

THE DETERMINANTS OF TAX COMPLIANCE BEHAVIOUR SPECIFICALLY AMONG SELF-EMPLOYED INDIVIDUALS AND SOLE PROPRIETORS IN MALAYSIA

MOHD NIZOM SAIRI

International Institute of Applied Science of Swiss School of Management.

Abstract

The Malaysian government derives its income from three primary streams: taxes (categorized into direct and indirect taxes), non-tax revenues, borrowings, and the utilization of government assets. Strategies to enhance tax law compliance have focused on two fundamental approaches. This thesis aims to comprehend taxpayer behaviour to sustain a high level of voluntary tax compliance, with a specific focus on refining the research objective. The study employs specific objectives to provide direction and emphasis. The research sample consists of self-employed individuals and sole proprietors in Malaysia. Empirical findings indicate a negative correlation between an individual's knowledge and their inclination to engage in tax compliance behaviour. Conversely, there is a positive correlation between tax regulation and the willingness to comply. Additionally, a positive association is observed between an individual's sense of social responsibility and their propensity for tax compliance. However, no statistically significant associations are identified between spirituality, personal gain, and the desire to comply with taxation, as indicated by the statistical investigation.

Keywords: Tax Compliance Behaviour; Self-Employed Individuals; Sole Proprietors; Malaysia.

1. INTRODUCTION

The Malaysian government generates revenue from three key sources: taxes, non-tax revenues, borrowings, and the use of government assets. Taxes are classified as direct or indirect. Income tax and other direct taxes are examples of direct taxes. Figure 1 depicts the Federal Government's budget for 2017 [1]. According to the budget, taxes are the country's major source of revenue, which includes income tax (43.1 percent), indirect tax (22.9 percent), and other direct taxes (3.2 percent). The picture emphasizes the significance of taxes, which account for 69.2 percent of overall government income [2]. As can be seen from where it will be funneled, this money is required for the purpose of maintaining and growing the country [3].

The Inland Revenue Board is in charge of direct taxes in Malaysia (IRB). Direct taxes contribute for between 40% and 50% of yearly government income. As a result, it is critical for the IRB to maintain a high level of tax compliance in order to guarantee consistent and substantial revenue collection [4]. Many studies have been conducted to determine the degree of compliance since it is in the best interests of both taxpayers and the government to know if the tax system is fair and effectively handled.

When we look at the Malaysian Government budgets for 2014, 2015, and 2016, we can see that operational expenditures continue to rise year after year. The tendency continues if we look at the 2017 budget as well [5]. This spending is required to fund all government activities aimed at developing and prospering the country.

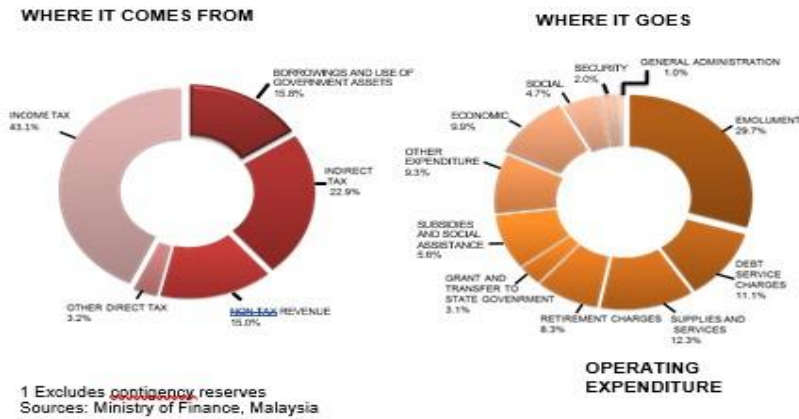


Figure 1: The 2017 Federal Government Budget

Nation. As a result, it is critical that tax collection increases year after year in order for the government to maintain a balanced budget. Any failure in expected income collection would result in a budget deficit, which would be detrimental to the nation's long-term well-being. Excess tax collection, on the other hand, is very desired since it will create a government reserve and will be valuable in the future. Figure 2 shows the breakdown of direct tax collection by component for 2015 and 2014 [6]. According to our observations, total tax collection from companies remains the highest component of all tax components (2015: RM71,098.14 million and 2014: RM69,948.08 million); individuals tax is the second highest component of collection (2015: RM28,276.97 million; 2014: RM26,654.91 million); and petroleum is the third highest component of collection (2015: RM11,839.98 million; 2014: RM11,636.88 million) (2015: RM11,636.88 million and 2014: RM26,971.47 million) [7].

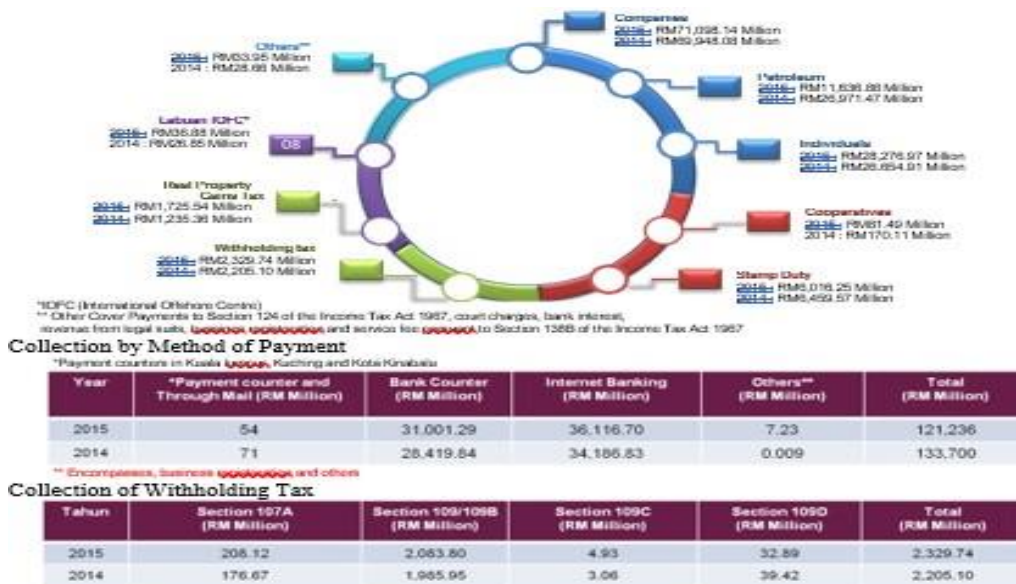


Figure 2: Collection of Direct Taxes by Component

The Inland Revenue Board introduced monthly tax deduction (MTD) as a mechanism for scheduler deduction of income tax from an employee's monthly remuneration in accordance with the Schedule of Monthly Tax Deduction as provided for in the Income Tax (Deduction from Remuneration) Rules 1994 to increase the efficiency and effectiveness of tax collection (MTD Rules) [8]. This deduction is intended to alleviate the burden on workers of having to pay taxes in a single amount based on the computation of real taxes payable. The MTD Rules are outlined in Section 107(2) of the Income Tax Act of 1967 [9].

