

International Conference on Accounting Studies (ICAS) 2016  
15-18 August 2016, Langkawi, Kedah, Malaysia

# E-Taxation: The Attitude and Intention to Use Technology in Malaysia

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## Abstract

The changing trend to electronic device instead of manual filing system could enhance the collection of revenue and expedite the process. In fact, it could help in reducing the burden and time of routine task. However, the acceptability level is still a major concern in certain area in government applications, particularly in Malaysia (Abdul Aziz & Idris, 2012). The allocation of a huge amount in upgrading the technology is seems to be wasted as there are certain operations not fully utilized the resources provided by the government. The evidence of unsatisfactory acceptance level specifically in the tax e-filing system introduced by the Inland Revenue Board of Malaysia is one of the concerns. The main objective of this study is to gain understanding on the gaps existed in the e-filing among the tax agents/preparer. In seeking for the imperative answers, this research is design for the following objectives: (1) to identify the factors affected the behavioral intention to accept tax e-filing among tax agents/preparers in Malaysia; and (2) to determine the relationship between attitude and intention to use tax e-filing among tax agents/preparers in Malaysia. Via the Structural Equation Modeling (SEM), it is revealed and supported that Performance and Effort Expectancies as well as Social Influence are the significant paths in influencing the behavioral intention to accept tax e-filing in Malaysia.

**Keywords:** E-government, tax E-filing, unified theory of acceptance and use of technology.

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## 1. INTRODUCTION

In the era of government transformation towards e-government for example, can we feel proud of Malaysia achievement? Malaysia has less than five years to achieve Vision 2020 towards a developed country. At this stage, the basic drive to put services online which are one of the flagships' applications should be approaching its limits. The e-government should now be an integral part of government services delivery (Accenture, 2005) and be in information age government where new technology being used. The government should be servicing citizens of more conveniences, accessible as well as with quality and not trail behind technology development. In rationalizing the vision, the Malaysian Government since then continuously spends a huge amount on technology investment. Unfortunately, the huge amount allocated in upgrading the technology is seems to be wasted as there are certain operations not fully utilized the resources provided by the government.

The evidence of unsatisfactory acceptance level specifically in the e-filing system introduced by the Inland Revenue Board of Malaysia (IRBM) is one of the concerns. Hence, the big question mark at this point is how could such situation turns out when the time for Malaysian government trying to achieve to the stage of developed nation is less than five years. The main objective of this study is to gain understanding on the gaps existed in the e-filing among the tax agents/preparer. This research is designed for the following objectives: (1) to identify the

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factors affected the behavioral intention to accept tax e-filing among tax agents/preparers in Malaysia; and (2) to determine the relationship between attitude and intention to use tax e-filing among tax agents/preparers in Malaysia. The following sections discuss the relevant literature for this study, the research methodology applied, result and discussion as well as conclusion and future research.

## 2. PREVIOUS STUDY

The development of the total package taken into account the people, systems and the processes has contributed to the success of the e-government initiative. Indeed, the emergence of e-government is expected to act as an agent or a driver for public sector transformations and modernization. However, with lack of a clear vision and failure in cooperation among government bodies, it could obstruct the intention (Muhammad, 2013). The key factors concerning to e-government implementation related to public administration are attitude and adaptability towards changing in public administration; training; skills and rewards for public servants; resolution of mind-set gap; knowledge and skill-gap issues; and IT competencies and public sector competencies (Ramli, 2012).

