

Factors Influencing Tax Compliance from the Perspective of Young Workers: Evidence from Malaysia

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ABSTRACT

As young workers represent 63.75% of the total labour workforce, ensuring tax compliance among this demographic is imperative to mitigate revenue leakage. This study aimed to ascertain the factors that influenced tax compliance among young workers, focusing on tax knowledge, tax morale, tax penalties, and tax complexity within the framework of the theory of planned behaviour. The data was gathered through online survey questionnaires disseminated via WhatsApp, email, and social media to young taxpayers in Malaysia. Analysis of 384 samples utilising multiple regression analysis revealed that tax penalties and tax complexity exert significant influence on tax compliance, whereas tax knowledge and tax morale were vice versa. The evidence implied that there is better compliance with the tax laws by young workers to avoid punishments with less complexity of the tax system. The research provides empirical evidence that underscores the importance of stringent enforcement of penalties and simplification of the tax system to foster greater compliance among young workers, thereby bolstering tax revenues for the government.

Keywords: young workers, tax knowledge, tax morale, tax penalty, tax complexity

ARTICLE INFO

Article History:

Received: 17 April 2023

Accepted: 06 July 2023

Available online: 01 April 2024

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INTRODUCTION

Taxation is a system in which a government levies taxes on the profits of corporations and the incomes of individuals to fund public services and benefits or to achieve other governmental goals (Kasipillai, 2002). Tax revenue is utilised to promote a country’s economy, education, society, and security. As taxes are now a significant source of revenue for governments worldwide, including developed and developing nations, tax compliance has become a top priority. A country needs to secure adequate funding so that the government’s development and infrastructure projects can be performed accordingly. This is essential to ensure the continuous growth of a country and the well-being of its citizens (Hassan et al., 2021; Hartner et al., 2008). Notwithstanding, that tax revenue has been declining over the past decade as depicted in Figure 1 despite of increase in gross national income. According to the Inland Revenue Board Malaysia (2016), it was estimated about RM1 billion in losses were incurred on direct income tax collections to the government as there was low tax collection from the corporate world and individuals. The decline in the national revenue has put the nation into economic losses for the government, hence there is a need to investigate the cause for the decline in national revenue. One of the main reasons for the declining trend in tax revenue is the tax non-compliance by taxpayers. (Sritharan et al., 2022).

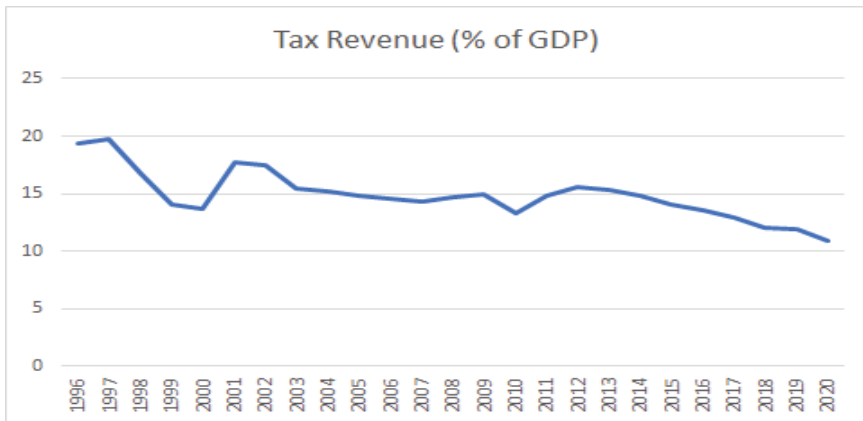


Figure 1: Malaysia’s Tax Revenue, 1996-2020

Source: Worldbank, 2022

Tax compliance has been interpreted differently by different experts. According to Ayuba et al. (2016), it involves following relevant tax laws and regulations, while Mohamad et al. (2010) focussed on the extent to which taxpayers adhere to the tax laws and regulations of their own country. The extent of tax compliance in developing nations is minimal, according to Jensen (2022). This is because taxpayers' access to tax information is restricted, there are few barriers between taxpayers and authorities, and the country's tax administration is underwhelming. On the other hand, Barrios et al. (2020) observed that tax compliance is generally high in developed countries. This can be attributed to various factors, including strict penalties for tax evasion, a high level of tax knowledge among taxpayers, and efficient tax administration. Each country has its strategy in managing tax compliance levels through different tax laws and regulations, thus the factors influencing tax compliance may be different between countries. The provision of social benefits to the nation, and redistribution of income (transferring of income back to the people), is performed reciprocally by the government and by the individual taxpayers of the country.

