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FIELD REPORT

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1.0 Field Report – Section A

1.1 Intro, Company, benefits provided by company and other relevant info related to training

Intune Business Services Sdn Bhd is an accounting firm which outsources accounting and HR services to clients across various Industries ranging from Food and Beverage, Automotive, Pharmaceuticals and many more. As they put it “we are an accounting, human resources (HR) firm and business consultancy dedicated to making Finance and HR easy for you’. It is situated in Puchong, Kuala Lumpur. In-tune was first established in 2007 and has been in operation for over 17 years. With over 40 years of practice and collective experience, In-tune is made up of fully trained team of professional chartered accountants, practicing financial specialists and human resource personnel.

In-tune Business Services Sdn Bhd’s Mission is as stated in its websites, to support SMEs becoming large by being their strong finance and human resource pillar through a knowledgeable team with technologically driven systems and processes, to provide the highest quality and affordable finance and human resource outsourcing services and to be the financial specialist catalyst of growth for SMEs. Its vision is to be the leading finance and human resource outsourcing provider in creating financially driven businesses and entrepreneurs. Its motto and core belief are that every SME Can Become Large.

Along with its core values of Integrity, Teamwork, Ownership, Commitment and Growth. Its value proposition revolves around Alleviating a Client’s Unnecessary stress in relation to accounting and through its business consultation services, Saving the client’s time by in submitting, reporting, and compliance, to reduce Operating Cost and removing redundancy and inefficiencies in the Client’s Operations and to enhance securities.

1.2 Summary of work done

The interns here in Intune took on the role of Account Assistant under close supervision of the senior staff. In the finance department, Interns are tasked with assisting account executives in various accounting function including but not limited to the preparation of account, data entry, Sales Reconciliation, Bank reconciliation, sorting and Filing, and the periodic closing of accounts. This often involves reviewing Statements of Profit and Loss as well as Statement of Financial Position on a monthly basis to ensure the client's financial position closely reflects its current state in order to provide a true and fair view of the company's client's Financial Condition. To be effective in dispensing the work given, Interns are encouraged to better understand the workflow of the company rather than solely placing emphasis on the job scope relevant to an account assistant. This allows for a more effective recording of transactions as details relevant for the use of audit and taxation will not be lost during the data entry process.

On top of the given work scope, In-tune Business Services Sdn Bhd also regularly holds a training session for all members of the companies, including its intern. These training sessions are specifically designed to target day-to-day pain such as time management skills, Point of Interest in Financial statements, Communication with clients and many more. This is for the purpose of equipping its employees with a holistic yet robust set of skills

1.3 Strengths and weakness of training

During the training period, I was exposed to various documents from both government bodies as well as companies from various industries. This allowed me to better understand the inner workings and mechanism of both the accounting industries as well as the financial industries. Furthermore, during my internship period, I often made use of the accounting software QuickBooks to record the Invoices, Bills, Petty Cash Claims, Monthly Staff Claim, Credit Card Statement, Deposits and various others documents of the clients. I was also to some extent taught the best practice within the industry.

Not only that, going above and beyond my job scope, I was also presented with the opportunity to experience the work of an account executive such as making payments on behalf of the client, closing of accounts, Performing Bank reconciliation as well as preparing the sales reconciliations of clients. Throughout all of this, I had gathered substantial knowledge in the use of Microsoft Excel and its various functions such as the use of query, pivot table, delimiters and many other functions commonly used for accounting

Furthermore, the timing of the internship period coincides with many of the company's scheduled In-house training for employees which provided me with a more holistic understanding of general practice, practical knowledge as well as interpersonal communication skills. Such training program was tittle "Tongue-Fu", whereby employees are trained to avoid the use of certain words when communicating with clients, colleagues, Supervisor and in general communication as it often invokes a negative feeling from the listener. The training instead equips employees of the company with the necessary skills and knowledge in such situations to encourage more favorable outcomes for all parties involved.

Another such training program is the analysis of financial statements. During this training, I was taught to look for key points of interest in analyzing financial statements such as Prioritizing Large figures, reviewing financial statement by comparing them to against outlets and branches, and to better the understand the client's need in order to help to company deliver better value to their client.

