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Intention to Appoint Legitimate Tax Agents Among Sole Proprietorships in Negeri Sembilan, Malaysia

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Abstract

In this study, Ajzen's (1991) Theory of Planned Behavior (TPB) is used as a theoretical framework to answer the theoretical gap and practical gap according to the Inland Revenue Board (IRBM) Media statement dated 26 November 2015 that remind all Malaysian taxpayers to only seek legitimate (approved) tax agent services to manage their tax matters. The objectives of this study are to examine the factors that determine the intention of sole proprietor taxpayers to appoint or to use legitimate tax agents and to determine also whether attitude, subjective norm, self-efficacy and tax enforcement will influence their intention to appoint legitimate tax agents. The data set of the study was obtained from the survey method using questionnaires applied to 313 sole proprietor taxpayers who visited the IRBM Seremban Branch Office during Taxpayers' Service Month (or Hasil4U) programme held on 1 March until 30 June 2016. Samples were chosen by using the random sampling technique. The result of the reliability test shows that the research instrument is in an acceptable position. The study found all the determinants of intention studied were having a mean score of 3.44 which show that there is a high intention for sole proprietor taxpayers to use legitimate tax agents. Multiple regression analysis was carried out on the data collected to see the relationship between the independent and dependent variables. The result of multiple regression shows that the independent variables tested can explain 91.6% variances towards the intention to use legitimate tax agents. Consistent with the hypotheses developed, the results reveal that attitude, subjective norm and tax enforcement has significant positively related to the intention of the respondents. Nevertheless, self-efficacy has the significant negative statistical effect to the intention of the respondents.

Keywords: legitimate tax agents, the theory of planned behaviour (TPB), self-efficacy, tax enforcement, intention

1. INTRODUCTION

Professionals such as accountants, lawyers and tax agents are regulated in Malaysia. This is in line with the consensus that the public should be protected from incompetence practitioners (Thiagarajah, 2011). As tax professionals, tax agents are expected to carry out their duties to be competent (i.e. possess the required skills, abilities, qualifications and experiences), trusted more and adding value while providing quality of tax services to their clients. As such, the expectations placed on the shoulders of tax agents are becoming more pressure as the burden of regulatory compliance become heavier and business transactions more complex. Tax agents, in particular, have a crucial role in supporting the tax administration in ensuring compliance with the tax laws and regulations as well as in educating clients and creating awareness on any potential changes in tax laws and the implications.

According to the Federal Government Budget 2016 reported by the Ministry of Finance Malaysia (MoF), income tax (43.9%) remains as the main revenue source, indirect tax (21.9%) represents the second largest revenue while non-tax revenue (15.9%) is the third largest revenue source for the Malaysian government. Tax reforms in

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legislation in term of clarity, transparency and simplicity should be easily understood. As such, it is easy and increasing more substantial numbers of Malaysian taxpayers to comply. The mechanism is to restructure the current tax system with long-term tax policy target to broaden the tax base and enhance the revenue collection. At the same time, Malaysia tax reforms need to boost cooperation with tax agents or tax professionals as a key contributor to economic growth and development. In energising the landscape of business growth and expansion as stated in the previous Malaysian Budget 2016 which theme as *'Prospering the Rakyat'* (Malaysian citizens), certainly, our country needs competent tax agents to enhance and deliver the high quality of tax services to *'rakyat'*. Previously, Malaysian government evaluates taxpayers' tax liability in official assessment system (OAS). OAS system is whereby taxpayers need to fill up tax return form to declare their income. Taxpayers are required to submit the form to the Inland Revenue Board of Malaysia (IRBM). The IRBM would then determine the final assessment. Taxpayers will receive a notice of final assessment issued by the IRBM stating a certain amount of tax to be paid. Then, the OAS was changed to self-assessment system (SAS) and was introduced in the year of assessment (YA) 2001 for companies, followed by business, partnerships, cooperatives and individuals in the YA 2004.