Additionally, it was noted that taxpayers in Malaysia have a lower level of awareness about their tax responsibilities, partly due to a lack of knowledge and understanding of tax obligations as compared to developed countries (Ghani et al., 2020). To improve tax compliance among Malaysians in the long term, the government has proposed introducing tax education at the school level (Aroff, 2018). Early tax education is hoped to instill a sense of pride and responsibility in citizens and encouraging them to contribute to the betterment of the country. It has been observed by Shukor (2020) that the level of tax compliance among individuals residing in the central region of Malaysia is not particularly high, with many taxpayers not exhibiting a strong sense of voluntary obedience when it comes to fulfilling their tax obligations. However, there is a need for these individuals to follow rules and regulations related to tax payments to avoid facing heavy penalties for noncompliance. In other words, these taxpayers may not necessarily be motivated by a sense of civic duty or responsibility, but rather by a desire to avoid punishment.

Promoting tax compliance can be undertaken through economic measures such as adequate monitoring, auditing as well as an efficient penalty for tax offenders. To achieve this aim, the tax enforcer of a particular

nation should be granted sufficient power to carry out its duty. In addition, high tax compliance can also be expected when the public has high tax morale. This socio-psychological aspect of the public can encourage more voluntary compliance rather than enforced compliance achieved through pure economic measures. Among the public segments that potentially have a high level of non-compliance and relatively low tax morale are youths, who arguably have a low sense of responsibility towards society as a whole (That et al., 2022; Ali & Ahmad, 2014; Wearing & Headey, 1997). Young workers tend to exhibit low levels of tax compliance due to a lack of knowledge about tax laws and regulations. In addition, some young workers may not have developed a strong sense of social and moral obligation when it comes to paying taxes. Some may even view taxes as unfair and feel justified in resisting them through political means (Kirchler, 1999).

Many young workers are also more likely to work in the cash economy, which can lead to over-claiming deductions and owing money to the tax office. Furthermore, these workers may be subject to submitting their tax returns late due to a lack of a sense of social and moral obligation (Braithwaite et al., 2010). Data and statistics from past studies and data released by the Inland Revenue Board of Malaysia to the public has revealed that there exists a gap between the total amount of taxes to be collected and the actual amount of taxes collected from 2016 to 2019. As there is growing concern on the issue, the study was motivated to dwell on the factors influencing tax compliance among youth employees in Malaysia. According to the Department of Statistics Malaysia (2022), the number of young people working in Malaysia in 2020 was 10,010,000 employees, which formed 63.75% of the total Malaysian workforce. The percentage increased by 17.75% (2010: 46%) (MYSM, 2010) hence portraying the growing importance of tax compliance among working youths. Hence, it is expected that there should be a substantial range number of people paying income tax to the government.

Nevertheless, young workers tend to have a rather different perception of tax compliance compared to older people. This is because young workers are less sensitive to penalties that will be imposed on non-compliance behaviour rather than older people (That et al., 2022; Chau & Leung, 2009). Besides, youth workers are also employees who have just begun to establish their careers. Hence, they usually require more money than older

workers. For example, they may want to take up loans for property and cars (Mohamad, 2020; The Star, 2019), saving money for emergencies and investments. Some youth workers also have less experience in filing their tax assessments, which may discourage them from complying with the tax law. They also are not able to hire a tax agent to do their tax computation due to limited money available while the cost of hiring a tax agent is high (Musimenta, 2020; Larasdi Putra, 2022). Therefore, the purpose of this study was to determine factors that can influence tax compliance among youth workers. The findings of the study will be useful for the relevant agencies such as the IRBM, MYSM, and Companies Commission of Malaysia to review the current policies and improvise the procedures and laws to be more acceptable to young taxpayers.

Young workers make up a growing proportion of the Malaysian labour force. Yunus and Landau (2019) defined that the age of youth workers should be in the range of 15 to 30 years which was used as the population in this study. Gaining insights into people's attitudes and behaviours towards tax compliance is critical to promoting a sound tax culture across the country. Like many other countries, Malaysia is currently undergoing a demographic transition characterised by an increasing percentage of young people entering the workforce. According to the Department of Statistics Malaysia (DOSM, 2022), the 25-34 age group recorded about 34% of the total labour force in 2022, making it the largest age group compared to others.

