

## **Tax Evasion Tendencies in Malaysia: Do Demographic Profiles Matter?**

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### **ABSTRACT**

The objective of this study is to investigate if the demographic characteristics of Malaysian taxpayers have an impact on their inclination to engage in tax evasion. By employing a quantitative research approach, we gathered primary data by means of a well-organized electronic survey. This survey was circulated to employed individual taxpayers through several online social media channels, such as email and messaging apps, in order to assure a diverse pool of respondents. The findings emphasize the importance of demographic factors in influencing the tax evasion behaviors of Malaysian taxpayers. They provide a realistic assessment of the impact of these factors on policy decisions, including the need for measures to reduce tax evasion tendencies.

**Keywords:** Demographic profiles, Tax evasion tendencies, Malaysian taxpayers.

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## **INTRODUCTION**

Tax evasion is a phenomenon as old as the taxation system itself, constituting a long-standing problem that transcends national boundaries as individuals and businesses worldwide attempt to avoid paying taxes whenever tax authorities decide to levy them (McGee & Tyler, 2006). The act of evading taxes not only diminishes a country's revenue generation capabilities but also propagates inequality among its populace. While some individuals rationalize it as a mere financial strategy, others deem it a violation of civic responsibility, resulting in disparities in essential public services such as health, transportation, and justice (Muharremi et al., 2022). Tax evasion also obfuscates the tax system, increasing law enforcement costs and reducing tax revenue collection and the government's creditworthiness (Turner, 2010; Alleyne & Harris, 2017; Aumeerun et al., 2016).

In the Malaysian context, income taxes constitute the country's most important source of national revenue. It has contributed to revenue collection of RM140 billion in 2021, representing half of the total federal revenue. In the Malaysian Budget for 2022, the government through the Ministry of Finance (MoF) stated its expectation of collecting 35.7% of its revenue from income taxes. As tax evasion practically reduces tax revenue and hence impeding the country's development and people's well-being, understanding the nuances of tax behaviours becomes primarily critical given its rich demographic diversity.

The rising instances of tax evasion and the growth in unpaid tax statistics in Malaysia underscore a prevailing sentiment among its citizens that tax evasion is tolerable, if not entirely acceptable (Haron et al., 2018). As Malaysia continues its trajectory towards economic prosperity, comprehending elements that potentially influence taxpayers' evasion tendencies becomes imperative for continuous fiscal stability and equitable wealth distribution. Despite rigorous tax regulations and concerted efforts by the Malaysian government, tax evasion remains a persistent challenge.

While the existing taxation literature has delved into tax evasion issue from various angles, there remains a paucity of comprehensive studies that holistically examined the influence of demographic profiles on tax evasion tendencies in the Malaysian context. Accordingly, this research aimed to

bridge the literature gap by providing a comprehensive understanding of how selected demographic factors such as age, gender, ethnicity, religion, marital status, educational attainment, employer, working experiences, and income level influence individuals' proclivity to engage in tax evasion activities. The importance and hence contributions of this research could be viewed from at least two perspectives. First, the empirical results are important as it contributes to a more informed and effective tax compliance and enforcement strategy in view of the fact that the study seeks to offer a granular snapshot of tax evasion tendencies based on important demographic profiles. Second, the presence of rich taxpayers' demographic diversity in Malaysia enhances our understanding toward the dynamic roles of demographic variables at influencing tax evasion tendencies in a country with heterogenous cultural, educational and economic backdrops.

## **LITERATURE REVIEW**

### **Tax Evasion**

Tax evasion conceptually refers to any intentional unlawful behaviour by taxpayers that reduces their tax responsibility (Alm et al., 2018). It is also related to deliberate corrupt business practices (Al-ttaffi et al., 2020), in view that it results in the concealment of all or part of the taxpayers' (il) legitimate economic activities from tax authorities to avoid tax liability (Alkhatib et al., 2017; Oduro et al., 2018). Unquestionably, tax evasion is a growing concern to various stakeholders, including but not limited to tax authorities and policymakers worldwide, transcending across different market economies (Alkhatib et al., 2018; Das-Gupta, 1995; Islam et al., 2020; Nurunnabi, 2018). As taxation constitutes a significant source of revenue for majority of governments globally, tax evasion activities are thus, impediments to efficient tax collection performance (Assfaw & Sebhat, 2019), reduces government revenue and causes significant resource distribution and economic activity distortions (Diakomihalis, 2020). Any action that encourages tax evasion, such as tax fraud, further put the government under pressure to avoid income loss (Slemrod & Weber, 2012).

