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Retailers' Behavioural Factors Towards Goods and Services Tax (Gst) Compliance: Sociological and Psychological Approach Study

Norhasliza Zainan¹, Rohaya Md Noor¹,
Normah Omar², Roszainun Abd Aziz¹,
and Soliha Sanusi²

¹Faculty of Accountancy, Universiti Teknologi MARA

²Accounting Research Institute

ABSTRACT

The study investigates the relationship between Goods and Services Tax (GST) compliance among Malaysian retailers during the initial stage of GST implementation in Malaysia. By using the sociological and psychological approaches, a total of 500 survey questionnaires were distributed during GST workshops conducted by the tax authority. Multiple regressions were employed to examine the relationship between behavioural factors: tax knowledge, perceived tax complexity and perceived tax fairness and GST compliance. The statistical results found that 77.7% of the identifying behavioural factors were explained to the level of GST compliance. The findings disclosed that tax knowledge, perceived tax complexity, and perceived tax fairness were significantly and positively affecting GST compliance. Thus, the study result could possibly contribute to the body of knowledge in lieu of GST compliance, as well as being an input to the tax authority that tax education programme is an important and effective mechanism to enhance the retailers' understanding of their GST obligations and compliance level.

Keywords: *Goods and Services Tax, Sociological and Psychological approaches and Tax Compliance.*

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INTRODUCTION

In Malaysia the implementation of the Goods and Services Tax (GST) is aimed at reducing the country's growing deficit budget. It is also important to introduce GST to eliminate the Sales and Service Tax (SST) system weaknesses, such as cascading and compounding effects, as well as no complete relief on goods exported. The GST implementation would discourage vertical integration, transfer pricing and value shifting, classification issues, and administrative bureaucratic red tape (RMCD, 2015).

Several months after the GST implementation, the tax authority received complaints from the public. Among the complaints were: 1) retailers issuing printed receipts without the required information or provided handwritten receipts; 2) exhibiting prices exclusive of GST; 3) failure to issue tax invoices with GST; 4) issuance of invoices without the details as specified under the Goods and Services Tax Act 2014; and 5) misclassifying items as zero-rated when the items are standard-rated items (Bernama, 16 April 2015). The factor for non-compliance could be due to the lack of knowledge and understanding on GST rules and regulations. Knowledge relating to GST rules and regulations is crucial, as it will determine the companies' compliance level. The GST system may also create complexity due to a longer list of goods that are being zero-rated and exempted from GST.

Retailers (except for restaurant operators) are one of the business sectors that have never experienced collecting indirect tax for the government. During the SST system, only manufacturers and service providers were required to register with the tax authority and collect the SST on behalf of the tax authority. After the GST implementation, retailers are required to comply with the GST legislations. They should adopt the GST compliant accounting systems, maintain proper records and bookkeeping, collect GST, and remit it to the tax authority, accordingly. There are other administrative issues, such as competency and skill to handle the tasks relating to GST compliance. It is therefore essential to assess the retailers' perception of the complexity of the GST system and to what extent retailers perceive that the tax fairness of the GST system would influence their compliance level.

Since GST has been newly implemented in Malaysia, it is important for the tax authority to identify the importance of tax knowledge, tax complexity, and tax fairness on the retailer's tax compliance behaviour. The current study was immediately conducted after the GST implementation by the Malaysian Government on 1 April, in 2015. The survey and action-based research is to determine the relationship between tax knowledge, perceived tax complexity, and perceived tax fairness towards GST compliance among Malaysian retailers. Thus, the current study specifically focuses on GST awareness, policy and procedural issues among retailers during the period of June to September, in 2015. The findings of this study may contribute certain good strategic information to the government by revealing the significance of several indicators, which may assist the tax authority to increase GST collection through GST registrants' (known as taxable person) level of compliance among retailers and finally boost the economic level in Malaysia. The findings would also provide input to the tax authority in designing tax education programmes, simplifying the GST tax system, and understanding the taxable person's behaviour.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Tax compliance is a serious issue for many tax authorities to encourage taxpayers to comply with tax requirements and it is not an easy task (James & Alley, 2002). Furthermore, tax compliance has always been an area of concern to the policy makers, tax administration, and society. Tax compliance will affect the government's revenue and its ability to provide fiscal and social needs (Tan & Sawyer, 2003).

