealing with tax evasion (Junpath, Kharwa, & Stainbank, 2016). Alm & Gomez, 2008 argue that tax evasion creates misallocations in the usage of resources when individuals change their behaviour to cheat their taxes, thus changing the unpredictable income distribution.

Tax evasion can contribute to the feelings of injustice and disrespect for the law and it affects the accuracy of macroeconomic statistics. In addition, it is not possible to understand the real effects of taxation without acknowledging the existence of tax evasion and the tax evasion economy (Martin-Vazquez & Alm, 2003).

Therefore, the voluntary disclosure or tax remission programme is one of the steps taken by the government to increase tax collection while reducing the administrative costs of collecting taxes on tax evasion (Jaramba, 2013).

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APPENDICES

COVER LETTER FOR A SEMI-STRUCTURED INTERVIEW

Dear Mr/Mrs

I am Fatin Hamamah Binti Idris, a master's student of Universiti Utara Malaysia (UUM) who is currently doing a research entitled "The acceptant of the Special Voluntary Disclosure Program (SVDP) among Company Taxpayers in Ipoh, Perak". The aim of this semi-structured interview is to explore the SVDP acceptance of the taxpayers understanding, to improve tax collection and to understand taxpayers at the same time.

By conducting this interview, I would like to seek your permission to record the interview session for data coding and transcription purpose. The data and findings obtained from this interview will be stored and used only for report and your personal information such as company's name and identity will not be fully revealed. The final results will be concluded to determine its relevance for business practitioners and future research.

The interview questions are provided to you earlier for your reference and preparation. Should you have any question regarding this interview, you are encouraged to reach me at fatinathen@gmail.com.

I look forward to your participation in this interview. In addition, I would like to thank you for your consideration to be part of this research.

SEMI-STRUCTURED INTERVIEW QUESTIONS

A. GENERAL INFORMATION

1. Can you describe your position as well as your type of business?

Bolehkah anda terangkan jawatan anda serta jenis perniagaan anda?

2. What do you think about Malaysia's taxation system?

Apakah pendapat anda tentang system percukaian yang diamalkan di Malaysia?

3. Do you know about changes in taxation in Malaysia?

Adakah anda tahu tentang perubahan dalam sistem percukaian di Malaysia?

B. RESEARCH OBJECTIVE 1: To understand taxpayers' attitude towards the acceptance of the Special Voluntary Disclosure Programme (SVDP)

1. Do you understand your responsibility as a taxpayer?

Apakah anda paham tanggungjawab anda sebagai pembayar cukai?

2. Do you understand the purpose of the SVDP?

Adakah anda paham tentang tujuan Program Khas Pengakuan Sukarela (PKPS) diadakan?

C. RESEARCH OBJECTIVE 2: To understand taxpayers' awareness towards the acceptance of the Special Voluntary Disclosure Programme (SVDP)

1. Are you aware of the SVDP?

Adakah anda sedar tentang PKPS?

2. How did you find out about the SVDP?

Bagaimana anda mendapat tahu tentang PKPS?

3. Do you know the purpose of the program?

Adakah anda tahu tentang tujuan program tersebut dianjurkan?

4. What do you think of the program?

Apakah pendapat anda tentang program tersebut?

D. RESEARCH OBJECTIVE 3: To understand taxpayers' trust towards the acceptance of the Special Voluntary Disclosure Programme (SVDP)

1. Do you trust the SVDP?

Adakah anda mempercayai program PKPS tersebut?

2. Do you believe the tax deal handled by the IRBM?

Adakah anda percaya urusan percukaian yang dikendalikan oleh LHDNM?

3. Did you participate in the SVDP?

Adakah anda menyertai program PKPS tersebut?

4. Why not join the program? (If not) / Why did you join the program? (If so)

Mengapa anda tidak menyertai program tersebut? (Jika tidak) / Mengapa anda menyertai program tersebut? (Jika ya)

SEMI-STRUCTURED INTERVIEW QUESTIONS – PARTICIPANT A

A. GENERAL INFORMATION

1. Can you describe your position as well as your type of business?

I am a businesswoman who was raised in a business family environment. I started my business in beauty products, 3 years after I completed my study, Diploma in Healthcare in 2010. Now I have been in this industry for almost 10 years.

2. What do you think about Malaysia's taxation system?

Compared to other countries in this world, Malaysia's taxation system is in the middle level. In Malaysia we have different types of tax such as sale tax, road tax, service tax, good service tax, corporate tax and for sure income tax. From time to time we can see there are changes and improvements have been made in order to make the system more friendly and easier to be used.

For example; self-assessment system developed by IRBM, where the taxpayer is responsible to compute their own income, tax payable as well as making a payment for the tax balance. The systems are user friendly, safe and fast.

3. Do you know about changes in taxation in Malaysia?

Not really. But my tax agent did inform me about changes in taxation that could give benefit to my business such as tax incentive or exemption. My tax agent also had informed me regarding voluntary disclosure programs and advise to grab the opportunity.

B. RESEARCH OBJECTIVE 1: To understand taxpayers' attitude towards the acceptance of the Special Voluntary Disclosure Programme (SVDP).