Incorporating the tax behaviour of young employees is crucial for the government to secure more revenue and better manage the government's funds. This study aimed to improve the tax management of individual taxpayers by integrating tax compliance of individuals and resources of the government's fund, thus bridging the existing gap between the two. The insights gained can be beneficial as they promote ethical tax practices among young workers, improve tax planning and budgeting procedures, and ultimately contribute to a more sustainable tax system. Insights into the factors that influenced tax compliance of young workers are important for several reasons. First, individuals at the beginning of their careers represent a significant and growing segment of the population that contributes to tax revenue. In addition, developing sound tax practices early in their careers can help ensure their long-term tax compliance. Understanding the particular difficulties and incentives faced by young taxpayers can help develop

targeted tax education and enforcement measures. Hence, this study aimed to achieve the following objectives:

1. Identify the key factors influencing tax compliance by young workers in Malaysia.
2. Assess the relative importance of these characteristics in predicting tax compliance among young workers.

LITERATURE REVIEW

The Theory of Planned Behaviour (TPB) has been widely used for explaining tax compliance intention and behaviour, not only in Western developed countries but also in developing countries providing relevant findings to improve many countries' tax systems. Marandu et al. (2015) noted that the TPB is one of the most accurate frameworks for understanding tax compliance, including factors such as tax morale and tax knowledge. This was supported by the findings of Taing and Chang (2021), which demonstrated that the TPB was consistent in explaining tax compliance intentions and behaviours. TBP posits that three factors contribute to a person's intention to behave in a certain way; their attitudes towards the behaviour, their subjective norms, and their perceived behavioural control. Thus, such a theory can be used to understand and predict a range of behaviours, including tax compliance.

According to the TPB, the intention to engage in a particular behaviour increases the likelihood of actually performing that behaviour. According to Taing and Chang (2021), using TPB as a conceptual framework, led to significant determinants in tax compliance, specifically tax morale, tax complexity, and tax knowledge. The probability that taxpayers would adhere to tax laws to meet their tax responsibilities is increased when they have a high degree of tax knowledge and a favourable attitude towards it, which is another piece of supporting data (Azmi et al., 2020). Tax compliance behaviour can be positively influenced by subjective norms, which are influenced by outside forces including society, the government, the tax authorities, and personal moral and religious views (Azmi et al., 20). Research has also shown that there is a relationship between tax knowledge and taxpayers' attitudes towards tax morality (Pui Yee et al., 2017).

There are two types of compliance behaviour: voluntary compliance and enforced compliance. In voluntary tax compliance, taxpayers willingly disclose their income, calculate their tax burden accurately, and submit their tax return by the due date (Perez, 2022). Voluntary tax compliance is when taxpayers commit to being honest in their tax affairs (Lozza et al., 2013) and do not engage in tax evasion or avoidance (Frey & Torgler, 2007; Kirchler et al., 2008). Voluntary compliance involves responsive regulation in which taxpayers self-regulate by the law (Braithwaite, 2007). The Self-Assessment System (SAS) in Malaysia intends to promote voluntary tax compliance; however, a lack of understanding among taxpayers hinders the efficiency of the implementation (Jaidi et al., 2013). Under the SAS, the taxpayer is solely responsible for completing full and correct tax returns. However, Krishnamoorthy (2006) noted that with the adoption of the SAS, the number of tax-related offenses in Malaysia has grown significantly.

CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Based on the literature, the research framework as shown in Figure 2 was constructed using the proposed theory and factors obtained in previous studies as the basis for understanding whether young workers will pay taxes or not. The TPB suits the framework since most of the TPB is developed to predict and influence human behaviour (Ajzen, 1985).

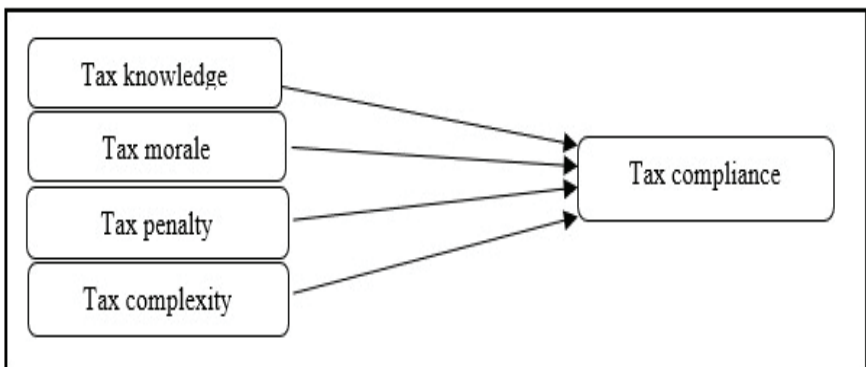


Figure 2: Proposed Factors that Influence Tax Compliance Among Youth Workers in Malaysia Based on the Theory of Planned Behaviour