Relatively, this paper focuses on the attitude towards the behavioral intention in e-filing acceptability. Attitude is referring to a learned predisposition to respond consistently favorable or unfavorable to an object. This element of attitude is affected by the information and experience. The direct relationship between behavioral intention and usage of the technology is known. In addition to that, the behavioral intentions are motivational factors that capture how hard people are willing to try to perform a behavior (Ajzen, 1991). However, there are little in study on the relationship (Sheppard, Hartwick, & Warshaw, 1988; Venkatesh, Morris, Davis, & Davis, 2003). In fact, Venkatesh et al., (2003) also raise the issue of the need to study on this little known relationship. This is because most of the time, it is assumed that intention to use could result in positive outcome. In this study, the outcome is revealed with poor usage of tax e-filing among tax agents/preparers in Malaysia. However, the relationship of intention and usage is still lack and remained to be studied. Behavioral intention is the degree to which the tax agents/preparers intend to use the technology of e-filing in preparing and submission of clients' return form (Davis, 1989; Venkatesh et al., 2003). It is crucial to study on the intention as employees and organization acceptance could improve technology efficiency and effectiveness (Anderson, Schwager, & Kerns, 2006). In view of that, the Unified Theory of Acceptance and Use of Technology (UTAUT) model is modified and changed in order to suit the situation of tax e-filing in Malaysia. Thus, most of the determinants are tested with the consideration of additional factor *i.e.* attitude.

## 3. METHODOLOGY

Tax agents/preparers in Malaysia officially registered with IRBM in year 2010 and licensed by the Ministry of Finance based on tax licensing guidelines are identified as the sample or unit of analysis in this research. The tax agents/ preparers are selected via random sampling using the SPSS package. The reason of choosing tax agents/preparers is due to their technical knowledge level and compliance issue (Burnett, 1998; Lai, Obid, & Meera, 2004; Lapointe & Rivard, 2005; Newsberry, Reckers, & Wyndelts, 1993). The data gathered from the survey questionnaires is analyzed via structural equation modeling (SEM). This technique is a comprehensive approach in testing the relationship between observed and latent variables (Byrne, 2010; Hair, Black, Babin, & Anderson, 2010; Hoyle, 1995). In fact, Hair et al., (2010) and Byrne (2010) also stressed on the usefulness of SEM which could provide a straight forward method for dealing with multiple relationship simultaneously.

## 4. RESULTS AND DISCUSSIONS

The constructed test of the Confirmatory Factor Analysis (CFA) on the measurement theory is purposely to study on the relationships among seven important constructs, *i.e.* performance expectancy, effort expectancy, social influence, facilitating conditions, perceived value, attitude and behavioral intention. The full measurement model tested is shown to have an adequate fit and construct validity. Indeed, the diagnostics suggested that the model provides a good overall fit with an over identified structural model. Thus, several models are developed and improved in order to produce the best model for the study. The improved model by eliminating the attitude construct indicates that the Chi-Square ( $\chi^2$ ) is 389.230 with 174 degrees of freedom ( $p < 0.000$ ) and the normed chi-square is 2.237. The model Comparative Fit Index (CFI) is 0.945, Tucker-Lewis Index (TLI) is 0.934 with a Root Mean Square Error of Approximation (RMSEA) of 0.073 and 90 per cent confidence interval of 0.064 to 0.083. The model's Normed Fit Index (NFI) and Incremental Fit Index (IFI) values calculated are 0.906 and 0.946 respectively. All of the measures are within the range that is associated with good fit. The similarity in terms or chi-square or degrees of freedom in the measurement and structural models, confirmed the stability of parameter among the measured indicator variables. Hence, it indicates of no problem on interpretational confounding and supports the measurement model's validity. Indeed, with no change in loadings, the construct reliabilities are

identical as well for the performance expectancy, effort expectancy, social influence, facilitating condition, perceived value and attitudes constructs i.e. 0.83, 0.933, 0.812, 0.766, 0.886, 0.808 and 0.773 respectively.