GST Compliance

According to Jackson and Milliron (1986), tax compliance is defined as declaring all taxable income and payment of all taxes by fulfilling the provisions of laws and regulations. Andreoni, Erard, and Feinstein (1998) described tax compliance as taxpayers' willingness to follow tax laws, to obtain the economic equilibrium of a country. Singh (2003) defined tax compliance as an act of filing tax returns, declaring all taxable income accurately, and paying the taxes within the required period voluntarily.

Despite the various definitions of tax compliance, it can be summarised that tax compliance is defined as taxpayers' willingness to comply with tax laws and regulations by reporting actual incomes and paying all taxes within the stipulated period to fulfil their obligations. Hence, in understanding the meaning of GST compliance, this study has adopted the above definition of tax compliance. For this study, GST compliance is defined as a taxable person's obligations (i.e. retailers) in filing tax returns, reporting and paying the proper amount of tax on time, and complying with the goods and services tax laws and administration.

Tax Knowledge

Tax knowledge is critical, as it will determine the compliance level of taxpayers. Higher tax knowledge will lead to higher compliance rates (Kasipillai & Jabbar, 2003). Thus, by enhancing the taxation knowledge, it may improve taxpayers' attitude towards tax compliance. The intention to evade tax payment may also reduce when a taxpayer has a positive attitude towards tax (Eriksen & Fallan, 1996). According to Singh (2003), tax knowledge is defined as the taxpayers' ability to understand the laws and regulations and the ability to comply with them. While non-compliance can be a deliberate decision, it can also occur unintentionally due to taxpayer carelessness, disinterest, or having inadequate knowledge or understanding of the tax system and its requirements (Roth, Scholtz, & Witte, 1989).

Prior studies had found evidence that tax knowledge is positively related to tax compliance. For example, Palil and Mustapha (2011) carried out a study on individual taxpayers in Malaysia and found that tax knowledge was positively associated with attitudes towards tax compliance behaviour. This study also concluded that taxpayers with higher tax knowledge are potentially more compliant. Their findings supported the studies done by Eriksen and Fallan (1996) and Lewis (1982), who suggested that lack of tax knowledge correlates with negative attitudes towards taxation, and therefore, tax behaviour can be improved by better understanding of tax laws. Nzioki and Peter (2014) also found a strong positive relationship between tax knowledge and tax compliance. However, another study by Kamil (2015) found a negative relationship between tax knowledge and tax compliance, thus concluding that a higher level of knowledge may lead to non-compliance as taxpayers try to find loopholes to avoid tax

liability. Differences in culture and legal environment could be the factor that may explain the inconsistent results. Thus, the following hypothesis was developed:

H₁: There is a significant positive relationship between tax knowledge and GST compliance among retailers in Malaysia.

Tax Complexity

Taxation systems have become increasingly complex over time in many developed countries around the world. A study by Richardson (2006) found that complexity is the most important determinant of tax evasion across countries where tax compliance level is low in the countries that have a complex tax system. Complexity was also linked to the quality of a tax system and has a possible influence on the system's ability to generate revenues (Jackson & Milliron, 1986). Tax complexity refers to taxpayers' difficulties in complying with tax rules and regulations. It arises due to sophistication in tax laws (Richardson & Sawyer, 2001). A study by Long and Swingen (1987) identified tax complexity as tax ambiguity, computations, changes in law, numerous rules and exceptions to rules, record-keeping, and format of the tax forms. On the other hand, Cuccia and Carnes (1996) described tax complexity as compliance and rule complexity. In addition, tax complexity may also be classified as legal and effective simplicity that leads to readability of the tax law and ability to determine accurate tax liability (Evans & Tran-Nam, 2010).