Since 2001 when SAS was introduced, tax knowledge had been a crucial factor in determining taxpayer’s compliance behaviour. Taxpayers were anticipated to be well-versed in the present tax rules and provisions (Doshi & Arunasalam, 2018). At a bare minimum, taxpayers must have a fundamental understanding of personal taxes, including the taxability of income, the deductibility of expenditures, reliefs, refunds, and exemptions. Some of the reliefs and rebates that can be claimed by young workers as individual taxpayers include individual relief, medical treatment, lifestyle, life insurance, zakat, donations, etc. Understanding these tax reliefs can be crucial for young workers, especially those supporting their families. However, limited tax knowledge or a complex tax filing system can make it difficult for young workers to claim all the deductions and benefits they are entitled to. The income tax system in Malaysia is progressive, i.e. tax rates increase in proportion to the increase in taxable income. The tax rate for an individual taxpayer is as follows:

Table 1: Tax Rate for Individuals

Category	Taxable Income	Tax rate (%)
A	0 - 5,000	0
B	5,001 - 20,000	1
C	20,001 - 35,000	3
D	35,001 - 50,000	6
E	50,001 - 70,000	11
F	70,001 - 100,000	19
G	100,001 - 400,000	25
H	400,001 - 600,000	26
I	600,001 - 2,000,000	28
J	More than 2,000,000	30

Source: Inland Revenue Board Malaysia

Prior studies have shown that the majority of individuals are not tax literate, rendering them less capable of submitting their taxes (Palil, 2010). The most frequent error committed by individual taxpayers is not being able to discern accurately between deductible and non-deductible personal costs. Shahrudin et al. (2012) indicated such a situation resulted in unintended tax law noncompliance. In this respect, it was evident that a lack of tax understanding affected tax compliance behaviour.

If taxpayers had a greater depth of tax knowledge, they would be more likely to comply with tax reporting requirements (Al-Ttaffi et al., 2020). To assure accuracy and prevent fines for unintended errors, they will be extra careful while completing tax forms. In contrast, taxpayers with more tax knowledge may have engaged in more effective tax planning in terms of tax avoidance (Bornman & Ramutumbu, 2019). Moreover, Hamid et al. (2018) suggested that having a certain level of tax knowledge is crucial for taxpayers to accurately fulfill their tax obligations, as it is an important factor in achieving voluntary compliance in the tax system. Similarly, Marti (2010) argued that adequate tax knowledge is essential for encouraging compliance behaviour among taxpayers. Mistakes made by taxpayers, whether intentional or unintentional due to a lack of tax knowledge, may lead to non-compliance. Accordingly, the literature discussed led to the development of the following hypotheses:

H1: Tax knowledge has a positive relationship with tax compliance among youth workers in Malaysia.

In addition, previous studies had identified that high tax compliance was associated with high tax morale. Tax morale refers to an individual's attitude and behaviour towards paying taxes and complying with the tax system (Doshi, 2018). It is influenced by ideas and views derived from dealing with tax issues. It is also influenced by a variety of factors, including perceptions of fairness and justice, social norms and trust in public institutions, and external factors such as the government, tax authorities, culture, and religious beliefs (Ghani et al., 2020). Research has shown that social norms can have a significant impact on tax morale and that it is often influenced by factors beyond an individual's control. Religiosity, in particular, is an important aspect of tax morale, as it can provide sincere motivation for tax payment and increase awareness of the tax system (Palil et al., 2013). Palil et al. (2013) argued that tax morale is measured by individuals' attitudes toward paying taxes, rather than their behaviour. Paying taxes reflects both a belief in the value of contributing to society and a feeling of moral duty. Notwithstanding, Ali and Ahmad (2014) mentioned that individuals' tax morale is impacted by their degree of tax knowledge. When people are more aware of taxes, they are more likely to appreciate the value of revenue collection through taxing for the country's growth. Apart from that, trust in authorities is one of the crucial elements for tax morale

as authorities are represented by public institutions, where perceptions of justice and efficiency play a significant role. Psychological contracts may be used to describe the connection between taxpayers and the government. Taxpayers often expect the government to offer goods and services in return for tax payments. In cases when people are happy with the services given by the government, tax compliance will be greater (Barone & Mocetti, 2011). In addition, Alm and McKee (2006) believed that a higher level of confidence in public leadership and public administration would result in more voluntary tax compliance. Accordingly, the following hypothesis was proposed:

H2: Tax morale has a positive relationship with tax compliance among youth workers in Malaysia.