2. PROBLEM STATEMENT

This paper identifies the major worry and heart of the Malaysian Inland Revenue Board on how to enhance compliance as the essential concerns of the success of reaching national revenue targets. Furthermore, it is the job of every tax administrator to assist taxpayers in complying willingly, simply, and cheerfully [10]. As a result, this thesis addressed the critical problem of encouraging taxpayer compliance. There has been little study on the role of individual differences in compliance or equitable experiments. Outlines how individual variations influence a person's impression of equality. This theory categorises an individual's perspective of what is and is not equitable and predicts an individual's response to equity. The Internal Revenue Service (IRS) intends to promote compliance via means other than punishment [11]. The IRS intends to create interventions to promote taxpayer compliance as part of its "Compliance 2000" initiative [12]. These interventions should be planned with this in mind:

All taxpayers will not respond to their intervention efforts in the same way. This disparity in response might be attributed to a taxpayer's perspective of what is fair or equitable [13].

A detailed analysis was undertaken to discover the breakdown of monthly tax deductions in order to narrow the emphasis for this thesis (MTD). Table 1 displays the monthly tax deduction (MTD) split for 2014 and 2015.

3. LITERATURE REVIEW

Tax compliance is a critical aspect of a nation's fiscal policy, influencing economic stability and development. Understanding the factors that determine tax compliance behavior is essential for designing effective tax policies and fostering a culture of compliance among different taxpayer segments [14]. This literature review explores existing research on the determinants of tax compliance behavior, with a specific focus on self-employed individuals and sole proprietors in the context of Malaysia [15].

1. Conceptual Framework of Tax Compliance:

1.1. Economic Factors: Economic factors play a significant role in shaping tax compliance behavior. Past research has emphasized the impact of tax rates, income levels, and economic stability on individuals' willingness to comply with tax obligations. For self-employed individuals and sole proprietors, whose incomes may vary, understanding how economic factors influence compliance is crucial [16].

1.2. Social Norms and Perceptions: Social norms and perceptions of fairness are key determinants of tax compliance. The literature suggests that individuals are more likely to comply with tax obligations when they perceive the tax system as fair and when there is a prevailing social norm of compliance [17]. Examining how self-employed individuals and sole proprietors perceive the fairness of the tax system in Malaysia is vital for policy formulation.

2. Psychological Factors:

2.1. Tax Knowledge and Awareness: Research indicates that individuals with a better understanding of the tax system are more likely to comply. For self-employed individuals and sole proprietors, who may have distinct tax obligations and responsibilities, assessing the level of tax knowledge and awareness becomes crucial in understanding compliance behavior [18].

2.2. Attitudes Toward Taxation: Attitudes toward taxation, including perceived benefits of tax payment and trust in government institutions, significantly influence compliance behavior. Investigating the attitudes of self-employed individuals and sole proprietors towards taxation in Malaysia provides insights into the psychological factors shaping tax compliance [19].

3. Institutional Factors:

3.1. Tax Policy and Administration: The design and implementation of tax policies, as well as the efficiency of tax administration, impact compliance behavior. Research suggests that complex and burdensome tax systems may lead to non-compliance. Analyzing how the tax policies and administration in Malaysia affect self-employed individuals and sole proprietors is crucial for enhancing compliance [20].

3.2. Enforcement and Deterrence: The literature underscores the role of enforcement measures and deterrence in promoting tax compliance. Understanding how enforcement strategies and penalties influence compliance behavior among self-employed individuals and sole proprietors in Malaysia is pivotal for designing effective compliance mechanisms [21].

This literature review provides a comprehensive overview of existing research on the determinants of tax compliance behavior, focusing specifically on self-employed individuals and sole proprietors in Malaysia [22]. By synthesizing insights from economic, psychological, and institutional perspectives, this review lays the groundwork for the empirical investigation to be conducted in the subsequent sections of this research paper.

4. RESEARCH METHODOLOGY

A literature analysis was conducted in the preceding chapter to investigate the factors that impacted tax compliance behaviour among self-employed individuals and sole owners in Malaysia.

The following questions were investigated in this research study:

1. What is the link between self-employment and self-compliance behaviour among sole owners and self-employed individuals?
2. What is the connection between social responsibility and self-compliance behaviour among self-employed people and sole proprietors?
3. What is the link between personal economic gain and self-compliance behaviour among self-employed and sole proprietors?
4. What is the link between perceived norms and self-compliance behaviour among self-employed and sole proprietors?
5. What is the link between self-employment and self-compliance behaviour among sole proprietors and self-employed individuals?

Following the establishment of the foundation, this chapter discusses in detail the research methodology used for this research study, including study design, sampling, sampling frame, sampling methods, sampling procedures, sampling size, procedure for selecting respondents, research instruments, research procedures, and ethical considerations [23].

The approach used in this study was carefully devised to be appropriate for the topic under investigation.

To collect relevant data, this study used a combination of qualitative and quantitative research approaches. The research study was separated into two sections by the researcher. The qualitative technique was employed in the first step to create non-numerical data, while the quantitative methodology was utilised in the second stage to generate information that could be translated into statistical figures [24-26]. Both techniques worked together to give solid results.

The respondents for the focus group interview sessions in phase one of the research project, the qualitative research, were chosen using the non-probability convenient sampling approach. The purpose of the focus group interview sessions required that all non-probability suitable samples possess similar qualities in order to reduce bias among them [27-30]. To improve precision, convenience sampling was used. Convenience sampling is employed when easily accessible respondents who meet the set of criteria willingly decided to participate or were chosen for participation by the interviewer and/or academic authorities. In order to fit the criterion, it was purposefully not random.