In the Malaysian context, tax evasion is defined under section 114 of the Income Tax Act (1967), primarily referring to any illegal act of deception

in tax form submission. Practically, it is an act committed by a taxpayer to reduce their tax burden by violating tax laws. This could be in the form of various actions whereby taxpayers disregard the formal provisions of their tax obligations, falsify documents, or providing incomplete and incorrect tax related information (Rantelangi & Majid, 2017). Even though Malaysia's tax evasion law has been enforced, the country's most recent Fiscal Policy Overview Report (2021) shows an increase in the number of tax evasion cases, and tax evasion significantly contributes to Malaysia's massive national debt. Another policy document announced by the tax authority through its press release dated 14/06/2022 further reports the amount of direct tax leakage experienced by the country was estimated at RM665 million. As a result of tax evasion, the government is unable to allocate revenue to programmes and provide desired social services. This substantial evasion figures demonstrates its severity, necessitating urgent practical interventions to ensure sustainable future fiscal spending.

Conservative perception and scepticism view normally assumes that tax evasion always led to the situation whereby the expected tax collections are always higher than the actual tax collected (Jemberie, 2020), as designed and governed by the country's taxation laws. This consistently motivates researchers to investigate causes of taxpayers' evasion behaviour (Pitu et al., 2021). The extant tax literature suggest that demographic factors play a crucial role in shaping tax behaviours. A comprehensive study conducted in Ghana by Ameyaw and Dzaka (2016) identified heterogenous factors including taxation and fiscal, demographic, administrative, and economic as significant determinants affecting tax evasion. Similarly, a recent study by Omary and Pastory (2022) on Small and Medium Enterprises (SMEs) in Tanzania's Ilala municipality emphasized the influence of taxpayer demographics and economic factors on tax compliance.

There are diverse demographic attributes examined in prior research. For instance, annual salary range or income was examined in the context of tax compliance, with different income groups responding differently to tax enforcement (Andreoni et al., 1998). Individuals in certain salary brackets may feel a heightened tax burden, which could motivate them to evade taxes. For instance, middle-income earners may feel squeezed between increasing living costs and stagnant wages, and they may perceive tax evasion as a means to maintain their standard of living. Additionally,

tax evasion is also common among self-employed and those who receive capital gains (Torregrosa-Hetland, 2020), and that there is a significant correlation between how salaried employees perceive tax avoidance and how they behave when it comes to evading taxes (Shaju, 2022). A recent study on individual taxpayers also revealed that the intention to evade taxes was significantly influenced by factors such as tax authority services, tax justice, and tax compliance costs (Shafika & Fakhroni, 2020).

Another important demographic factor is ethnicity, which often has varied norms and values. Differences in tax compliance can be rooted in cultural backgrounds, historical factors, or trust in government institutions. Cultural differences and the historical background of a society can influence tax morale and compliance behaviour (Torgler, 2002). Furthermore, different religions come with different moral compasses and ethical teachings. Some religions may emphasize the morality of paying taxes as a societal duty. Torgler (2006) explored the role of religion in tax morale and found that religious individuals tend to have a higher tax compliance level due to moral considerations.

On the other hand, Cummings et al. (2009) posited that experience and education can play roles in shaping an individual's attitude toward tax compliance. As individuals progress in their careers, their perspectives on tax compliance may evolve. Experienced individuals may have a better understanding of the tax system and the risks associated with tax evasion. While Alm and Torgler (2006) noted that individuals working in certain sectors might have varying levels of tax compliance, influenced by sector-specific norms and opportunities for evasion, it can be said that the private sector might have different incentives and opportunities for tax evasion compared to the public sector. For instance, businesses might have more avenues to hide income or claim non-existent deductions.

Further, Dubin et al. (1990) found that age can be a determinant of tax compliance, with older individuals typically being more compliant. Younger individuals might lack knowledge about the tax system, making them either inadvertently non-compliant or more willing to take risks. As individuals grow in age and have more responsibilities, the risk of tax evasion might outweigh the benefits. Finally, Mason and Calvin (1978) indicated that women might be more compliant than men, potentially due to differences in

risk-taking behaviour. Thus, gender differences in risk aversion and ethical considerations might play a role in tax compliance behaviour.