Furthermore, many researchers have found that tax penalties are a tactic used by governments to combat tax fraud and increase compliance rates. Imposing higher penalties is an effective way to discourage non-compliant attitudes towards taxes (Mohdali et al., 2014). Tax penalties can serve as a deterrent to encourage taxpayers to comply with the tax system (Hayat et al., 2022). However, previous research has demonstrated that legal enforcement techniques, such as tax fines, may not ensure tax law compliance (Murphy, 2008). Nevertheless, those who are aware of tax penalties are more likely to comply to avoid incurring additional costs for non-compliance with tax laws. This is also in line with TPB in which external forces such as regulations can induce certain actions. Moreover, Yunus et al. (2017) found three factors of tax penalties that influenced tax compliance which were taxpayer's psychological behaviours, tax rate and penalty, and taxpayer's knowledge and education. Based on a survey of Small and Medium Enterprises (SMEs), all forms of tax penalties were found to have a significant impact on taxpayers' compliance. Nevertheless, other research indicates that heavier fines could have the opposite impact and encourage tax avoidance (Kirchler, 2007). Slemrod (2004) argued that while the imposition of penalties may not necessarily encourage voluntary compliance, it can deter taxpayers from declaring correct incomes to avoid the possibility of being penalized. The implementation of tax penalties will enhance compliance by the taxpayers provided it is carried out regularly and in an organised way. Therefore, tax penalties such as fines play a significant role in the provision of lessons for those who breach the laws governing

taxation, and taxpayers will comply with taxes if the penalty is more severe in terms of the financial loss it causes them. Other investigations, however, suggested the other way. For example, the additional criminal charge had no substantial effect on tax compliance, and the impact of tax audits on salaried taxpayers was negligible (Witte & Woodbury, 1985). Therefore, the study proposed the following hypothesis:

H3: Tax penalty has a positive relationship with tax compliance among youth workers in Malaysia.

On another note, tax complexity is one of the known characteristics that influences tax compliance (Jackson & Milliron, 1986). Countries with complex tax codes tend to have larger populations, higher GDPs, and higher tax rates, while countries with complex tax frameworks tend to have lower GDPs, poorer infrastructure, lower levels of development, and lower quality governance (Hoppe et al., 2019). This pattern is evident in many highly industrialized countries, such as Germany, the United Kingdom, and the United States, which have high tax code complexity but low tax framework complexity and promote fair and equitable tax policies. It is possible that the high level of tax code complexity in these countries reflects their commitment to these policies and may have positive implications for their economies. A simplified tax system might lead to a decrease in non-tax compliance behaviour. According to Jackson and Milliron (1986), when a taxpayer reports having trouble complying with the regulations, it indicates that a level of complexity has been reached. For instance, tax returns requiring complex calculations, emotions of doubt, and the need for legal action are examples of the tax difficulties experienced by many taxpayers. Consequently, it has dissuaded them from complying with the laws and regulations (Vogel, 1974). A simple taxation system with predictable solutions, consistent rules that are well explained, and effective integration with other tax legislation may result in high compliance. Previous research has demonstrated that tax complications helped tax authorities build a successful system that strikes a balance between the essential values of efficiency, justice, simplicity, and fairness (McKerchar, 2002). For example, in Australia, Ralph Review was established to identify factors that may interact to produce tax law complexity such as black letter law, grafting of legal meaning, and tax reform. Thus, Australia took steps to identify major areas where compliance costs might be decreased hence

reducing the complexity of the tax. It is also discovered that tax complexity may result in unintended noncompliance. Unintentional noncompliance occurs when a taxpayer intends to comply but is unable to do so due to the intricacy of the system. McKerchar (2002) believes that both deliberate and inadvertent noncompliance might be decreased by lowering tax complexity utilizing a multi-paradigm research approach. A study by Richardson (2006) examined the influence of 10 components of compliance variables utilizing data from 45 countries. The finding discovered that tax complexity is the most important factor in tax evasion across nations and that tax compliance is low in countries with complicated tax systems. As such, the following hypothesis was proposed:

H4: Tax complexity has a negative relationship with tax compliance among youth workers in Malaysia.

RESEARCH METHODOLOGY

The research sample was youth workers in Malaysia which was selected based on a simple random sampling method. Sekaran and Bougie (2016) noted that through simple random sampling, every element of the population has a known and equal probability of being chosen as a sample. This method also has the least amount of bias and provides the greatest amount of generalizability of results. According to Yunus and Landau (2019), the age of youth workers should be in the range of 15 to 30 years. The Malaysian population was at 32,584,000 as of 2020 (Department of Statistics Malaysia, 2020). As of 2020, the number of salaried young workers comprised 10,010,000, representing 63.75% of the total labour workforce. The target respondents were therefore 384 which was calculated based on the survey systems calculator as in Figure 3 as well as based on Krejcie and Morgan (1970). Therefore, the study targeted to get respondents from every state in Malaysia almost equally to gain a better representation from every state.