A focus group is a small group with a minimum of six and a maximum of ten participants. The researcher guided the groups through an open conversation in order to create a rich topic in which everyone could contribute equally [31-34]. The purpose was to elicit as many thoughts and suggestions as possible from the various groups of individuals in attendance. The researcher encouraged spontaneous and unscripted talks. More than one focus group required to be interviewed in order to acquire reliable findings on a subject of discussion. There were five interview sessions for the focus groups [35-37]. When the researcher continued hearing

the same responses from the subjects, she had reached saturation. A sample size of eight per session was employed to control the efficacy of the focus group interview sessions. This size increased the likelihood of reaching the saturation threshold. Because convenience sampling was utilised, it was also critical to confirm the validity and reliability of the results.

5. FINDINGS AND ANALYSIS

The findings are divided into two groups based on the procedures required to construct the valid model. The first part depicts the instrument's reliability and validity evaluation. Second, the findings of the study hypothesis testing are presented.

There is a total of 505 samples were collected for a period of 4 months. The demography data is presented to understand the trend and distribution of the data in this research.

Table 1: Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	267	52.9	52.9	52.9
Valid Female	238	47.1	47.1	100.0
Total	505	100.0	100.0	

From the data analysis, there is a total of 267 (52.9%) of male and 238 (47.1%) of female involve in this research. There is no missing data and drop out from this research.

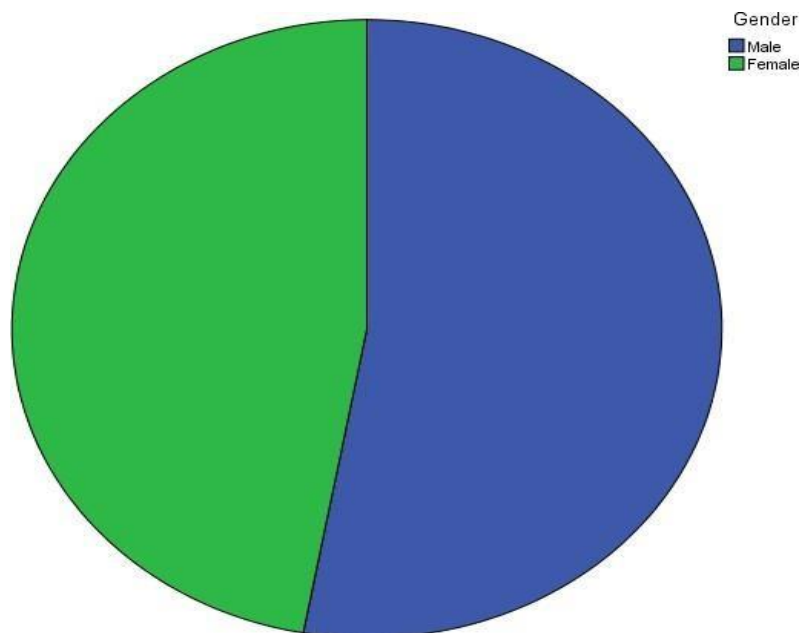


Figure 3: Gender Distribution of the Sample

The pie chart shows the balance distribution of male and female in the research. This data is similar to the number of tax payer in Inland Revenue board of Malaysia.

Table 2: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
	Below 25	22	4.4	4.4	4.4
	26-35	89	17.6	17.6	22.0
	36-45	115	22.8	22.8	44.8
Valid	46-55	179	35.4	35.4	80.2
	56-65	78	15.4	15.4	95.6
	Above 65	22	4.4	4.4	100.0
	Total	505	100.0	100.0	

From the data analysis, there is a total of 22 (4.4%) of sample below 25 year old; 89 (17.6%) of sample between 26 to 35 year old. There is a total of 115 (22.8%) of sample between 36 – 45 year old. In addition, there is a total of 179 (35.4%); 78 (15.4%) and 22 (4.4%) who are respectively fall under the group of 46 – 55, 56-65 and those above 65 year old. There is no missing data and drop out from this research.

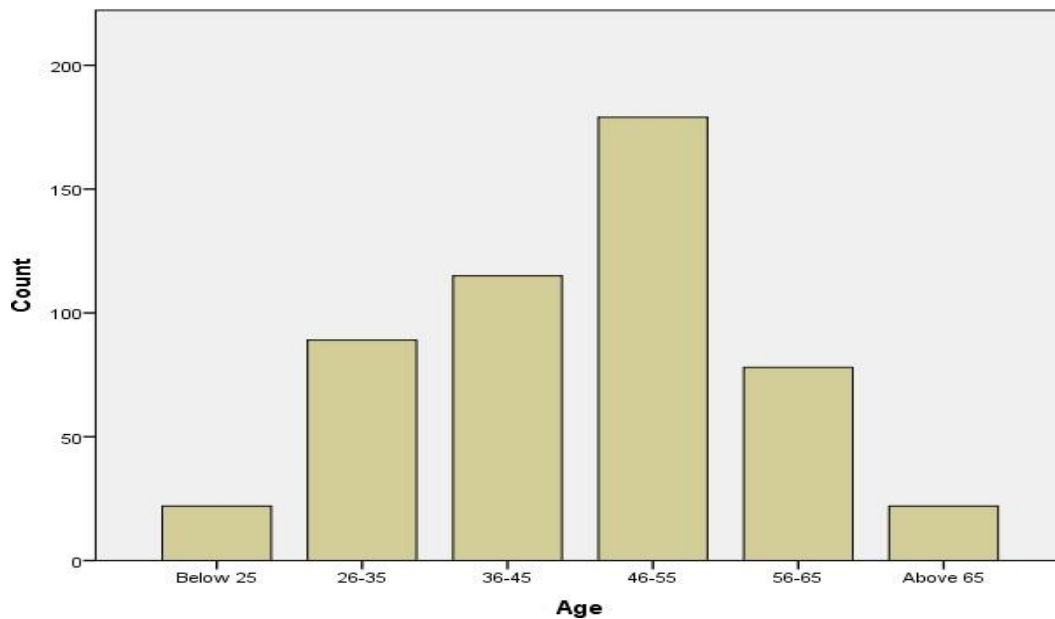


Figure 4

The bar chart shows the balance distribution of age of sample in the research. This data is similar pattern with the age distribution according to tax payer in Inland Revenue board of Malaysia.

Table 3: Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
	Single	101	20.0	20.0	20.0
	Married	349	69.1	69.1	89.1
Valid	Divorce d	55	10.9	10.9	100.0
	Total	505	100.0	100.0	

The table shows the marital status of the respondent. There is a total of 101 (20.0%) of sample single. The mode of the data fall under the category of married group where there is a total of 349 (69.1%) of sample. There is a total of 55 (10.9%) of sample divorced. There is no missing data and drop out from this research.