1. Do you understand your responsibility as a taxpayer?

As a taxpayer our responsibility is to declare our income every year. For myself, I did declare my business income and personal income every year before the date line and also need to keep all of the business records nicely.

2. Do you understand the purpose of the SVDP?

Not really understand, but from the tax agent explanation, SVDP is one of the programs to urge taxpayers to come forward and declare their income truthfully.

C. RESEARCH OBJECTIVE 2: To understand taxpayers' awareness towards the acceptance of the Special Voluntary Disclosure Programme (SVDP).

1. Are you aware of the SVDP?

Yes, after my tax agent inform & explain to me.

2. How did you find out about the SVDP?

From tax agent and also from social media. In addition, the LHDNM also had promoted related to the program to attract taxpayers to participate in the program.

3. Do you know the purpose of the program?

To help taxpayers in cleaning their tax records. To encourage taxpayers to declare any income which not yet declared.

4. What do you think of the program?

Good program. By doing this program it will encourage taxpayers to come forward and declared their income correctly.

D. RESEARCH OBJECTIVE 3: To understand taxpayers' trust towards the acceptance of the Special Voluntary Disclosure Programme (SVDP).

1. Do you trust the SVDP?

Yes. Other countries beside Malaysia also have implemented the voluntary program. It has been shown that by implementing the programme, it helps to increase the collection of revenue and, at the same time, to increase the compliance of taxpayers

2. Do you believe the tax deal handled by the IRBM?

Yes. LHDNM is a statutory body with integrity and performs duties under the tax laws and laws. However, there is a sense of suspicion that if I join the program, I will be subject to future audit action.

3. Did you participate in the SVDP?

Yes. I did participate. Luckily my tax agent did remind me a few times before the program ended.

4. Why not join the program? (If not) / Why did you join the program? (If so)

I took the opportunity by reporting recent earnings when I started an unreported business. By doing so I am subject to low penalty rates and can avoid having to audit for a year of voluntary reporting.

SEMI-STRUCTURED INTERVIEW QUESTIONS – PARTICIPANT B

A. GENERAL INFORMATION

1. Bolehkah anda terangkan jawatan anda serta jenis perniagaan anda?

Saya merupakan Pengurus Akaun dan bekerja di sebuah syarikat perladangan kelapa sawit. Saya baru berkerja di syarikat ini selama setahun dan sebelum ini saya merupakan senior tax assistant di sebuah firma percukaian.

Tugas utama saya adalah untuk menyemak dokumen kewangan perniagaan, menyediakan baucar, membuat pembayaran kepada pembekal, merekod transaksi perakaunan dalam system UBS dan kerja-kerja perakaunan yang lain.

2. Apakah pendapat anda tentang system percukaian yang diamalkan di Malaysia?

Pada pendapat saya, sistem percukaian Malaysia agak rumit dan agak sukar difahami. Selain itu, terdapat perubahan atau pindaan dalam akta percukaian yang sering berlaku menjadikan agak sukar untuk sentiasa update berkaitan percukaian.

Di Malaysia, Sistem Taksir Sendiri (STS) telah diperkenalkan sejak tahun 2001 tetapi pembayar cukai masih di tahap pembelajaran dan bergantung kepada LHDNM terutama semasa penghantaran borang nyata cukai pendapatan (BNCP) secara e-filing. Walaupun sudah terdapat banyak perubahan bagi memastikan system e-filing mesra pengguna tetapi pembayar cukai masih bergantung kepada pihak LHDNM.

Salah satu faktor adalah BNCP bagi individu hanya perlu dikemukakan sekali dalam tempoh setahun dan bagi syarikat, kebanyakan syarikat menggunakan perkhidmatan daripada wakil cukai bagi urusan percukaian. Selain itu, syarikat mempunyai beberapa borang yang perlu dikemukakan seperti Borang C, Borang E dan Borang CP204. Kelewatan pengemukakan borang tersebut boleh menyebabkan penalti dikenakan. Sehubungan dengan itu, pihak syarikat telah melantik wakil cukai untuk mengendalikan hal-hal percukaian syarikat.

3. Adakah anda tahu tentang perubahan dalam sistem percukaian di Malaysia?

Ya. Perubahan dalam percukaian boleh diperolehi melalui seminar, buku percukaian, penerangan daripada wakil cukai dan laman web Lembaga Hasil Dalam Negeri Malaysia (LHDNM).

Walaupun bagaimanapun, disebabkan terdapat perubahan percukaian setiap tahun terutama semasa sesi perbentangan belanjawan, agak mustahil untuk sentiasa update tentang perubahan tersebut. Bagi syarikat, perkhidmatan daripada ejen cukai adalah diperlukan bagi memastikan syarikat sentiasa update dan dapat mengemukakan borang dalam tempoh yang ditetapkan.

B. RESEARCH OBJECTIVE 1: To understand taxpayers' attitude towards the acceptance of the Special Voluntary Disclosure Programme (SVDP).