Previous studies had found mixed results on the effect of complexity on non-compliance (Jackson & Milliron, 1986; Richardson & Sawyer, 2001; Richardson, 2006). According to Richardson and Sawyer (2001), mixed results imply that complexity can have different effects on compliance because complexity can open up opportunities for both intentional and non-intentional non-compliance. The uncertainty of complex tax laws may encourage compliance among risk-averse taxpayers, but complexity can also reduce the willingness of taxpayers to comply with tax laws (implying intentional non-compliance). Milliron (1985) found that complexity has a negative relationship to compliance, which he described as "the increase in complexity appeared to be associated with a greater opportunity for evasion, and the reaction was to reduce compliance". This is consistent

with Kirchler, Niemirowski, and Wearing (2006) who found that taxpayers were more likely to comply when the tax laws are less complex. Hence, the following hypothesis was developed:

H₂: There is a significant negative relationship between perceived tax complexity and GST compliance among retailers in Malaysia.

Tax Fairness

Equity and fairness are important attributes of a good tax system. These factors were given consideration in both the construction and administration of the tax laws (AICPA, 2007). In any tax system, every citizen of a country will favour a fair tax system. According to Benk, Budak, and Cakmak, (2012), “equity” was already introduced as one of the four principles of taxation in the early eighteenth century. The idea of equity is that taxpayers will contribute towards the government based on “their ability to pay” or on the benefits they gain from government expenditures funded by taxation. Since then, most governments had recognised the importance of fairness in taxation. Tax fairness has become the cornerstone of most income tax systems worldwide (Lin & Chin-Fatt, 2000; Nurshamimi & Rohaya, 2013; Rohaya, Alizan, Nor’Azam, & Norashikin, 2012).

Taxpayers’ attitude towards the fairness of a tax system is known as one of the effective factors that may increase compliance. When people perceive that a tax system is fair, they will have a positive attitude towards the tax system, and this will encourage them to comply with the tax laws voluntarily. Richardson (2006a) found that tax fairness dimensions relating to general fairness, exchange with government, and middle-income earners’ tax burdens have significant positive associations with tax compliance behaviour. Furthermore, other studies such as Lin and Chin-Fatt (2000) and Yahaya (2015) also found that tax fairness has a positive relationship with tax compliance behaviour. However, Saad (2009) reported that there was no significant relationship between perceptions of tax fairness and tax compliance decision among individual taxpayers in Malaysia after the SAS implementation. According to Saad, the individual taxpayers’ compliance decision was not affected by the perceptions of tax fairness because in the legalised taxation environment, they had no choice but to comply with the tax laws. Five items with one dimension were used to measure

the tax fairness in this study; 1) Taxpayers' perception on the fairness of GST system, 2) the rate of 6% is a fair tax rate, 3) business will be more competitive by registering with GST and 4) GST implementation will be able to minimise the tax evasion and the tax burden to comply with GST is fairly distributed. Hence, the following hypothesis was developed:

H₃: There is a significant positive relationship between perceived tax fairness and GST compliance among retailers in Malaysia.

Sociological and Psychological Theories

Given the limitations of the economic deterrence theory, many studies had focused on the development of behavioural models of tax compliance. Under the sociological and psychological models, taxpayers are no longer assumed as selfish utility maximisers. Taxpayers are instead motivated to pay taxes on the basis of different attitudes, perceptions, feelings, beliefs, norms, cultural background, social characteristics, and others (Cowell, 1992; Fishbein & Ajzen, 1977; Jackson & Milliron, 1986; Lewis, 1982; Wenzel, 2003). Thus, the focus of this theory is on the taxpayers' morals and ethics.

A taxpayer with a negative attitude towards tax non-compliance is expected to be more compliant as compared to a taxpayer with a positive attitude. Furthermore, the sociological and psychological models were developed based on the belief that social factors such as age, gender, race, culture, attitudes, education level, and knowledge may influence human behaviour (Coleman, 1999; quoted from Loo, McKerchar, & Hansford, 2009, p.183). This is supported by Song and Yarbrough (1978) who observed that taxpayers with higher tax knowledge would have higher ethics. This statement was consistent with Eriksen and Fallan (1996) who found that low tax knowledge may influence negative attitudes towards taxation, but such attitudes can be improved with better tax knowledge.

In addition, the sociological and psychological model was an expanded model from the Theory of Reasoned Action (TRA) and Theory of Planned Behavior (TPB) both developed by Ajzen (1991). The theories discussed that the behaviour of an individual happened in a planned manner, which is influenced by certain factors that are caused by certain reasons.