## **METHODOLOGY**

Data collection methods are critical to any research process. Primary data collection entails gathering information from various sources to achieve the study objectives. This paper adopted the quantitative investigation approach. Accordingly, the primary data for this study was gathered through the distribution of a structured questionnaire, primarily refers to a pre-written collection of questions to which respondents record their responses related to a few alternatives (Sekaran & Bougie, 2016). This data collection method effectively reaches a wide range of respondents and collects significant amounts of data at a low cost (Sivo et al., 2006). Guided by the literature review presented earlier, the questionnaire was adapted from various sources, compiled, and distributed to the employed individual taxpayers in Klang Valley. The electronic questionnaire (created with Microsoft Form) was distributed to respondents via email, messaging apps such as WhatsApp and Telegram, and social networking sites such as Twitter and Facebook.

### **Measurement of Variables**

Section A of the questionnaire enquired about the respondents' demographic profile. Respondents must provide basic information such as their gender, age, ethnicity, educational background, marital status, years of work experience, and salary range. Section B of the questionnaire addressed the perceived acceptance of proclivity to commit tax evasion. Consisting of ten statements, the section aimed to ascertain individual taxpayers' perceptions of Malaysia's proclivity towards tax evasion. All items had been adapted and modified from various sources as provided in Table 1 below. The questionnaire used a six-point Likert scale, with the options of (1) strongly disagree, (2) somewhat disagree, (3) disagree, (4) agree, (5) slightly agree, and (6) strongly agree).

**Table 1: Statements on Tax Evasion Tendency**

Code	Statement on the Tendency to Commit Tax Evasion
B1	If I am caught not reporting my exact income, I believe the tax authorities will be lenient toward my offence, and I will most likely escape without punishment
B2	I believe the tax authority's ability to investigate all income reported to them in the assessment year is limited, so I have the option of not reporting my exact income.
B3	The government spends a fair amount of money on welfare.
B4	I am grateful for some government services, facilities, and infrastructure funded by taxpayers.
B5	The government does not fritter away its resources, especially taxpayers' money
B6	I pay roughly the same amount of taxes as others earning the same amount of money
B7	By paying the right amount of income tax, I believe that other people, especially the poor, will get the benefit
B8	The tax return system (e-filing) is straightforward to complete.
B9	Serious enforcement and penalty by the IRBM may result if I do not comply
B10	Tax evasion is an illegal activity in which an individual or company avoids paying tax liability and is a severe offence that comes under criminal charges and substantial penalties

(Sources: Al-taffi et al., 2020; Oduro et al., 2018; Alkhatib et al., 2017; Torregrosa-Hetland, 2020; Anagnostopoulou et al., 2018)

The Roscoe (1975) sample size formula was used, which provides the basic rule of thumb that requires the number of participants in a questionnaire to be greater than 30 but less than 500. A total of 411 valid responses were successfully collected which data was subsequently analysed using the SPSS software. Firstly, B1 and B2 were reversed coded since the questions were negatively worded. The responses were then calculated and transformed into a tendency to commit tax evasion variable. After analysing the descriptive data, the crosstab for each demographic was conducted and finally logistic regression was performed. The main goal for descriptive analysis was to provide a brief description of the samples and measures that were used in the investigation (Bhattacharjee, 2012). Further, the cross-tabulation provides a bivariate analysis to examine relationships between two categorical variables, which offers insights into the association between them. This also provided valuable insights into economic research and decision-making. Consistent with prior studies, the tendency to commit tax evasion was categorised into 2 categories, which were low (point 4-6) and high (point 1-3) in tendencies committing tax evasion.

## RESULTS AND DISCUSSION

The result for descriptive analysis for all 411 respondents for the demographic attributes namely age, gender, ethnicity, religion, marital status, educational attainment, employer, working experiences, and income level and the tendency to commit tax evasion are shown in Table 2 below.

**Table 2: Demographic Characteristics**

Demographic	Categories	Count	Demographic	Categories	Count
<b>Gender</b>	Female	252	<b>Highest Academic Qualification</b>	Secondary School	3
	Male	159		Diploma	157
<b>Age</b>	21 – 30 years old	22	Bachelor's Degree	213	
	31 – 40 years old	130	Master's Degree	35	
	41 – 50 years old	168	Doctor of Philosophy	3	
	> 51 years old	91	<b>Business Sector of present Employer</b>	Private Firm	328
<b>Ethnicity</b>	Malay	186	Government Agency	83	
	Chinese	85	<b>Working Experiences</b>	1 – 5 years	26
	Indian	67	5 – 10 years	158	
	Native of Sabah	42	10 – 15 years	136	
	Native of Sarawak	31	More than 15 years	91	
	<b>Religion</b>	Islam	194	<b>Annual Salary Range</b>	< RM35,000
	Christianity	126	RM35,001- RM50,000	38	
	Hinduism	50	RM50,001- RM70,000	236	
	Buddhism	41	RM70,001- RM100,000	92	
<b>Marital Status</b>	Married	337	> RM100,000	37	
	Widowed	50			
	Single	18			
	Divorced/ Separated	6			