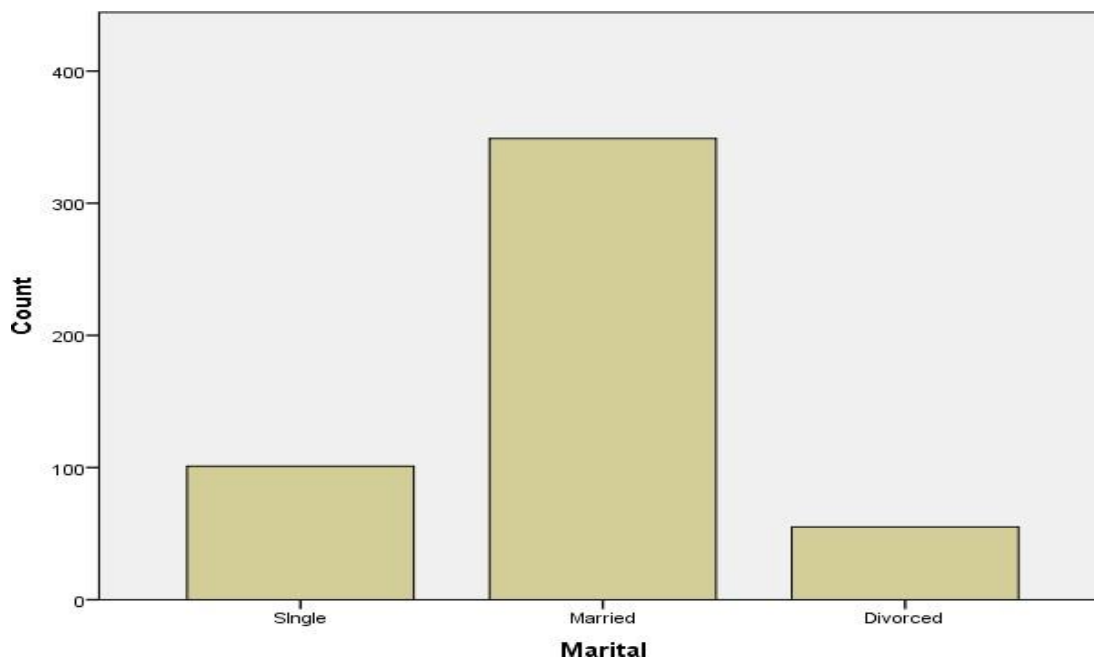


Figure 5

The bar chart shows the marital status of sample in the research. This data is similar pattern with the age distribution according to marital status in Inland Revenue board of Malaysia.

Table 4: Location State

		Frequency	Percent	Valid Percent	Cumulative Percent
	Johor	100	19.8	19.8	19.8
	Pahang	99	19.6	19.6	39.4
Valid	Perak	118	23.4	23.4	62.8
	Sabah	87	17.2	17.2	80.0
	Selangor	101	20.0	20.0	100.0
	Total	505	100.0	100.0	

From the data analysis, there is a total of 100 (19.8%) of sample from Johore; 99 (19.6%) of sample from the state of Pahang. There is a total of 118 (23.4%) of sample from the state of Perak. In addition, there is a total of 87 (17.2%) and 101 (20.0%) respectively from Sabah and Selangor. There is no missing data and drop out from this research.

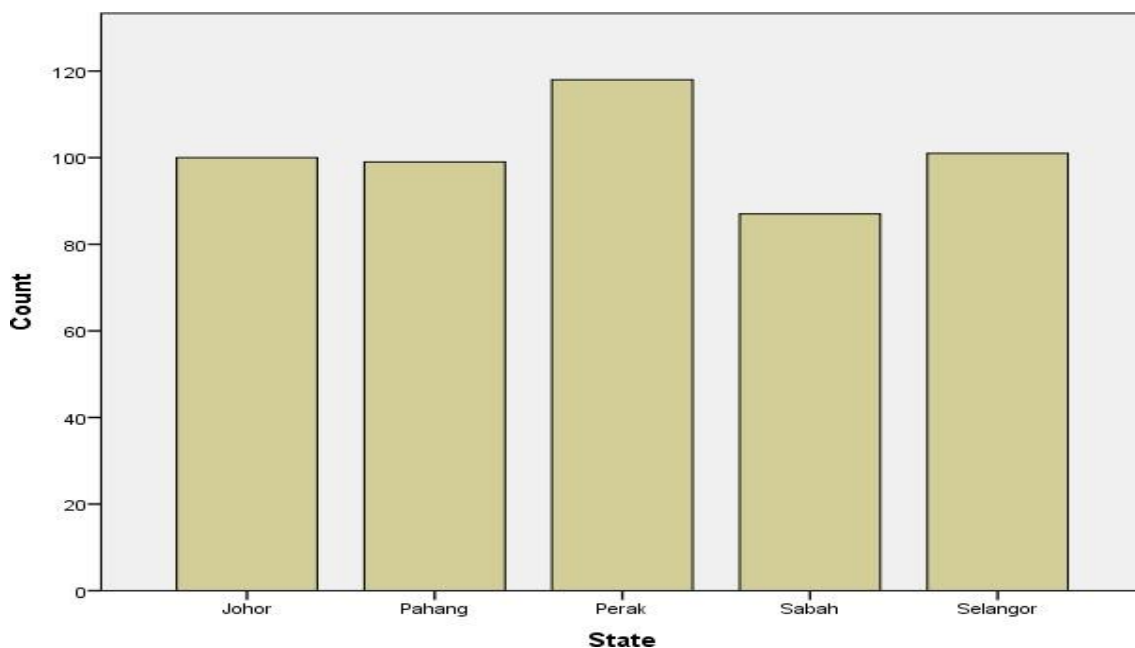


Figure 6

The bar chart shows the balance distribution of sample according to state in the research. This data is similar pattern with the number of samples according to tax payer in Inland Revenue board of Malaysia.

Table 5: Tax Computation and Tax filing

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	458	90.7	90.7	90.7
Valid No	47	9.3	9.3	100.0
Total	505	100.0	100.0	

From the data analysis, there is a total of 458 (90.7%) of sample fill in their own tax returns and 47 (9.3%) of sample does not file in their own tax returns. There is no missing data and drop out from this research.