Although attitudes and education appear to be the key factors that influence compliance behaviour, research findings had revealed mixed and inconsistent evidence. It is extremely difficult to understand how certain factors affect human behaviour, particularly in generalising a broader population. Therefore, for this study, sociological and psychological theories were used to explain the GST compliance behaviour among retailers in Malaysia. It is assumed that when taxpayers have a positive attitude towards factors, such as perceived fairness of the tax system, a higher level of tax knowledge, and a lower level of tax complexity (as discussed in the above section for each hypothesis), the tax compliance behaviour will be affected in positive directions.

RESEARCH METHODOLOGY AND MODEL

The current study used a survey questionnaire as the primary source of data collection (Biabani & Ramezani, 2011; Nzioki & Peter, 2014; Palil, 2010). The target population is GST registrants categorised under retail business, which stands at around 69,632 businesses. It is compulsory for retailers to register if their threshold achieved RM5,000,000. However, voluntary registration under GST system is welcome if retailers would like to enjoy the benefits of being tax registrants. Due to a large number of the target population, this study used Yamane's (1967) simplified formula to determine the sample size, which should be at least 397 samples. This study however distributed 500 questionnaires, which were more than sufficient to represent the study population. It had utilised the purposive sampling approach.

The questionnaire was divided into six sections and measured with a 7-Point Likert Scale (1 - Strongly disagree to 7 - Strongly agree). Section A of the questionnaire relates to the personal background of respondents: gender, academic qualification, type of business, and annual turnover. Section B comprises nine questions relating to GST knowledge. In this section, the questionnaire was designed to obtain information about the respondent's level of knowledge on the GST implementation in Malaysia. Meanwhile, in Section C, respondents were asked thirteen questions related to perceived GST complexity. This section focused on the respondents' perception towards the GST system and if they are facing any difficulties in complying with the GST rules and regulations. In Section D, six questions

were developed to obtain information about the respondent's perception on the fairness of the GST system. Further, Section E was designed to measure the dependent variable, which is the GST compliance. The respondents were asked eight questions to identify their level of compliance with the GST rules and regulations. Finally, Section F seeks respondents suggestions on how to improve the GST system further.

The research framework for this study is depicted in Figure 1 below:

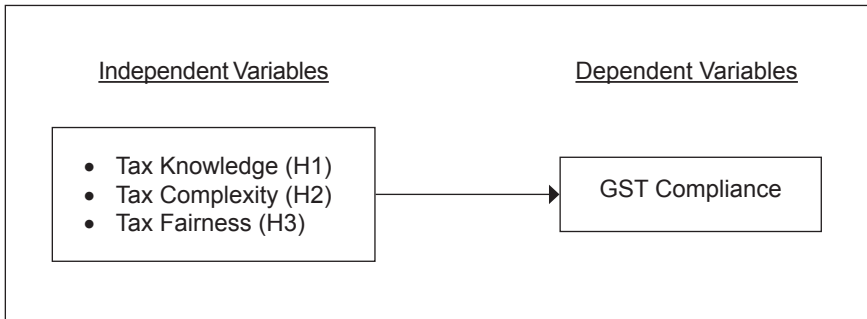


Figure 1: Research Framework

FINDINGS AND DISCUSSIONS

A total of 166 participants were involved in completing the questionnaire. Out of 166 questionnaires, five were not usable due to incomplete information. Overall, 161 responses were considered in the analysis of GST compliance in this study. The data collected from the questionnaires were analysed by using the IBM Statistical Package for Social Science (IBM SPSS) Version 21.

Descriptive Statistics

The descriptive statistics on respondents' demographic were reported in Table 1. In this study, the respondents comprised 105 females (65%) and 56 males (35%). Furthermore, the results reported that 85 (53%) of the respondents comprised those from the age group of between 31-40 years old; 36 (22%) respondents were between 20-30 years old; 32 (20%) respondents were between 41-50 years old; and 8 (5%) respondents were

above 51 years old. In terms of the education level, a majority of the respondents, i.e. 69 (43%) had a Bachelor’s degree, followed by 54 (33%) respondents who possessed a diploma; 9 (6%) had a Master’s degree, 8 (5%) had professional qualifications and 21 (13%) respondents had other educational levels. Finally, 132 (82%) respondents had an annual turnover of above RM500,000 which fell under the category of a taxable person.

