

UNIVERSITI TEKNOLOGI MARA

**INCREASING VOLUNTARY COMPLIANCE AND
EFFICIENCY OF TAX COLLECTION THROUGH
THE ESTABLISHMENT OF TAX KIOSKS**

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Applied research project submitted in partial fulfilment
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Candidate's Declaration

I declare that the work in this applied research was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This research has not been submitted to any other academic institution or non-academic institution for any other degree or qualification.

In the event that my applied research is found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree to be subjected to the disciplinary rules and regulations of Universiti Teknologi MARA.

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ABSTRACT

Tax compliance has always been at the heart of any tax administration all over the world. It is widely accepted that the goal of an efficient tax administration is to foster voluntary compliance using all possible methods. As tax administrators, the Inland Revenue Board of Malaysia aims to improve the tax administration and tax collection in our country. This is to ensure that there are sufficient funds for the economic and social development of our country. The Inland Revenue Board of Malaysia is highly committed on their concerted effort towards enhancing voluntary tax compliance. This voluntary compliance would subsequently boost the tax collection. In addition, it enables The Inland Revenue Board of Malaysia to further expand its tax base without proportionate expansion to its workforce. The objective of this study is to focus on service in which establishment of automated tax kiosk as an innovative ways to promote greater voluntary compliance, reduce costs for taxpayers and also increasing of tax collection. This is because the electronic services enable tax administrations to deliver faster, cheaper and more tailored services. With the establishment of tax kiosk, taxpayer can check their tax status anytime and anywhere at their own preference time. This study was conducted based on convenience sampling technique. Questionnaire was carried out between 12 November and 23 November 2007. A total number of 60 questionnaires were distributed to individual taxpayers selected at random in area of Selangor and Kuala Lumpur. The study shows that awareness of tax knowledge is poor amongst the low income earner and this need to be improved through tax education and tax facilities. Lack of appropriate tax knowledge may lead to unintentional noncompliance behaviour among taxpayers. The findings suggest that tax kiosks can play an important role to increase voluntary compliance. Most respondents think the introduction of tax kiosks will increase tax compliance among citizens and collection by the Inland Revenue Board of Malaysia respectively. The implementation of tax kiosks can be placed at shopping complex. The second most important and strategic place is at LRT station. LRT station is the place where taxpayers who are working people use public transport to go to work. These two places are the most visited places by potential taxpayers and current taxpayers from

youngsters to working adults and to senior citizens. Most respondents prefer the tax kiosks operate 24 hours. Convenient operating hours would be main factors to attract users of using tax kiosks. In addition, taxpayer can check their tax status anytime and anywhere at their own preference time. However, there are challenges in the implementation of tax kiosks faced by the Inland Revenue Board of Malaysia. They perceive that the introduction of tax kiosks is costly considering the cost of installation of the tax kiosks by the Inland Revenue Board of Malaysia.

TABLE OF CONTENTS

<u>CHAPTER</u>	<u>CONTENTS</u>	<u>PAGE</u>
	CANDIDATE'S DECLARATION	i
	ABSTRACT	ii
	ACKNOWLEDGEMENTS	iv
	TABLE OF CONTENTS	v
	LIST OF TABLES	ix
	LIST OF FIGURES	x
1	INTRODUCTION	1
	1.0 Preamble	1
	1.1 Motivation of Study	2
	1.2 Problem Statement	3
	1.3 Research Questions	4
	1.4 Research Objectives	4
	1.5 Scope of the Study	5
	1.6 Contribution of the Study	5
	1.7 Organisation of the Study	5