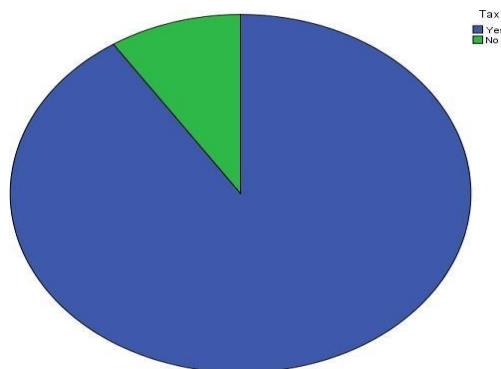


Figure 7

The pie chart shows the method of tax computation of tax among partnership business owner in the research. This data is similar to the number of tax payer in Inland Revenue board of Malaysia.

Table 6: Reliability Tests for the Initial Study Factors: Cronbach's Alpha (α), Average Variance Extracted (AVE), Means (μ), Variances (s^2), and Standard Deviations (SD)

Factors and Items	α	AVE	μ	s^2	SD
Knowledge	.766	.52	5.99	.48	.69
Taxpayers understand how to preserve accurate records.			6.17	.62	.78
Taxpayers have an adequate degree of tax understanding.			5.94	.84	.91
Taxpayers have a sufficient understanding of business.			6.06	.76	.87
Taxpayers maintain accurate business records.			5.74	.95	.97
Taxpayers are exposed to tax education.			6.00	.66	.80
Taxpayers are aware of the concept of tax equity.			6.07	.67	.80
Taxpayers understand when it is necessary to file a tax return.			6.02	.67	.71
Regulation	.717	.47	5.75	.59	.77
I believe that tax transparency is vital in order for taxpayers to comply with the tax law. I believe that tax investigation is important in order for taxpayers to comply with the tax law.			6.14	.65	.81
Social Accountability			5.27	1.34	1.16
Transparency, in my opinion, is critical for motivating people to follow tax laws.	.898	.41	5.74	.55	.74
I believe that development in the nation is vital in motivating people to follow the tax laws.			6.13	.86	.91
I believe that contributing to a better public infrastructure is important in motivating taxpayers to I believe that feeling of loving the nation is important in motivating taxpayers to comply with the			5.55	1.16	1.08
I believe that feeling of contributing to the country's development is important in motivating taxpayers to					
Taxpayers understand how to preserve accurate records.			5.90	.94	.97
Taxpayers have an adequate degree of tax understanding.			4.98	1.82	1.34
Taxpayers have a sufficient understanding of business.			6.02	.68	.83
Taxpayers maintain accurate business records.			5.66	1.07	1.04

Table 7: Reliability Tests for the Initial Study Factors: Cronbach's Alpha (α), Average Variance Extracted (AVE), Means (μ), Variances (s^2), and Standard Deviations (SD)

Factors and Items	α	AVE	μ	s^2	SD
		.49			
Spiritual			3.88	.40	.63
I believe that being obedient is vital in encouraging people to follow the tax law.	.779		3.97	.49	.70
Sincerity, in my opinion, is critical in motivating people to follow the tax rules.			4.00	.45	.67
I believe that encouraging people to comply with tax law requires self-responsibility.			3.68	.67	.82
Intention		.65	5.96	.73	.85
I should establish correct company accounts. I should make an effort to learn about income tax laws for businesses and individuals. I would hire tax specialists to manage my income tax concerns.			6.08	.85	.92
I would differentiate between personal and business spending.			6.00	.90	.95
I would make it a top priority to pay all income tax obligations on time.			5.67	1.23	1.10
Profitable Personality			5.93	1.04	1.02
Non-monetary benefit, in my opinion, encourages taxpayers to break the law.			6.11	.83	.91
Spiritual		.48	5.98	.74	.86
I believe that the tax refund encourages people to follow the law.	.733		6.03	.95	.97
I believe that having greater assets encourages taxpayers to break the law.			6.06	.82	.91
I believe that being obedient is vital in encouraging people to follow the tax law.			5.85	1.26	1.13
Sincerity, in my opinion, is critical in motivating people to follow the tax rules.					

Construction of Model for Research Questions

One of the primary goals of this study is to develop a valid and reliable model to address research questions about the variables that influence voluntary and intention to comply with tax laws. As a result, the goodness-of-fit indexes for Initial Measurement Model are utilised to assess the model constructions in this study.

The computed coefficients and their importance in the structural model are shown in Table 8. Each dependent construct's coefficients of determination (R²) were also shown. Because all of the R² values were more than .10, it was reasonable and instructive to investigate the importance of the routes connected with these variables (Ahn, Ryu, & Han, 2007).

Table 9 shows the estimated coefficients of the causal links between components that verified the expected effects; perceived ease of use had substantial affects on knowledge (= .323, p.05), regulation (= .308, p.05), and social responsibility (= .547, p.001). Personal benefit of usage, on the other hand, had no significant influence on intention (= .012) or spiritual (= -.028).

Table 8: (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786 ^a	.618	.554	.56799

a. Predictors: (Constant), PersonalGain, Knowledge, SocialRespon, Regu, spiritual

Table 8: (b) ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	15.626	5	3.125	9.687	.000 ^b
1	Residual	9.678	30	.323		
	Total	25.305	35			

a. Dependent Variable: Intention

b. Predictors: (Constant), PersonalGain, Knowledge, SocialRespon, Regu, spiritual

Table 9: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.433	.787		3.091	.004
Knowledge	-.323	.142	-.288	-2.268	.031
Regu	.308	.117	.368	2.630	.013
1 SocialRespo n	.547	.156	.592	3.507	.001
spiritual	.028	.148	.033	.189	.851
PersonalGain	.012	.128	.012	.095	.925

a. Dependent Variable: Intention

Table 10: Goodness-of-Fit Indexes for Initial Measurement Model

χ^2	df	χ^2/df	CFI	NFI	TLI	RMSEA
1887.226	474	3.981	.878	.845	.856	.075

Given that the measurement model test was utilised to compute the AVE values and offer a mechanism for determining discriminant validity, the AVE values were also analysed. For each construct, the AVE values varied from .45 to .70. The AVE value for trust was .45 out of the seven constructions, suggesting that it was below the desired level.