Table 1: Demographic Statistics

		Frequency	Percentage
Gender	Male	56	35
	Female	105	65
Age Group	20–30	36	22
	31–40	85	53
	41–50	32	20
	Above 50	8	5
Education Level	Diploma	54	33
	Bachelor’s Degree	69	43
	Masters	9	6
	Professional	8	5
	Other	21	13
Annual Turnover	Less than RM500,000	29	18
	RM500,001 – RM1,000,000	75	47
	RM1,000,001 – RM2,000,000	21	13
	More than RM2,000,000	36	22

GST compliance among retailers was presented by using eight items. The level of GST compliance will be interpreted as below:

1. High (overall mean score between 5.00 to 7.00)
2. Moderate (overall mean score between 3.00 to 4.99)
3. Low (overall mean score between 1.00 to 2.99)

Table 2 Descriptive Statistics - GST Compliance

No.	Statement	Mean	Med	St Deviation
1	The business files its GST return on time	4.99	5	1.365
2	The business pays the right amount of GST on time to RMC	4.96	5	1.339
3	The business computes the correct amount of GST by offsetting the input tax with output tax	4.99	5	1.315
4	The business uses a GST compliant point of sales system/cash register to issue tax invoice	4.78	5	1.447
5	The business charged the correct GST rate according to goods and services that are listed under standard-rated, zero-rated or exempt rated	5.04	5	1.353
6	The business keeps records/documents relating to GST for 7 years	5.13	5	1.376
7	The business claims the accurate amount of input tax	5.05	5	1.269
8	The business will pay the penalties and fines if fail to submit the tax returns and issue payment when due	4.68	5	1.463
Overall mean score		4.95	5	1.203

Table 2 provides the descriptive statistics for GST compliance. The results showed that the level of GST compliance among retailers was moderate (mean = 4.95). However, by looking at every single item, the results disclosed that three items were in high compliance level position (mean between 5.04 to 5.13). The rest were close to the high compliance level with the lowest mean score of 4.68.

Normality and Reliability Test

In order to use the parametric analysis, a normality test was carried out by using the One-Sample Kolmogorov-Smirnov Test on the overall mean scores of tax knowledge, tax complexity, tax fairness, and GST compliance. The statistical results reported that all the K-S Z-values were not significant at the 0.05 level ($p > 0.05$). This indicated that the mean scores of tax knowledge, tax complexity, tax fairness, and GST compliance are normally distributed as reported in Table 3 below. According to Corder and Foreman (2009), if the One-sample K-S Test indicated that the data were

normally distributed, then the parametric statistical procedure can be used to run the regression model on the sample.

On the other hand, the reliability of the items used was tested using Cronbach’s Alpha. According to George and Mallery (2003), an alpha that is closer to 1.00 indicates a greater internal consistency of items. The statistical results confirmed that the internal consistency of the items to measure tax knowledge, tax complexity, and GST compliance was excellent (above 0.9). Furthermore, the reliability of the items to measure tax fairness was acceptable (above 0.7).

Table 3: Summary of the Statistics of One Sample Kolmogorov-Smirnov Test (K-S)

Dimensions	Kolmogorov-Smirnov Test (K-S)	
	Z-value	p-value
Tax knowledge	1.034	0.235
Tax complexity	1.032	0.237
Tax fairness	1.245	0.090
GST compliance	1.133	0.153

Reliability Statistics

Variables	No. of items	Cronbach’s Alpha
Tax knowledge	9	0.928
Tax complexity	13	0.950
Tax fairness	5	0.797
GST compliance	8	0.961

A Pearson correlation test was used to check on multicollinearity problems that might occur among the variables. It may exist when the independent variables are highly correlated. If the correlation among the independents variables is more than 0.7, one of the variables shall be omitted due to the occurrence of singularity (Pallant, 2010). Singularity happens when an independent variable is a combination of other variables. The results in Table 4 reveal that there is no multicollinearity issue related to the independent variables as the correlation values ranged between 0.501 - 0.694.