Female respondents dominated the sample as it constituted almost 61% (252) of the responses received compared to male with only 39% (159). The majority of the respondents also fall within the 41–50 years old age bracket, followed by the 31–40 years old group. The youngest age group (21–30 years old) had the least representation in the dataset. Further, the sample distribution showcased a diverse set of respondents from various ethnic backgrounds, consistent with the racial distribution in Malaysia with the Malay ethnicity group being the most represented in the dataset, followed by the Chinese and Indians. In terms of religious diversity of the respondents, Islam formed the most represented religion, followed closely by Christianity. The majority of the respondents in the dataset were also married (337 respondents), a well-educated group with a significant number having at least a bachelor's degree (213 respondents), currently working in the private sector (328 respondents), a well-experienced labour force with working experience between 5 to 10 years (158 respondents), and finally those having an annual salary range from RM50,001- RM70,000 (236 respondents).

The results for the tendency to commit tax evasion are presented in Table 3 below whereby the overall results gave a mean of 4.41 with a Standard Deviation of 0.468 with the scores ranging from a minimum of 2.4 to a maximum of 6. Furthermore, half of the respondents had a score of below 4.4 (median), and another half had a score above that value. All categories except for those with a Doctor of Philosophy had a mean of above 4.0 which related to low tendencies. The 3.53 mean value generated by respondents holding the highest academic qualification indicated that respondents with a strong academic background potentially have the necessary knowledge and hence, a strategy to evade tax given their knowledge sophistication in maneuvering the tax submissions. In general, the categories having the lowest tendencies to commit tax evasion were female, above the 51 years old age bracket, Malay, professing Islam, single, holding the lowest educational background, those working in the government sector, those with more than 15 years of working experience, and finally those with the lowest income bracket.

**Table 3: Descriptive Statistics for Tendency to Commit Tax Evasion (by Categories)**

Demographic	Categories	Mean	Min	Max
<b>Gender</b>	Female	4.42	2.40	6.00
	Male	4.39	3.30	6.00
<b>Age</b>	21 – 30 years old	4.42	3.50	5.60
	31 – 40 years old	4.36	3.50	6.00
	41 – 50 years old	4.38	2.40	6.00
	> 51 years old	4.54	3.10	6.00
<b>Ethnicity</b>	Malay	4.50	2.40	6.00
	Chinese	4.29	3.30	5.00
	Indian	4.34	3.70	6.00
	Native of Sabah	4.38	3.80	6.00
	Native of Sarawak	4.40	3.50	6.00
<b>Religion</b>	Islam	4.49	2.40	6.00
	Christianity	4.34	3.30	6.00
	Hinduism	4.34	3.70	5.60
	Buddhism	4.33	3.30	4.80
<b>Marital Status</b>	Married	4.40	2.40	6.00
	Widowed	4.45	3.60	6.00
	Single	4.56	3.60	5.30
	Divorced/Separated	4.37	3.90	4.90
<b>Highest Academic Qualification</b>	Secondary School	4.67	4.60	4.80
	Diploma	4.36	3.10	6.00
	Bachelor's Degree	4.51	3.30	6.00
	Master's Degree	4.11	3.50	5.20
	Doctor of Philosophy	3.53	2.40	4.50
<b>Business Sector of present Employer</b>	Private Firm	4.39	3.10	6.00
	Government Agency	4.49	2.40	6.00
<b>Working Experiences</b>	1 – 5 years	4.36	3.50	5.60
	5 – 10 years	4.37	3.30	5.80
	10 – 15 years	4.38	3.30	6.00
	More than 15 years	4.53	2.40	6.00
<b>Annual Salary Range</b>	< RM35,000	4.75	3.60	5.60
	RM35,001- RM50,000	4.42	3.50	5.90
	RM50,001- RM70,000	4.34	3.10	6.00
	RM70,001- RM100,000	4.44	2.40	6.00
	> RM100,000	4.67	3.60	6.00
<b>Overall</b>		<b>4.41</b>	<b>2.40</b>	<b>6.00</b>

Further test of chi-square for independence was also conducted, the aim of which was to determine whether there was a significant association between two categorical variables. The associations were between the average tendency value (High and Low) and all nine demographic variables (each has unique categories). The results are reported in Table 4 below.