0.50 level (Fornell & Larcker, 1981). Table 10 displays the results of the first measurement model test. Based on the analysis, the model provided in this paper is as follows:

Compliance intention = 2.433 - .323 (Knowledge) + .308 (Regulation) + .547 (Social Responsibility). The model is summarised in the figure 8 to answer the research questions

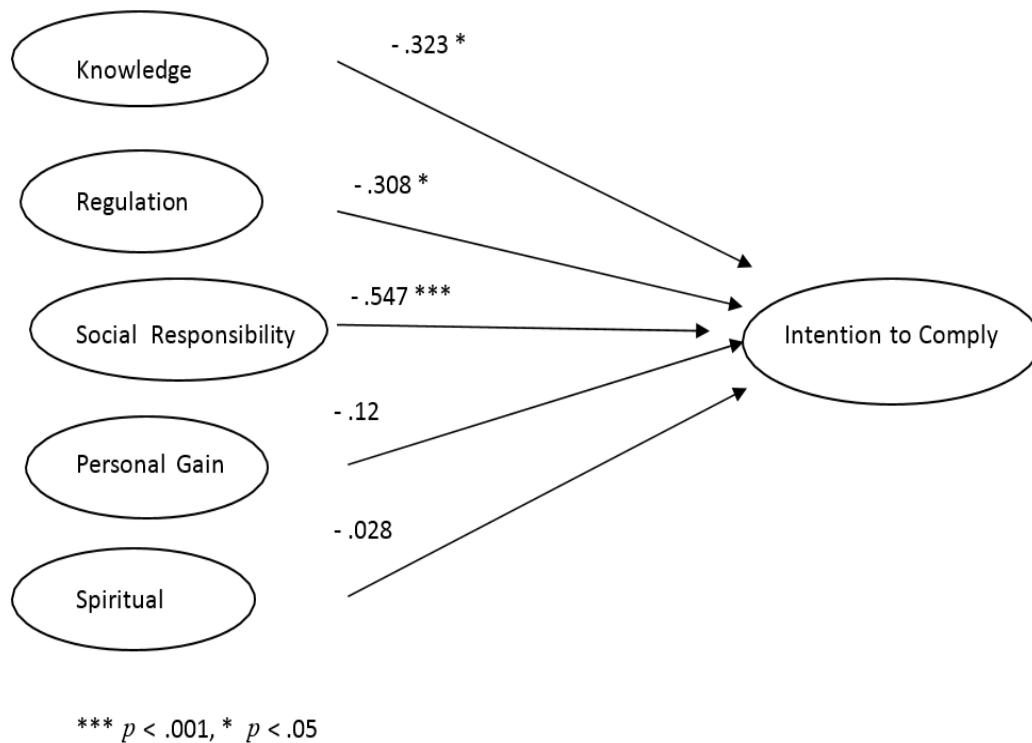


Figure 8: Structural Model Analysis Results

6. DISCUSSION

Question 1: What is the link between knowledge and intention in respect to tax compliance behaviour?

According to the statistical research, there is a negative association between a person's knowledge and also the purpose to engage in tax compliance behaviour. According to the OECD (2016) on behavioural insights, illogical compliance behaviour occurs when individuals begin to develop and become technical experts in their profession, and they may search for opportunities to hand the case. Furthermore, the more information a person has, the more methods he may discover to not comply, especially if he believes he can get away with it. For example, understanding how to maintain correct records. There have been instances when it was discovered during an audit or inquiry that taxpayers retain two sets of documents. One is the true record for his own use, while the other is a fictitious one with lesser earnings in order to pay less tax. Another example is auditing and investigations often resulted in higher tax due to fraudulent and unallowable expenses declared by the taxpayer. This demonstrates that his degree of understanding is good enough that he prepared some ways to pay less tax.

On the other hand, since this study is being undertaken by an IRBM employee and surveys are being completed at the office, respondents may have been attempting to project a positive picture of themselves as taxpayers. They may wish to demonstrate good behaviour by

complying even if they are unfamiliar with the tax regulations. According to Kirchler (2007), taxpayers continue to assess the cost-benefit analysis of their behaviour even when they have adequate information to manage and begin to demonstrate their abnormality on the compliance. Later study by Kirchler, E., Kogler, C., and Muehlbacher, S. (2014) verified the behaviour by experiment tests that reveal a significant association between knowledge and compliance.

Question 2: What is the link between regulation and intention in respect to tax compliance behaviour?

According to the statistical research, there is a favourable association between tax regulation and desire to comply. The level of compliance has been shown to be positively connected to the kind of legislation in place. For example, a straightforward tax regulation (rather than a difficult one) would be simpler for taxpayers to grasp and hence promote compliance. Findings from audits and investigations of taxpayers who did not comply with specific elements of the tax law demonstrate that it was due to a lack of understanding or misinterpretation of the laws. As a result, the easier it is for taxpayers to grasp the tax requirements, the more likely they are to comply.

The provision for penalties to penalise non-compliant behaviour is another feature of regulation that leads to increased compliance behaviour. Although previous research has shown that fines alone do not ensure an increase in compliant behaviour, they are nonetheless an important motivator of compliance among taxpayers if enforcement is visible and felt by the public. What is the link between social responsibility and the inclination to engage in tax compliance behaviour?

According to the statistical research, there is a positive association between a person's social responsibility and the inclination to engage in tax compliance behaviour. There are various instances of how the Inland Revenue Board promotes social responsibility as a crucial factor in encouraging tax compliance.

For example, through public campaigns performed by the IRB via the mainstream media and social media platforms, the public is constantly reminded of how they have contributed to the nation's progress and wealth by paying taxes. Taglines such as "You are the country's hero (Andalah wira negara)," "Thank you for your contributions (Terima kasih atas sumbangan anda)," and "Your contribution helps the nation thrive (Sumbangan anda memakmurkan Negara)" made taxpayers proud of their part in national progress and prosperity. In tax awareness and education initiatives, IRB often explains to the public how tax revenue is utilised to fund different economic and social development objectives.

Question 4: What is the link between spirituality and the aim to comply with tax laws?

According to the statistical investigation, there is no association between spirituality and tax compliance behaviour.

Economic behaviour shows how individuals respond based on the advantage acquired. This idea backs up the study results that there is no association between spirituality and tax compliance behaviour. Taxpayers, particularly in terms of tax compliance behaviour, would

consider all other variables before conforming to the behaviour. As a result, spiritual elements may be the least important aspect in developing the intuition to engage in tax compliance behaviour.

The study question aims to discover the link between spirituality and tax compliance behaviour. The results of the statistical study demonstrate that there is no association between the two. This indicates that taxpayers obey the law not because of their religious beliefs or principles. Similarly, a person's spiritual beliefs or ideals do not determine whether or not he is in compliance with tax law.

This is shown by the fact that audits and investigations are conducted on taxpayers without regard for their religious or cultural background, and noncompliance is discovered regardless of spiritual views. In addition, the IRB has never focused its tax education and awareness, as well as its tax enforcement actions, on any specific religious or spiritual views.

Question 5 in the research: What is the link between personal gain and intention to comply with the tax laws?