Table 4: Pearson Correlation Matrix Among Variables

	Tax complexity	Tax knowledge	Tax fairness	GST compliance
Tax complexity	1	.694**	.650**	.775**
Tax knowledge		1	.501**	.737**
Tax fairness			1	.575**
GST compliance				1

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

Multiple Regression Analysis

The Multiple Regression analysis was carried out to investigate on how well tax knowledge, perceived tax complexity, and perceived tax fairness influence the GST compliance behaviour among retailers in Malaysia. The statistical results provided that the F-statistics ($F = 168.50$, $p = 0.000$) is substantiated at 1% significance level. This statistics value implies that the null hypothesis that regression coefficients are all zeros can be rejected. Therefore, the estimated regression is efficient for prediction. As shown in Table 5, the regression equation predicts an R-square of 0.777, indicating that 77.7% variance of GST compliance can be explained by the variance of tax knowledge, perceived tax complexity, and perceived tax fairness.

In addition, the assumption of independence of errors can be assessed by using Durbin-Watson Statistic, which should be at a range from 0 - 4, and much preferable if the value is closer to 2. Since the Durbin-Watson statistic of the study was 1.972, this indicated that there was no correlation between residuals and would result in the acceptance of independence of errors. In conclusion, the test has proven that there was no violation to continue with the multiple regression analysis. The data was suitably developed to support the accuracy of the hypothesis tests on the regression model.

Table 5: Multiple Regression Analysis Results

Model	Unstandardized Coefficients	t	Sig.	Collinearity Statistic	
				Tolerance	VIF
Constant	-.383	-1.470	.144	-	-
TK (H1)	.414	6.484	.000***	0.439	2.276
TC (H2)	.554	7.993	.000***	0.395	2.529
TF (H3)	.119	2.004	.047**	0.680	1.470
R	0.882				
R ² (Adjusted R ²)	0.777 (0.772)				
F-stats	168.50***				
Durbin Watson	1.972				

Note: ***significant at the 0.01 level (2-tailed), **significant at the 0.05 level (2-tailed)

Relationship between Tax Knowledge and GST Compliance (H1)

The t value for tax knowledge was 6.484 and statistically significant at 1% level ($p < 0.01$), which means that the regression coefficients for tax knowledge was significantly related to GST compliance behaviour at 99% confidence level. Based on this finding, hypothesis H1, which stated that there is a significant positive relationship between tax knowledge and GST compliance among retailers in Malaysia, is supported. The finding is consistent with prior studies that found a positive relationship between tax knowledge and tax compliance (Eriksen & Fallan, 1996; McKerchar, 1995; Palil & Mustapha, 2011).

Therefore, this study found empirical evidence to support the theory that the retailers’ compliance behaviour is also influenced by their level of tax knowledge. When the retailers have good knowledge of the GST rules and regulations, they tend to comply as they know how the tax system operates and the consequence of being penalised for not complying with the GST requirements. Hence, it would reduce the non-intentional error among the taxable persons (McKerchar, 2005; Roth et al., 1989). This finding was also consistent with prior studies such as Nzioki and Peter (2014), and Kasipillai and Jabbar (2003), who reported that tax education programmes would influence the taxable persons to comply with the tax laws. This information may guide the tax authority in developing more advance tax education programmes to increase the retailers’ knowledge relating to GST rules and regulations and thus enhance their GST compliance level.

Relationship between Tax Complexity and GST Compliance (H2)

Table 5 also reports that t value for tax complexity is 7.993 and statistically significant at 1% ($p < 0.01$). The statistical result indicates that the regression coefficient for tax complexity is significantly related to GST compliance behaviour at 99% confidence level. The statistical result shows that tax complexity is positively related to GST compliance. However, the statistical result does not support hypothesis H2 that there is a negative relationship between tax complexity and GST compliance among retailers in Malaysia.