Table 1 contains the respective standardized parameter estimates, regression weight estimates and standard errors for all of the structural relationships (i.e. significant or not) as well as correlational relationship among attitude (i.e. ATiT) and behavioral intention (i.e. BehI) that is based on the basis model. As noted in the table, three out of the six relationships are supported with significant path estimates ( $p < 0.000$ ). The improved structural model specifies that attitude construct is the best candidate to be eliminated. This is due to very low weight of standardized regression of attitude on behavioral intention, i.e. 0.155. The correlation value of attitude with other constructs, i.e. performance expectancy, effort expectancy, social influence, facilitating conditions and perceived values are in the range of 0.500 to 0.824 which means it is correlated among the constructs. The purpose of the construct is mainly to test its robustness on performance expectancy and effort expectancy and it is achieved. It simply means that attitude is taken care very well by the performance and effort expectancy constructs and supported in the literatures.

Table 1: Hypothesis testing result of behavioral intention (basis model)

Hypothesis	Relationship	Estimate	Critical Ratio	P-value	Result
H <sub>1</sub> :	PE + → BehI	.459	3.746	***	Supported
H <sub>2</sub> :	EE + → BehI	.598	4.210	***	Supported
H <sub>3</sub> :	SI + → BehI	-.184	-4.332	***	Supported
H <sub>4</sub> :	FC + → BehI	-.266	-0.867	.386	Not supported
H <sub>5</sub> :	PV + → BehI	-.090	-0.690	.490	Not supported
H <sub>6</sub> :	ATiT+ → BehI	.155	.828	.408	Not supported

Notes: \*\*\*  $p < 0.000$  Performance Expectancy (PE); Effort Expectancy (EE); Social Influence (SI); Facilitating Condition (FC); Perceived Value (PV); Behavioral Intention (BehI), Attitude (ATiT)

Empirically, the attitude constructs in this study is not to be the direct determinants of intention. Despite the different arguments on the significant level of the construct where some research consider as significant and others are not significantly related (Venkatesh et al., 2003), yet UTAUT prove as not significant. This is because the role of attitude is taken care by performance and effort expectancies, otherwise the construct is proven to be significant (Davis, 1989; Taylor & Todd, 1995; Thompson, Higgins, & Howell, 1991; Venkatesh et al., 2003). Interestingly, the constructs determine that intrinsic motivation is reacted via effort expectancy (Venkatesh, 2000), meaning that action to respond consistently to the system is by accepting the tax e-filing system in performing task. Given this strong base, in this study the attitude construct appear to verify that as expected is not significance. This is merely due to the significant relationship between performance expectancy and behavioral intention as well as strong relationship exists between effort expectancy and behavioral intention. In short, the attitude is only spurious when performance expectancy and effort expectancy constructs are absent and vice versa. Thus, if tax agents/preparers agreed that using the specific tax e-filing system could increase their job performance within an organization context; as well as do highly expect that the target tax e-filing system to be free of effort, attitude has no impact on intention to accept the tax e-filing and vice versa. In addition to that, attitude also prove that intrinsic motivation, i.e. affect toward use is the essential group of items in examining the construct. Thus, the motivation to accept the tax e-filing is purely due to the system itself that is pleasant, enjoyable, have fun, make work more interesting. Hence, tax agents/preparers were look forward to the aspects of job requirement using the system.

## 5. CONCLUSION

E-government is definitely a new paradigm and a real challenge for tax authorities to assure the functionality of tax e-filing in determining the success for implementing e-government effectively and efficiently by year 2020. Practically, Malaysian government or organizations could take note on the importance of the values that users perceive as to the extent of performance and effort required in order to use the technology. In particular, the aspects of usefulness, ease of use as well as complexity of the system introduced. Those aspects could be as a guideline for future before any introduction of technology for public usage. This simply means that if users could see the system introduced as helpful in performing tasks, simplified the existing workload, require less effort in learning and handling the new system as well as easy to apply the system, definitely any new introduced system is most likely to be chosen rather than focusing on the attitude of the users. In this study, the limitation is on the respondent rate. It is considered low (i.e. 32%) and suspected to have affected the results. Indeed, the moderate power of explained on the direct relationship (52.6%) is reflected in the results indirectly.

## ACKNOWLEDGEMENTS

I would like to thank my co-author and anonymous reviewers of this paper, who have provided a very insightful advice and comments.

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