Determine Sample Size

Confidence Level: 95% 99%

Confidence Interval:

Population:

Sample size needed:

Figure 3: Survey System Calculator

Source: Survey System, 2022

The research employed data analysis using the quantitative approach. A questionnaire was used to collect the primary data which was divided into five sections. The sections comprised; demographics, tax knowledge, tax morale, tax penalty, and tax complexity. The questions were constructed based on references from previous studies particularly Palil (2010), Hamid et al. (2018), and Yahya (2021) while some were of the personal construct. The measurement for all variables was based on question items in every section of the questionnaire. After taking into account a few issues, such as a lack of responses from respondents and the possibility of late submission, 500 questionnaires were anticipated to be given to respondents. The study used electronic means such as e-mail, WhatsApp messages, Facebook and LinkedIn. The WhatsApp app, Email, Facebook, and LinkedIn all included attachments with the Google Form and details about the survey's objectives and intended responders. Additionally, respondents were made aware that their answers will be kept private and that the information acquired will only be utilised for academic purposes. The survey was pilot-tested with 20 respondents who provided positive feedback and stated that the questionnaire was clear.

Furthermore, a reliability test using Cronbach's Alpha was performed to assess the internal consistency and the reliability of the measurement items within each variable. According to Sekaran and Bougie (2016), Cronbach's Alpha is a suitable test for evaluating the reliability of internal consistency. George and Mallery (2003) suggested that, as a general rule, a Cronbach's

Alpha value of more than 0.90 is considered excellent, 0.80-0.89 is good, 0.70-0.79 is acceptable, 0.60-0.69 is questionable, 0.50-0.59 is poor, and a value below 0.50 is unacceptable. This means that the closer the Cronbach's Alpha value is to 1.00, the higher the internal consistency of the items being assessed. For the analysis, multiple linear regression was used to examine the relationship between the independent and dependent variables. This study attempted to find out whether tax knowledge, the complexity of the tax system, tax penalty, and tax complexity influence voluntary tax compliance behaviour as to whether one variable causes the other. The multiple linear regression equation was as follows:

$$TC_t = \beta_0 + \beta_1 TK_t + \beta_2 TM_t + \beta_3 TP + \beta_4 TCX_t + \varepsilon_t \quad (1)$$

RESULTS AND ANALYSIS

The demographic data of this sample are presented in Table 1, while the mean and standard deviation (SD) scores on each of the variables are presented in Table 2. As shown in Table 1, there were a total of 198 male respondents (52%), while there were 186 female respondents (48%). The participants ranged from 18 to 30 years old in two separate age groups. Most of the respondents were aged between 25-30 years old, with 64% of the total sample and the remaining respondents aged 18-24 years old contributing to 36% of the total sample. On the qualification of the respondents, most of the respondents had graduated with a bachelor's degree, 49% of the total sample, and those with a diploma consisted of 40% of the sample. For master's degrees and PhDs, there were 32 respondents (8.3%) and 10 respondents (2.6%), respectively. Professional qualifications contributed the least with only 2 respondents (2%). The data suggested that most of the respondents should have sufficient knowledge regarding taxation and self-assessment systems. The number of respondents who were working in the public sector was 108 (28.1%), while in the private sector was 276 respondents (71.9%). Most of the respondents hardworking experience of at least 2 to 3 years, which was represented as 218 (56.8%) respondents. The category of people who had worked for six to ten years showed the lowest number of respondents, being one (0.3%). This may be due to the fact that most respondents were relatively young, with some of them having recently graduated from a university and just begun their first jobs.

Table 1: Summary of Demographic Results

Gender	%	Age	%	Location	%
Male	52	18-24	36	Johor	9
Female	48	25-30	64	Melaka	5
				Negeri Sembilan	12
				Selangor	13
Qualification	%	Monthly gross salary estimates	%		
Diploma	40	<4,000	59.89	Wilayah Persekutuan	10
Bachelor's Degree	49	4,001-6,000	32.81	Perak	8
Master's degree	8	6,001-8,000	6.78	Kedah	6
PhD	3	8,001-10,000	0.26	Penang	13
Professional	0	>10,000	0.26	Perlis	4
				Kelantan	3
Working sector	%	Years of employment	%		
Public	28.2	2 to 3	56.77	Terengganu	11
				Pahang	0.3
Private	71.8	4 to 5	42.97	Sabah	3
		6 to 10	0.26	Sarawak	3

Table 2: Summary of Descriptive Statistic of Variables

Variables	Mean	SD	Actual Range		Theoretical Range	
			Min	Max	Min	Max
Tax Compliance	4.06	0.52	2.00	5.00	1.00	5.00
Tax Knowledge	4.31	0.37	1.60	5.00	1.00	5.00
Tax Morale	4.23	0.33	2.20	5.00	1.00	5.00
Tax Penalty	3.82	0.73	2.20	5.00	1.00	5.00
Tax Complexity	4.04	0.52	1.80	5.00	1.00	5.00