1. Apakah anda paham tanggungjawab anda sebagai pembayar cukai?

Tanggungjawab pembayar cukai adalah untuk melaporkan semua pendapatan yang diperolehi kepada LHDNM untuk membantu pembangunan negara.

2. Adakah anda paham tentang tujuan *Program Khas Pengakuan Sukarela (PKPS)* diadakan?

Tujuan pengakuan sukarela adalah untuk menarik individu/peniaga/syarikat yang tidak pernah membayar cukai menjadi pembayar cukai atau yang telah lama tidak mengemukakan BNCP untuk mengemukakan BNCP dalam tempoh program berlangsung. Selain itu, program tersebut juga memberi peluang kepada pembayar cukai yang telah kurang melaporkan pendapatan, menuntut pelepasan/perbelanjaan yang tidak betul untuk membuat pengakuan sukarela.

Dengan menyertai program ini, pembayar cukai dapat menikmati kadar penalty yang rendah berbanding kadar yang dikenakan sebelum program.

C. RESEARCH OBJECTIVE 2: To understand taxpayers' awareness towards the acceptance of the Special Voluntary Disclosure Programme (SVDP).

1. Adakah anda sedar tentang PKPS?

Ya. Dalam tempoh program tersebut, pelbagai jenis promosi telah dilakukan oleh LHDNM bagi menarik pembayar cukai untuk menyertai program tersebut.

2. Bagaimana anda mendapat tahu tentang PKPS?

Melalui seminar, laman web LHDNM, email, makluman daripada wakil cukai, hebahan di television, suratkhbar, media sosial dan radio serta surat daripada LHDNM.

3. Adakah anda tahu tentang tujuan program tersebut dianjurkan?

Ya, untuk memberi peluang kepada pembayar cukai untuk melaporkan pendapatan kurang lapor atau kesilapan yang telah dilakukan semasa penghantaran BNCP sebelum ini.

4. Apakah pendapat anda tentang program tersebut?

Pendapat saya tentang tujuan program tersebut diadakan adalah bagus bagi mereka yang ingin melaporkan pendapatan kurang lapor atau membuat pembedaan ke atas pengemukaan BNCP. Melalui program ini, penalti yang dikenakan juga adalah rendah berbanding penalti sebelum program berlangsung.

Program tersebut juga dapat menarik pembayar cukai yang tidak atau lambat menyiapkan rekod perniagaan kembali sebagai pembayar cukai. Melalui program tersebut, kutipan cukai dapat ditingkatkan dan secara langsung dapat menyumbang kepada pembangunan negara.

D. RESEARCH OBJECTIVE 3: To understand taxpayers' trust towards the acceptance of the Special Voluntary Disclosure Programme (SVDP).

1. Adakah anda mempercayai program PKPS tersebut?

Ya. Saya mempercayai program tersebut kerana telah diberi penerangan oleh pihak LHDNM.

2. Adakah anda percaya urusan percukaian yang dikendalikan oleh LHDNM?

Ya. Ini kerana LHDNM merupakan sebuah badan berkanun yang berintegriti dan urusan percukaian telah dijalankan dengan mengikut akta dan perundangan.

Walaupun bagaimanapun, pihak syarikat berpendapat jika syarikat menyertai program tersebut besar kemungkinan syarikat akan dikenakan tindakan audit oleh LHDNM di masa hadapan adalah tinggi.

Ini adalah kerana jika syarikat menyertai program tersebut syarikat seolah-olah telah melakukan kesalahan dan perkara tersebut memberi trigger kepada LHDNM untuk audit syarikat di masa hadapan.

3. *Adakah anda menyertai program PKPS tersebut?*

Tidak.

4. *Mengapa anda tidak menyertai program tersebut? (Jika tidak) / Mengapa anda menyertai program tersebut? (Jika ya)*

Pihak syarikat mengalami masalah mengemaskini akaun syarikat akibat ketiadaan kerani akaun dalam tempoh masa yang lama dan kerani akaun yang selalu bertukar. Syarikat telah ditubuhkan mulai tahun taksiran 2001. Sehingga kini akaun syarikat bagi tahun taksiran 2002 sehingga 2004 masih dalam semakan juruaudit.

BNCP tahun taksiran 2001 telah dikemukakan sebelum program PKPS. Oleh kerana penyata akaun beraudit tidak dapat disediakan dalam tempoh program berlangsung, pihak syarikat tidak dapat mengambil peluang mengemukakan BNCP dalam tempoh program tersebut.

Pihak syarikat mempunyai pilihan samada mengemukakan BNCP dengan maklumat daripada akaun pengurusan (dibenarkan oleh LHDNM), tetapi pengarah syarikat berpendapat BNCP perlu dikemukakan berdasarkan penyata kewangan beraudit bagi membolehkan elaun modal dan kerugian perniagaan diserap daripada pendapatan syarikat. Selain itu, pihak syarikat berpendapat dengan menyertai program tersebut, syarikat berkemungkinan akan dikenakan audit oleh LHDNM di masa hadapan

Sehubungan dengan itu, pihak syarikat tidak dapat menikmati tawaran pengurangan penalti kerana BNCP gagal dikemukakan dalam tempoh tersebut.