According to the statistical research, there is no association between personal gain and the desire to comply with taxation. According to nudge theory, economic theory and psychology theory both have a direct impact on human behaviour. People in economic theory usually ponder about the future and are always optimistic about it. However, not every behaviour can be justified by the concept of normalcy. As a consequence, the nudge hypothesis supports the findings that there is no link between personal benefit and the desire to engage in tax compliance behaviour. According to the study's findings, there is no link between personal profits and tax compliance behaviour. This seems to contradict the reality that most individuals would want to pay the least amount of tax possible, or even avoid it entirely if feasible, which would imply retaining the money for themselves. As a result, we would anticipate that personal profits will be related to tax compliance behaviour. The fact that the findings do not imply this is most likely owing to the fact that respondents are aware they are being surveyed by the researcher, who is IRB personnel, and the questionnaire is administered on IRB grounds. Respondent must have been extremely careful and hesitant to confess that the reason for noncompliance is for personal benefit in such circumstances. Respondents are likely to be more prepared to blame noncompliance on other problems, such as price or even unclear and complex rules.

7. CONCLUSION

Any tax authority's goal is to collect as much money as possible by maintaining a high level of compliance. In Malaysia, it has been shown that compliance among self-employed persons who manage their own businesses has to be enhanced. Factors impacting compliance behaviour among this set of Malaysian taxpayers were found as a result of this study. From this point, the IRBM may be more focused in developing efforts to promote compliance among this group of taxpayers. Because the areas of relevance are understood, resources may be mobilized to improve production.

References

- 1) Kirchler, E., Kogler, C., & Muehlbacher, S. (2014). Cooperative tax compliance: From deterrence to deference. *Current Directions in Psychological Science*, 23(2), 87-92.
- 2) PwC Malaysia. (2020). Tax compliance for sole proprietors in Malaysia: A guide for small businesses. Retrieved from [URL]
- 3) Ministry of Finance Malaysia. (2019). Annual report on tax compliance among self-employed individuals. Kuala Lumpur: Author.
- 4) Y. M. A. Tarshany, Y. Al Moaiad and Y. A. Baker El-Ebiary, "Legal Maxims Artificial Intelligence Application for Sustainable Architecture And Interior Design to Achieve the Maqasid of Preserving the Life and Money," 2022 Engineering and Technology for Sustainable Architectural and Interior Design Environments (ETSAIDE), 2022, pp. 1-4, doi: 10.1109/ETSAIDE53569.2022.9906357.
- 5) W. A. H. M. Ghanem et al., "Cyber Intrusion Detection System Based on a Multiobjective Binary Bat Algorithm for Feature Selection and Enhanced Bat Algorithm for Parameter Optimization in Neural Networks," in *IEEE Access*, vol. 10, pp. 76318-76339, 2022, doi: 10.1109/ACCESS.2022.3192472.
- 6) Y. A. Baker El-Ebiary et al., "Blockchain as a decentralized communication tool for sustainable development," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 127-133, doi: 10.1109/ICSCEE50312.2021.9497910.
- 7) Y. A. Baker El-Ebiary et al., "Track Home Maintenance Business Centers with GPS Technology in the IR 4.0 Era," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 134-138, doi: 10.1109/ICSCEE50312.2021.9498070.
- 8) S. I. Ahmad Saany et al., "Exploitation of a Technique in Arranging an Islamic Funeral," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 1-8, doi: 10.1109/ICSCEE50312.2021.9498224.
- 9) J. A. Jusoh et al., "Track Student Attendance at a Time of the COVID-19 Pandemic Using Location-Finding Technology," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 147-152, doi: 10.1109/ICSCEE50312.2021.9498043.
- 10) Y. A. Baker El-Ebiary et al., "E-Government and E-Commerce Issues in Malaysia," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 153-158, doi: 10.1109/ICSCEE50312.2021.9498092.
- 11) Y. A. B. El-Ebiary et al., "Determinants of Customer Purchase Intention Using Zalora Mobile Commerce Application," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 159-163, doi: 10.1109/ICSCEE50312.2021.9497995.
- 12) S. Bamansoor et al., "Efficient Online Shopping Platforms in Southeast Asia," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 164-168, doi: 10.1109/ICSCEE50312.2021.9497901.
- 13) S. Bamansoor et al., "Evaluation of Chinese Electronic Enterprise from Business and Customers Perspectives," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 169-174, doi: 10.1109/ICSCEE50312.2021.9498093.
- 14) A. Altrad et al., "Amazon in Business to Customers and Overcoming Obstacles," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 175-179, doi: 10.1109/ICSCEE50312.2021.9498129.