Another In house training program the company carried out is the DISC program. This program teaches the participants that individuals fall under one of four personality categories, namely (D)dominance, (I)influence, (S)steadiness and (C)conscientiousness. Knowing these 4 personality types allows for an individual to tailor their approach when communicating with them as these personality types each values thing differently. This is intended to help communicating with both clients and colleagues as well as reduce any unnecessary friction cause by different personality types as it was stated that certain personality types work better with another and vice versa

1.4 Self-reflection

My internship requires me to perform various accounting task. From creating entries, Recording Claims, closing of accounts, and performing reconciliation of accounts. I am grateful for the opportunity as it has provided me with practical experience not easily found in the classroom. However, as I worked, I noticed the accounting landscape requires much more than basic accounting skills and knowledge and instead requiring deep understanding of accounting as a whole, encompassing its various branches such as taxation, auditing, reporting, management, compliance and many more. Taking this into consideration, I found myself lacking in many ways as it was when I first arrived for my internship. I know now that as a professional in the field, learning is a continuous process that long exceeds my academic year. In the future, I intend to strive to improve and better myself every step of the way.

2.0 Field Report Section B

2.1 One Issue on accounting Field: Complexities of tax system results in non-compliance

2024 has proven to be a very challenging time for low-income Malaysians such as the B40 and even extending to the M40 Group. Rampant Inflation in the past several years has had a dramatic effect in living conditions, Quality of life as well as disposable income of Malaysians. This is furthered Bolstered by the drop in the Malaysia Ringgit's Buying Power in recent times. With Malaysians more strapped for cash than ever, it is in the best interest of every party involved that the tax system of the country be revisited. Income tax serves as a crucial source of funds for a country; however, governments are willing to forego a portion of this income in lieu of favorable behaviors from taxpayers in the form of tax incentives. Tax incentives typically incentivize acts that contribute to the overall social welfare, an individual's financial stability as well as their financial net for their retirement years.

That being said, the dispense of Tax incentives such as tax exemption, tax rebate, tax deductibles, tax relief, etc. leaves many to be desired. For instance, the general populace is not well versed enough in the subtleties of laws involving accounting and taxation nor the requirement and eligibility criteria to qualify for the many tax incentives provided by the government to be able to effectively make use of them. Furthermore, the addition of Tax deduction increases the overall complexity of the tax system of the country as more regulations are put in place to prevent tax frauds and hence more requirements and criteria are added to qualify for such benefits. Further adding to the complexities is the yearly update of the tax system, which strong arms Malaysian to take the time out of their busy schedule to review and update their tax knowledge on a yearly basis. All of these complexities culminate into unintentional non-compliance towards the country's tax law in the form of late submission, inaccurate tax filling, understating income and many more which is often accompanied by hefty fines and penalty with ranging severities.

To further exacerbate matters, the disproportionate dissemination of taxation knowledge often favors large corporations and wealthy individuals of a community. As the knowledge on taxation is disproportionately made use of by the wealthy individuals rather than every member of society as a whole, the gap between income and wealth classes is further widened which fosters disparity between individuals between the separate income bracket, results in political polarization, erodes social cohesion and lowers economic growth. The complexities of Taxation are a factor that contributes towards the gap between income classes. In a world that is just barely recovering from the heavy financial impact of the pandemic merely 4 years ago, the impact that the taxation system has on a country is profound and even more so on its citizens that intends to maintain compliance towards it. In light of that, the impact of tax awareness and tax knowledge plays a crucial role towards compliance or non-compliance from the perspective of potential taxpayers.

Another factor that contributes to non-compliance is the apparent lack of knowledge of the majority of taxpayers, however, this fact is made worse as Malaysians are required to ascertain the amount of tax payable on their own. Tax in Malaysia like in various other countries such as the United States of America, Canada, Japan, Sri Lanka, Pakistan, Bangladesh, Indonesia, Australia, Ireland, New Zealand and the United Kingdom (UK) and many more are done by self-assessment otherwise known in Malaysia as "System Taksiran Sendiri" or STS whereby individuals are responsible for ascertaining their own taxable income and submitting the appropriate tax form in a timely manner. This has led to accidental tax error and outright fraud as the payers unintentionally or willfully break the laws in trying to submit their taxes as well as perform their duty as a citizen of the country. This error however does not come without penalty as the tax system of the country also penalizes wrongful and erroneous submission of tax with the gravity of the fines and penalty drastically increasing dependent on a multitude of factors such as amount of income omitted, failure to produce supporting document, failure to furnish income tax return in two consecutive years and

many more to the detriment of the Malaysian Citizen in this testing time.