With regards to working location, the number of respondents working in Selangor contributed to around 13%, while the least number of people was from Pahang, which had only one respondent (0.3%). This was expected as more job opportunities were found in Selangor, which also centered on the federal government and many businesses. Wilayah Persekutuan also had a high number of respondents due to the high salaries offered by companies in the area rather than those who stayed in East Malaysia. The highest range of monthly gross salaries was RM3,001 to RM4,000 (59.89%), followed by a range of RM4,001 to RM6,000 (126 or 32.8%),

As for the descriptive statistics of the variables, the total mean score for all variables was between 4.00 (Agree) and 5.00 (Strongly Agree) except for tax penalty which had a mean score of 3.83 as presented in Table 2. This indicated that respondents generally agreed that they had voluntarily complied with the tax requirements and were confident that they had filed the correct tax return and accurately disclosed their income. The majority of respondents were certain that they filed the proper tax return and reported the correct income which portrayed that they had sufficient understanding of tax matters, including the types of income that were taxable, the types of reliefs that are permitted for deduction, and the duties involved in submitting tax information for tax return. Besides, most respondents also agreed that it was immoral to avoid paying taxes under any circumstances. As for the tax penalty, respondents generally had a neutral stand that the penalty had a deterrent impact that promoted compliance. Further, they also agreed that they would be unable to travel overseas if they did not pay their taxes. Finally, it was also worth noting that the youth workers did not agree that the current tax system was complex and difficult to understand, although they agreed that the present tax code utilised a high level of technical terminology.

Next, for the reliability and internal consistency of the measurement, the results showed that Cronbach's Alpha for tax compliance was 0.707, indicating that the internal consistency of the 5 scaled items was acceptable. The measures for the four independent variables also exhibited that Cronbach's Alpha was around 0.7 and 0.75. Thus, the internal consistency and reliability of the measures used in this study were considered acceptable and reliable, as all the variables were in the good to acceptable range (with a Cronbach's Alpha value above 0.7).

Table 3 describes the model summary of multiple regression. The R squared was .551 which suggested that 55.1% of the variation in tax compliance could be explained by the variation in tax knowledge, tax morale, tax penalty, and tax complexity.

Table 3: Model Summary of Multiple Regression

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.742a	.551	.546	.34962	.551	116.099	4	379	.000

Predictors: (Constant), Tax Complexity, Tax Knowledge, Tax Morale, Tax penalty

Furthermore, multiple regression analysis was used to test the linear relationship between the individual independent variable and dependent variable. Table 4 presents the regression coefficients for the independent variables. The p-value of tax knowledge was $p=.282$, which indicated that tax knowledge had no significant negative linear relationship with tax compliance. Therefore, based on the result, H1 was not supported. The finding suggested that tax knowledge was not a contributing factor toward tax compliance among youth workers. This result was consistent with the study by Rediyana and Mulya (2019), due to the perspective that people who have the knowledge are more likely to manipulate their taxes. An individual who is an expert in tax tends to commit tax offenses. Besides, the fact that respondents generally agreed that they had considerably sufficient tax knowledge further supported that they can plan not to pay taxes. From another perspective, Fauziati et al. (2016) also explained that individual taxpayers' knowledge was not too extensive due to regulations constantly changing and requiring individual taxpayers to understand sanctions tax levied. Moreover, it is argued that tax knowledge is not necessary under Malaysia's Self-Assessment System to complete forms, as all numerical values are provided and specified in the E-Filing portal. The IRBM's portal has sufficient information on how to compute the tax assessments and thus may not motivate taxpayers to acquire tax knowledge, but rather to rely on the information displayed in the portal. Furthermore, it was noted that individual taxpayers often did not have a thorough understanding of tax knowledge due to the complexity of regulatory changes and the varying views on tax penalties (Fauziati et al., 2016). As a result, taxpayers must make an effort to learn about taxation, but this can be difficult if they do not have a strong desire to do so.