- 15) Y. A. Baker El-Ebiary et al., "Mobile Commerce and its Apps - Opportunities and Threats in Malaysia," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 180-185, doi: 10.1109/ICSCEE50312.2021.9498228.
- 16) M. B. Mohamad et al., "Enterprise Problems and Proposed Solutions Using the Concept of E-Commerce," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 186-192, doi: 10.1109/ICSCEE50312.2021.9498197. IEEE Explore, Scopus
- 17) P. R. Pathmanathan et al., "The Benefit and Impact of E-Commerce in Tourism Enterprises," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 193-198, doi: 10.1109/ICSCEE50312.2021.9497947.
- 18) K. Aseh et al., "The Future of E-Commerce in the Publishing Industry," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 199-205, doi: 10.1109/ICSCEE50312.2021.9498175.
- 19) S. M. S. Hilles et al., "Latent Fingerprint Enhancement and Segmentation Technique Based on Hybrid Edge Adaptive DTV Model," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 8-13, doi: 10.1109/ICSCEE50312.2021.9498025.
- 20) S. M. S. Hilles et al., "Adaptive Latent Fingerprint Image Segmentation and Matching using Chan-Vese Technique Based on EDTV Model," 2021 2nd International Conference on Smart Computing and Electronic Enterprise (ICSCEE), 2021, pp. 2-7, doi: 10.1109/ICSCEE50312.2021.9497996.
- 21) S. T. Meraj et al., "A Diamond Shaped Multilevel Inverter with Dual Mode of Operation," in IEEE Access, vol. 9, pp. 59873-59887, 2021, doi: 10.1109/ACCESS.2021.3067139.
- 22) Mohammad Kamrul Hasan, Muhammad Shafiq, Shayla Islam, Bishwajeet Pandey, Yousef A. Baker El-Ebiary, Nazmus Shaker Nafi, R. Ciro Rodriguez, Doris Esenarro Vargas, "Lightweight Cryptographic Algorithms for Guessing Attack Protection in Complex Internet of Things Applications", Complexity, vol. 2021, Article ID 5540296, 13 pages, 2021. <https://doi.org/10.1155/2021/5540296>.
- 23) Y. A. B. El-Ebiary, S. Almandeel, W. A. H. M. Ghanem, W. Abu-Ulbeh, M. M. M. Al-Dubai and S. Bamansoor, "Security Issues and Threats Facing the Electronic Enterprise Leadership," 2020 International Conference on Informatics, Multimedia, Cyber and Information System (ICIMCIS), 2020, pp. 24-28, doi:10.1109/ICIMCIS1567.2020.9354330.
- 24) Wong, J. (2015). The role of perceived fairness in tax compliance: Evidence from Malaysia. *International Journal of Business and Social Science*, 6(4), 55-63.
- 25) Malaysian Internal Revenue Board. (2022). Tax compliance guidelines for self-employed individuals. Kuala Lumpur: Author.
- 26) Feld, L. P., & Frey, B. S. (2002). Trust breeds trust: How taxpayers are treated. *Economics of Governance*, 3(2), 87-99.
- 27) Ahmad, N., & Salman, A. (2017). Factors influencing tax compliance among sole proprietors in Malaysia. *Journal of Business and Social Development*, 5(1), 45-59.
- 28) Taviti Naidu Gongada, Amit Agnihotri, Kathari Santosh, Vijayalakshmi Ponnuswamy, Narendran S, Tripti Sharma and Yousef A. Baker El-Ebiary, "Leveraging Machine Learning for Enhanced Cyber Attack Detection and Defence in Big Data Management and Process Mining" *International Journal of Advanced Computer Science and Applications(IJACSA)*, 15(2), 2024. <http://dx.doi.org/10.14569/IJACSA.2024.0150266>.

- 29) Franciskus Antonius Alijoyo, Taviti Naidu Gongada, Chamandeep Kaur, N. Mageswari, J.C. Sekhar, Janjhyam Venkata Naga Ramesh, Yousef A.Baker El-Ebiary, Zoirov Ulmas, Advanced hybrid CNN-Bi-LSTM model augmented with GA and FFO for enhanced cyclone intensity forecasting, Alexandria Engineering Journal, Volume 92, 2024, Pages 346-357, ISSN 1110-0168, <https://doi.org/10.1016/j.aej.2024.02.062>.
- 30) V Moses Jayakumar, R. Rajakumari, Kuppala Padmini, Sanjiv Rao Godla, Yousef A.Baker El-Ebiary and Vijayalakshmi Ponnuswamy, "Elevating Neuro-Linguistic Decoding: Deepening Neural-Device Interaction with RNN-GRU for Non-Invasive Language Decoding" International Journal of Advanced Computer Science and Applications(IJACSA), 15(2), 2024. <http://dx.doi.org/10.14569/IJACSA.2024.0150233>.
- 31) Mamta Kumari, Zoirov Ulmas, Suseendra R, Janjhyam Venkata Naga Ramesh and Yousef A. Baker El-Ebiary, "Utilizing Federated Learning for Enhanced Real-Time Traffic Prediction in Smart Urban Environments" International Journal of Advanced Computer Science and Applications(IJACSA), 15(2), 2024. <http://dx.doi.org/10.14569/IJACSA.2024.0150267>. Scopus, ISSN: 1992-8645
- 32) D. Anuradha, Gillala Chandra Sekhar, Annapurna Mishra, Puneet Thapar, Yousef A.Baker El-Ebiary and Maganti Syamala, "Efficient Compression for Remote Sensing: Multispectral Transform and Deep Recurrent Neural Networks for Lossless Hyper-Spectral Image" International Journal of Advanced Computer Science and Applications(IJACSA), 15(2), 2024. <http://dx.doi.org/10.14569/IJACSA.2024.0150256>.
- 33) Sushil Dohare, Deeba K, Laxmi Pamulaparthi, Shokhjakhon Abdufattokhov, Janjhyam Venkata Naga Ramesh, Yousef A.Baker El-Ebiary and E. Thenmozhi, "Enhancing Diabetes Management: A Hybrid Adaptive Machine Learning Approach for Intelligent Patient Monitoring in e-Health Systems" International Journal of Advanced Computer Science and Applications(IJACSA), 15(1), 2024. <http://dx.doi.org/10.14569/IJACSA.2024.0150162>.
- 34) M Nagalakshmi, M. Balamurugan, B. Hemantha Kumar, Lakshmana Phaneendra Maguluri, Abdul Rahman Mohammed ALAnsari and Yousef A.Baker El-Ebiary, "Revolutionizing Magnetic Resonance Imaging Image Reconstruction: A Unified Approach Integrating Deep Residual Networks and Generative Adversarial Networks" International Journal of Advanced Computer Science and Applications(IJACSA), 15(1), 2024. <http://dx.doi.org/10.14569/IJACSA.2024.0150139>.
- 35) Sasikala P, Sushil Dohare, Mohammed Saleh Al Ansari, Janjhyam Venkata Naga Ramesh, Yousef A.Baker El-Ebiary and E. Thenmozhi, "A Hybrid GAN-BiGRU Model Enhanced by African Buffalo Optimization for Diabetic Retinopathy Detection" International Journal of Advanced Computer Science and Applications(IJACSA), 15(1), 2024. <http://dx.doi.org/10.14569/IJACSA.2024.0150197>.
- 36) Karimunnisa Shaik, Dyuti Banerjee, R. Sabin Begum, Narne Srikanth, Jonnadula Narasimharao, Yousef A.Baker El-Ebiary and E. Thenmozhi, "Dynamic Object Detection Revolution: Deep Learning with Attention, Semantic Understanding, and Instance Segmentation for Real-World Precision" International Journal of Advanced Computer Science and Applications(IJACSA), 15(1), 2024. <http://dx.doi.org/10.14569/IJACSA.2024.0150141>.
- 37) Asfar H. Siddiqui, Kathari Santosh, Dr. Mohammed Saleh Al Ansari, Badugu Suresh, Mrs. V. Sathiya, Prof. Ts. Dr. Yousef A. Baker El-Ebiary "Exploring the Dynamics Of Educational Feedback Networks With Graph Theory And Lstm-Based Modeling For Enhanced Learning Analytics And Feedback Mechanisms" Journal of Theoretical and Applied Information Technology, Vol. 101. No. 1 (2024).