2.2 Discussion of Issues supported by relevant sources

In a study done by Siti Norashikin Ishak, Azwanis Azemi, Mohd Hadli Shah Mohamad Yunus and Najwa Abdul Talib from the Universiti of Polytech Malaysia in 2023, it was proposed that there is a correlation between and individual taxpayer's knowledge and awareness of tax to tax non-compliance among tax payers. The result of the research shows that there is a negative relationship between tax awareness and tax knowledge towards tax non-compliance. This means that if these taxpayers possess a high level of tax awareness and knowledge, the possibility of tax noncompliance is lower which aligns with the issue previously discussed that emphasizes the lack of knowledge and awareness of taxation matters by the general populace resulting in poor utilization of tax incentives.

A key point of interest is that in the study, the population being studied and sampled are 146 final year students of ACCA and another 106 final year students undertaking a bachelor's degree in accounting. In other words, the sample is comprised of individuals with substantial financial, accounting, and taxation knowledge. In stark contrast to this, the majority of taxpayers do not come from an accounting or finance background which may affect negatively impact real-world outcome.

In light of this, the study is also advocating that tertiary students should be formally taught on taxation during their study. As stated in the research, "tax education should be implemented for tertiary students, regardless of whether they come from an accounting or non-accounting background" (Ishak, Azemi, Yunus, & Talib, 2023). This would effectively increase the level of tax awareness and tax knowledge of the general populace which would yield a favorable result on not only the country's tax revenue but also on tax fairness perceived by the citizens. Furthermore, the added taxation knowledge would help avoid inaccurate tax fillings by the taxpayers, thus lessening the rate of fines and penalty arising from tax errors which would lessen the burden on taxpayer in these trying times.

The study also referenced Hassan, (2016), stating that "there is a boundary of the relationship between the tax knowledge and the tax compliance. The study further explains that at a certain level, the additional knowledge that the taxpayers have would sometimes not encourage them to comply, instead the taxpayers would rather evade the income when doing the tax return". This also coincides with the previously discussed issue that taxation knowledge is being disproportionately made use of wealthy individuals knowledgeable in it thus contributing to the gap between income brackets as the wealthy individuals are able to reduce tax paid by their company and evade tax by unethical means.

In another study conducted by Soliha Sanusi and Nadiah Abdul Hamid, it is stated that an Effective tax system serves to redistribute Wealth from wealthy individuals and companies to the masses. In the study, it states "Tax system implemented would be beneficial to the citizens as whole, as it would reduce income inequalities between the rich and the poor through redeployment of income and wealth. It is also hoped that the gap between them would be minimized" (Sanusi & Nadiah, 2020). This corresponds with the previous notion that taxation knowledge can be unfairly utilized by corporations and wealthy individuals and not the overall population of taxpayers, leading to a divide between income classes.

The study also acknowledged that although collection of tax serves as an important stream of revenue for the government, tax evasion still persists, stating "it is undeniable that the mission to minimize tax evasion and maximize tax collection is still very much difficult" (Palil, Malek, & Jaguli, 2016). Furthermore, the study also provides the following table:

Table 1: Number of Audited Cases and Tax Imposed

Self employed	Year	2013	2014	2015	2016	2017
	Files	333,436	365,289	276,595	268,909	274,919
RM (millions) Tax & Penalties	518	620	874	1,045	2,002	
Salary group	Files	748,044	784,443	735,337	815,420	784,453
	RM (millions) Tax & Penalties	1,624	1,718	1,447	1,895	2,199

(Source: Mohamed, 2018)

Table 1: Number of Audited Cases and Tax Imposed

Here we can see that in both self-employed category as well as individuals that earns a living from salaries, the amount tax and penalties being imposed on both group of taxpayers is on the rise from 2013 to 2017 with the only notable exception being the salary group in 2015. Although tax and penalties steadily increase in the said 5-year period, the rate of audited cases remains relatively stagnant and fluctuates throughout the years. This suggests that the overall tax literacy within the country is still poor or that a small group of individuals are able to circumvent paying taxes. This statistic alludes to the fact that inadequate tax awareness and knowledge leads to unnecessary fines and penalties and conversely, an excess of tax awareness and knowledge contributes towards tax avoidance and evasion.

The study also agrees that tax education and knowledge is important in curbing the issue of tax non-compliance. Citing that “Tax education is important as it is an essential part for citizens to have tax knowledge as it may help them to understand the tax laws and regulations better” (Eriksen, & Fallan, 1996) as Osebe (2013) highlighted that this enables taxpayers to understand the tax system and to be knowledgeable of their tax obligations and rights. Further adding to this is the study undertaken by (Loo, McKerchar, & Hansford, 2009) and (Damajanti, & Karim, 2017) which suggested that tax knowledge is the most influential factor in determining a taxpayer’s compliance under the Self-Assessment System. This is further backed in research by (Machogu, & Amayi, 2013) which notes that taxpayers education influence to their decision on tax compliance with 83% of the respondents stated that tax knowledge assisted them to appreciate the tax process.