Table 4: Coefficients Beta of Multiple Regression

		Coefficients				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.836	.292		2.862	.004
	Tax Knowledge	-.061	.057	-.044	-1.078	.282
	Tax Morale	.201	.080	.127	2.498	.013**
	Tax Penalty	.191	.037	.268	5.098	.000***
	Tax Complexity	.473	.045	.476	10.601	.000***

Dependent Variable: Tax Compliance ** significant at 5% level *** significant at 1% level

Furthermore, for tax morale, the p-value was p-value = 0.013, and significant at the 5% level, indicating that tax morale had a positive linear relationship with tax compliance. Therefore, based on the result, H2 was accepted. The result portrayed that when youths have good morale they were more likely to comply with tax regulations. Some reasons could be due to the perceived fairness of the tax system, the perceived likelihood of getting caught and facing penalties for non-compliance, the perceived benefits of paying taxes (such as the provision of public goods and services), and the perceived costs and difficulties of complying with tax rules and regulations (Mat Jusoh et al., 2021). This result was also consistent with Palil et al. (2013) who found that religiosity had significantly moderated the relationship between tax knowledge on tax compliance. According to Palil et al. (2013), religiosity played an important factor in tax morale as it could give motivation for tax compliance in terms of voluntary recognizing of the tax system’s obligation to pay the taxes. This suggested that the youth population may have high morale towards complying with government laws and regulations due to various reasons. In addition, an individual’s decision to comply with tax rules and regulations may be influenced by their perception of the level of control they have over the behaviour. Nevertheless, the finding was in contrast to Hayat et al. (2022) who found that taxpayers in Malaysia did not comply with tax regulations due to a lack of perceived civic duty and discomfort with paying taxes on time and in full.

Moreover, as for the tax penalty, the p-value of tax penalty was p-value <.001, which indicated that tax penalty had a significant positive linear relationship with tax compliance, therefore supporting H3. Based on the research framework, tax penalties must be fully enforced by the

tax authority to ensure that tax compliance was at a good level so as not to affect national revenue. Such a finding was consistent with Sritharan & Salawati (2019) since the taxpayers will weigh the costs and benefits if they evade the taxes, hence there was a positive relationship between tax penalty and tax compliance. This result was supported by Hayat et al. (2022) who explained that the tax penalty can be a solution for taxpayers who violate tax regulations. The tax audit that is performed by tax authorities has a significant role in minimizing the level of fraud committed by taxpayers. Thus, this finding was also consistent with many other previous researchers, among which were Yunus et al. (2017), Oladipupo and Obazee (2016), Orkaido Deyganto (2018), Sritharan and Salawati (2019), and Azmi et al. (2020), who confirmed that the rate of tax penalties had a positive effect on the tax compliance behaviour.

Lastly, for tax complexity, the p-value of tax complexity was $p\text{-value} < .001$ indicating tax complexity had a significant positive linear relationship with tax compliance. Thus, hypothesis 4 (H4) was not supported. This was inconsistent with Mat Jusoh et al. (2021) who found that tax complexity had a significant influence on tax compliance behaviour. It also did not confirm with Saad (2014) who stated that complexity in tax legislation can lead to non-compliance. The complexity of tax components such as tedious recordings in bookkeeping, will result in increased tax non-compliance (Mat Jusoh et al., 2021). Nevertheless, the previous study did not specifically address the youth worker's perspective as the current research did. The positive significant relationship between tax complexity and tax compliance found in this study portrays that young workers are more careful in their tax assessment. Such behaviour can also be justified from the TPB perspective as taxpayers' decision to engage in or avoid a particular behaviour is influenced by their perceived control over the behaviour (Bobek & Hatfield, 2003). In this context, if a youth worker perceives the tax system as complicated, they may need to study or ask around from more experienced workers to fulfill their tax obligations hence complying with tax rules and regulations.

CONCLUSION

As a conclusion, the study described the relationship between tax knowledge, tax morale, tax penalty, and tax complexity towards tax compliance among youth workers in Malaysia. As youth workers have grown in number and significance in the country's labour force, it is vital to ensure that they pay taxes accordingly. Overall, it was found that tax knowledge did not significantly influence tax compliance among the youth workers, while tax morale and tax penalties had an impact on tax compliance among this segment. Tax complexity however did influence tax compliance, but the relationship was positive. The TPB was used as a basis to explain such results especially when the background, thinking style, and priority of working youths are different from the general taxpayers. The youth workers tend to comply with tax laws because they do not want to be punished for their tax avoidance which also increased their tax compliance behaviour. Besides, the more complicated the tax system, the more young taxpayers will be careful in declaring their taxes. They may seek help from family members or friends who have better experience in tax assessment submission to comply with tax law regulations. Finally, the government may want to provide awareness and education to the young taxpayers for them to have a desire to learn and feel obliged to comply with the regulations especially when they understand the crucial role that taxes play in supporting the country.

ACKNOWLEDGMENTS

The authors wish to express their gratitude to Universiti Teknologi MARA (UiTM), specifically the Faculty of Accountancy at the Universiti Teknologi MARA Cawangan Selangor, for the financial support during the research process and for facilitating the publication of the research findings.

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