The finding of this study is consistent with Yahaya (2015) and Milliron (1985) who found a positive and significant relationship between tax complexity and tax compliance. The positive relationship implies that the complexity of the GST system may increase the compliance level because the taxable person would be concerned about the penalty that can be imposed if he/she does not comply with the tax laws. In addition, the current study also supports Milliron (1985, p.807), who reported that complexity may create uncertainty in which taxpayers attempt to resolve by increasing their tax compliance. Thus, the finding provides feedback to the tax authority that penalty may be an effective mechanism to increase tax compliance among the taxable persons.

Relationship between Tax Fairness and GST Compliance (H3)

The t value for tax fairness was 2.004 and statistically significant at 5% ($p < 0.05$), which means that the regression coefficients for tax fairness were also significantly related to GST compliance behaviour at 95% confidence level. This result indicated that tax fairness was related positively to GST compliance. Therefore, the statistical result supports hypothesis H3 that there is a significant positive relationship between perceived tax fairness and GST compliance among retailers in Malaysia. This result is consistent with prior studies such as Lin and Chin-Fatt (2000), Richardson (2006a), and Yahaya (2015), who found empirical evidence that tax fairness may influence the tax compliance behaviour in a positive direction. The finding provides evidence to confirm that if the taxpayers perceive a particular tax system is fair, they will have a positive attitude towards the tax system, thus

this would indirectly influence the intention to comply with the tax laws. It can be concluded that retailers' perception on the fairness of the GST system may influence them to comply with the GST rules and regulations.

However, the finding from the current study does not support Saad (2009) who found no significant relationship between perceptions of tax fairness and tax compliance among individual taxpayers in Malaysia. The difference in terms of system between self-assessment system (SAS), i.e. direct tax, and GST, i.e. indirect tax, may explain the inconsistent results in both studies. In the SAS, individual taxpayers need to pay income tax based on their own source of income. While, in the GST system, the retailers are the agents to collect the GST from the consumers and remit it back to the government via the tax authority.

SUMMARY AND CONCLUSIONS

This study revealed that there is a significant positive relationship between tax knowledge and GST compliance among retailers (i.e. taxable person) in Malaysia. It is consistent with previous studies, such as Palil & Mustapha (2011) and McKerchar (1995). This finding implied that a higher level of tax knowledge might increase the GST compliance level. This information can guide the tax authority in developing tax education programmes to increase the retailers' knowledge relating to GST rules and regulations and to improve their GST compliance level. Tax complexity may also influence tax compliance level among retailers. Complex tax laws may create uncertainty and encourage compliance among risk-averse taxable persons or reduce their willingness to comply with the tax laws. The current study's statistical analysis showed that perceived tax complexity was positively associated with GST compliance. Based on this finding, it was implied that the retailers perceive that tax complexity may influence their compliance level because they were aware of the consequences of not complying with the GST rules and regulations.

The study also provided evidence that there was a positive relationship between perceived tax fairness and GST compliance behaviour. This result indicated that retailers' perceptions on the tax fairness might influence their GST compliance behaviour in a positive direction. Findings of this

study may provide information to the policy makers and tax authority in developing policies not only for the purpose of collecting revenue, but also to portray the fairness of the GST system. Overall findings of this study also provided empirical evidence to the sociological and psychological theories in explaining the tax compliance behaviour. The findings support that sociological and psychological factors, such as education, knowledge, and attitudes may influence human behaviour. Based on the findings, the theory may explain that the taxpayers' positive attitudes towards factors such as perceived fairness of the GST system, tax knowledge and perceived tax complexity will influence their tax compliance behaviour positively. Furthermore, this study findings provided indicators that the tax authority should focus on tax education programmes in order to increase the compliance level especially among retailers in Malaysia. The tax authority needs to enhance their awareness programmes by increasing the number of training programmes, providing more dialogues or other possible communications to interact with the business communities and more effective consultation to the GST registrants and public.

The current study only focused on the effect of tax knowledge, perceived tax complexity, and perceived tax fairness on GST compliance. Future study should explore on other external and internal factors such as company's accounting information system, tax morale, tax ethics, tax culture, and public governance quality, which can provide more understanding of the GST compliance among taxable person. Regardless of all the limitations, the findings of this study provide valuable information and knowledge of the GST compliance behaviour.

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