The study also agrees on the assumption that Taxation is complex in nature stating that “However, tax is one of the subjects that can be categorized as complicated and advanced” and citing Richardson (2011) that the involvement of it as classy and its regular modifications in parts and rules in tax regulation

2.3 Recommendation

In an exclusive interview with The Star Newspaper, the Chief Executive Officer (CEO) of Lembaga Hasil Dalam Negeri (LHDN) states that “Audit statistic and penalty assessment revealed that taxpayers across all categories tried to evade paying a total of RM6.34 billion (in tax)”. He then goes on to state that the biggest amount was owed by companies at RM4.2 billion or 66.3% of the total and that salaried workers are the second largest not settling their taxes at 23.4% or RM1.48 billion. This clearly indicates that Malaysia’s Tax System still has rooms for improvements and here are some ways that said tax collection can be improved.

First and foremost, the importance of tax knowledge cannot be overstated. Despite this, however, Taxation is not commonly taught in many modes of study. In light of this issue, it is advisable that Taxation is taught towards tertiary students as it is expected that this group of people would soon become taxpayers in the future. Furthermore, by strategically educating this particular group of people, Taxation knowledge can quickly be propagated through the use of social media as it is well known that younger generation such as Generation Z and Alpha are avid users of various social media platform such as Instagram, Facebook, X and TikTok. By educating the younger generation of their future responsibilities, they would be better equipped to handle their future tax obligation which leads to an overall better tax experience. This would inadvertently encourage voluntary tax compliance by future taxpayers which increase tax collection rate as well as reduce the compliance cost associated with tax. Furthermore, it was reported that countries with high level of tax compliance such as Canada, the United States, Switzerland, and New Zealand had included tax development programs to prepare students for adult life at the early stage of education (CIAT, 2011).

Statutory tax bodies of a government can also levy heavier fines penalties on repeat offenders based on the number of offenses committed as well as the amount of tax evaded. This actively discourages the number of willful tax evasion while simultaneously avoids punishing taxpayers for unintentional tax errors. The efficacy of this method is commendable as in an article written by Mr. Carlos Silvani in 1992, it is stated that “a small percentage of delinquent taxpayers accounts for a high percentage of unpaid taxes.” which agrees with previous statements that individuals with greater tax knowledge have a tendency to misuse them. By levying heavier penalties on this smaller group tax delinquent, each subsequent attempt of tax fraud becomes less and less rewarding for these individuals as not only would the consequences of their actions becomes harsher, but the ease of detecting their tax fraud attempts increases as Statutory tax bodies would be able to blacklist their name. Furthermore, by identifying the groups of individuals actively committing tax fraud, the authorities are able to devise policies that are better targeted towards the specific group of tax offenders.

One of the factors that is often overlooked in enhancing compliance is the promotion and encouragement of voluntary tax compliance rather than one that is being enforced by the government through fines and penalties. This approach allows the government to cut costs on tax compliance cost while simultaneously increasing its overall tax collection rate. Voluntary tax compliance can be achieved via improving a country’s perceived tax fairness as countries with a more positively perceived tax fairness such as Singapore are often accompanied with greater voluntary tax compliance. This can be accomplished by lowering the effective tax rate of a country to a more acceptable level as many citizens are burdened by the heavy cost of living in recent years. This is supported by (Ahangar, Bandpey, & Rokny,2011) who shared their findings on the positive relationship between tax rates and tax non-compliance as they found out that the increase in tax rate is followed by the increase in the number of tax non-compliance and vice versa.

2.4 Conclusion

In conclusion, various factors play a crucial role in determining a taxpayer's compliance towards their countries' tax law. This includes knowledge on tax, awareness on taxation matters such as submission date of forms and eligibility criteria, tax morale, tax rate and perceived tax fairness. All of this culminates in the effective or in effective tax collection of a country as well tax evasion and avoidance rate. In striving for a better standard of living this hard economic climate as a result from the Covid-19 Pandemic, changes whether in morale of revision of tax law must be implemented to ensure that tax revenue do not plummet, and taxpayers are not overly taxed on their effort.

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Appendices

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