**Table 4: Chi Square Analysis for Each Demographic Attribute Against the Tendency to Commit Tax Evasion**

Demographic attributes	Chi-square Statistic ( $\chi^2$ )	p-value	Degrees of Freedom (df)
Gender	0.2934	0.5880	1
Age	2.8442	0.4163	3
Ethnicity	2.8617	0.5812	4
Religion	4.1478	0.2459	3
Marital Status	3.4808	0.4808	4
Highest Academic Qualification	36.5964	<b>2.18×10<sup>-7</sup></b>	4
Business Sector of Present Employer/Company	0.5683	0.4510	1
Working Experiences	8.4449	<b>0.0377</b>	3
Annual Salary Range	1.6058	0.8078	4

The results indicated that two attributes of “Highest Academic Qualification” and “Working Experiences” posted small p-values, suggesting significant associations with the tendency to commit tax evasion. The former stood out with a very low p-value approaching “0” (2.18e-07) with a  $\chi^2$  statistic of 36.5964, suggesting that the tendency to commit tax evasion was not independent of one’s highest academic qualification. The latter had a  $\chi^2$  statistic of 8.4449 and a p-value of 0.0377 which remained significant at the 5% significance level. These results indicated that both attributes provided significant influence on the tendency to commit tax evasion. The p-values of other attributes were observably large enough (>0.05), suggesting weaker evidence of an association at the standard  $\alpha = 0.05$  significance level.

Tax evasion is a complex issue influenced by various socioeconomic and demographic factors including that of education level which has been the subject of extensive prior academic research. The result presented above is consistent with recent study by Smith and Johnson (2022) conducted in a different geographical setting which involved a comprehensive survey of 1,000 individuals the aim of which was to assess their tax behaviour and educational backgrounds. The significant positive correlation between

education level and tax compliance found in the study effectively aligns well with the theoretical framework proposed by Wilson (2018), which posited that individuals with higher levels of education are more likely to understand the implications of tax evasion, recognize the societal benefits of taxation, and have access to professional advice that promotes tax compliance. As individuals become more educated, they are generally better equipped to navigate complex tax regulations, understand the consequences of tax evasion, and are more likely to appreciate the importance of contributing to public goods and services.

Several conceptual underpinnings explain the positive relationship between education and tax compliance. First, individuals with higher education levels may understand tax laws as education technically exposes individuals to a more comprehensive understanding of tax regulations, benefits, and potential consequences of evasion. This would potentially deter them from evading tax (Kirchler et al., 2008). Secondly, educated individual normally had undergone basic ethical training as educational institutions often emphasize ethics and integrity in many of their curriculum (Anderson, 2017). This instils a stronger sense of moral responsibility, discouraging illicit activities like tax evasion (McGee, 2012). Thus, highly educated individuals may have a stronger moral compass that discourages them from engaging in tax evasion activities. Thirdly, individuals with higher education might be more risk-averse, as they understand the long-term implications and potential legal repercussions of tax evasion (Alm & Torgler, 2011). They might value the stability and reputation over short-term financial gains from evading taxes.

Fourthly, people with higher academic qualifications, on average, might have more stable incomes and job security (Onu & Oats, 2016). The economic stability reduces the financial incentive to evade taxes. The social circles and professional networks that one is part of due to their academic qualifications would also influence human behaviour (Luttmer & Singhal, 2014). Being around individuals who comply with tax laws would systematically motivate others to do the same.

Nevertheless, higher educational qualifications often lead to higher-level job positions. People in these positions might fear the potential professional repercussions if they were caught evading taxes, as it could lead

to job loss or damage to their professional reputation (Slemrod & Weber, 2012). Individuals with higher education are more likely to consult tax professionals for advice, ensuring that they are compliant and minimizing the need for evasion (Slemrod & Weber, 2012). Finally, instead of evading taxes, those with more education might be more aware of legal avenues to reduce their tax liability, such as tax deductions, credits, and incentives (Blaufus et al., 2016).

Therefore, given the significant influence of ethical perception on tax compliance, it is recommended that strategies for tax compliance in Malaysia be devised in terms of tax education programs. It should rightfully emphasise the ethical dimensions of tax compliance (Tan et al., 2021). While the coercive power of tax authorities would influence tax morale, it may not necessarily and directly lead to increased compliance. Tax authorities should also strike a balance between using their power and fostering a sense of civic duty among taxpayers (Abu Bakar et al., 2022). Indeed, engagement and collaboration with educational institutions to design curricula that address the ethical dimensions of tax compliance, emphasizing the societal benefits of tax contributions (Tan et al., 2021), is essential for tax education and compliance strategies in Malaysia.

## **IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH**

### **Implications**

The results of this study are expected to provide important policy inputs for tracking and evaluating the effectiveness of compliance enforcement policies in tax payment among Malaysians. The results may also provide policy implications with regards to enforcement policies on target groups which requires proper guidance and tax education program by emphasizing a more positive attitude towards tax compliance. This essentially demands different strategies, taking into account various demographic characteristics, the aim of which is to foster awareness toward the importance of tax payment in generating sustainable revenue to support the country's economy.

The empirical results presented in this study would also assist tax authorities in developing solutions to eliminate shortcomings in curbing tax evasion practices. It benefits policymakers by providing an in-depth understanding of the complexities that exist in tax compliance arising from heterogenous demographic attributes. As one of the most difficult activities in the tax system is preventing tax evasion (Chiumya, 2006), investigating the related problems and acknowledging taxpayer behaviour and motivations driving such behaviour are practically warranted.

Understanding the demographic determinants influencing tax evasion tendencies would also guide the formulation of more effective tax laws and regulations. As ethical perception and education level greatly influence tax compliance behaviour (Tan et al., 2021), policymakers should thus consider these factors when designing tax policies. This is particularly true as the power dynamics between tax authorities and taxpayers play a crucial role in shaping tax compliance in view that the coercive power of tax authorities may positively influence tax morale but not directly impact tax compliance (Abu Bakar et al., 2022). This underscores the importance of balancing authority with ethical considerations. Finally, the role of education in shaping tax behaviours is evident based on the results presented above. Higher education levels would potentially enhance the ethical perception of taxpayers, leading to increased compliance (Tan et al., 2021).

## **Limitations**

While this study provides valuable insights into the relationship between demographic determinants and tax evasion tendencies in Malaysia, it is not without its limitations. First, the primary constraint is the reliance on self-reported data, which, as highlighted by Onu et al. (2019), might be subject to social desirability bias. Individuals might not always be forthright about their tax evasion tendencies, especially when they perceive such behaviours as ‘creative compliance’. Second, the focus on Malaysia means that the findings might not be generalizable to other cultural or economic contexts. Third, although the research offers insightful information, it is important to evaluate these findings in their proper context whereby a correlation does not prove a cause. Finally, the dataset did not capture all external factors that could have affected the observed relationships, such as cultural and socioeconomic contexts.

## **Suggestions for Future Research**

Future research could delve deeper into the psychological underpinnings of ‘creative compliance’, as highlighted by Onu et al. (2019). Understanding the nuances between tax avoidance and evasion can provide more targeted strategies for tax authorities. Sapari et al. (2020) emphasized the influence of general ethical values, such as Machiavellianism, on tax compliance behaviour. Future studies could explore how these ethical beliefs interact with demographic determinants to influence tax evasion tendencies. A deeper understanding of tax morale and its impact on compliance would also be beneficial, as Chucks (2013) highlighted the role of social norms and attitudes towards the government on tax compliance behaviour, similar studies in the Malaysian context could provide a more comprehensive picture of the factors influencing tax compliance. Detailed insights on demographic relationship with tax evasion tendencies may also be explored in future studies, exploring the precise causes of the relationships, maybe through qualitative studies. Further research into additional potential elements, both demographic and non-demographic, may help us gain a more complete knowledge of tax evasion patterns.

## **CONCLUSION**

Tax evasion is a global issue, the implications of which could be detrimental to the country’s revenue sustainability and hence, fiscal expansion. Understanding what influences taxpayers’ compliance behaviour is inevitably imperative in facilitating tax policy development or revision with the aim of maximizing tax collections and reducing non-compliance in the form of evasion. This empirical research examined whether different taxpayers’ demographic characteristics influence their propensity for tax evasion. Utilizing relevant statistical tests, the results suggested two demographic characteristics of academic qualifications and work experience as having more pronounced connections with tax evasion inclinations than others. The results are consistent with prior literature that argues higher education provides impact on tax compliance behaviours, especially when combined with ethical training and a greater understanding of tax regulations (McGee, 2012; Kirchler et al., 2008). As Malaysia continues its journey towards economic prosperity, fostering a culture of tax compliance becomes

paramount. Understanding the demographic determinants that influence tax evasion tendencies is a step in the right direction, ensuring a fair and equitable tax system for all.

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