The main objective of this SAS is to promote voluntary compliance as necessarily practice by taxpayers. An assessment is deemed to be made to the taxpayer on the date of submission of the tax return form. Effective from the year of assessment (YA) 2006, the tax return may be submitted by way of using e-Filing system (via the IRBM's website). The number of taxpayers using e-Filing system has shown increased since it was introduced in 2006. As at 31 July 2015, more than 2.92 million taxpayers submitted their tax returns through e-Filing system, an increase of 5.41% over 2014. Since introducing the e-Filing system, the IRBM looks like to gear up revenue collection through efficiency methods in the tax administration. Under SAS, the workload where the income tax is assessed is moved from the IRBM to the taxpayers, and ultimately, taxpayers are required to calculate their income tax according to the tax laws, guidelines and ruling issued by the IRBM. Thus, more efforts are also continuously developed to enhance tax compliance and broaden the tax base through various tax enforcement such as audits, investigations, and collection.

According to Palil (2010), the change to SAS poses taxpayers anticipate with issues related to the competency, honesty, capability and readiness of taxpayers to receive the burden of computing and assuring the correctness of tax returns. In this context, taxpayers have two options in calculating their tax liability whether they calculate their taxes themselves or to seek assistance from tax agent to solve their tax matters. When it comes to submitting a tax return, managing tax matters, and having up-to-date information about the business, making use of professional tax agents' services can be extremely beneficial. In 2014, an exclusive interview was held between the past Director General of IRBM, Tan Sri Datuk Wira Dr Hj. Mohd Shukor Bin Hj. Mahfar and the representatives of Chartered Tax Institute of Malaysia (CTIM). In response to the role of a tax agent, he said: "I keep on emphasising that the tax agent is a "proxy" of the IRBM. To be a "proxy" you have to tell the truth, and comply with the tax legislation. It may hurt. It may not make your client very happy with you. However, professionally, you have to act in that way. However, if you act only as a taxpayer's agent, that may be a different role. To me, we need to engage with you in the manner of a smart partnership." The remarks by Tan Sri is certainly to gear towards forging a long-term relationship with all stakeholders based on mutual trust and win-win relationship. In support of Malaysia becoming a highly competitive developed country as outlined under National Transformation 2050 (TN50) blueprint, the IRBM with a new management team led by the new Chief Executive Officer of IRBM, Dato' Sri Sabin Samitah will move forward with enhanced ideas and strategies in executing an efficient tax enforcement and collection system in promoting tax compliance among the public.

Undeniable, Dato' Sri is one of the key people that noting the importance of using professional tax agents, particularly to enforce taxpayers' compliance. Dato' Sri often involved in various dialogues and discussions, especially with professional bodies. IRBM published a media statement to inform and advise all Malaysian taxpayers the need to obtain legitimate tax agent services to have to manage their tax affairs (IRBM Media Release, 2015). This is to prevent any difficulty may arise in future because of services provided by illegitimate tax agents could lead to inaccurate or unclear tax advice including managing of the income tax return form (ITRF) which does not follow with the tax law. Thus, by using a legitimate tax agent, the erroneous in taxpayers' tax return calculation can be avoided. In addition, it was highlighted in the media statement that illegitimate tax agents are not eligible to represent taxpayers if audits conducted by the IRBM. More importantly, based on the IRBM requirement, it is necessary that all taxpayers react positively by engaging legitimate tax agents to assist in their taxation matters. Therefore this present research is carried out to determine the level of intention among sole proprietors to use a legitimate tax agent.

According to the Media statement dated 26 November 2015 published by the IRBM, all Malaysian taxpayers are advised to seek services from legitimate tax agents approved by the Finance Minister under "Section 153(3) of the Income Tax Act 1967" (ITA 1967) to manage their tax affairs. The statement encourages all taxpayers to have the intention to use or appoint only legitimate tax agents since tax agents need to help to support the interests of the government and the country. The using of illegitimate tax agent among sole proprietorships could be associated

with the higher intention to use illegitimate tax agent rather than the intention to use legitimate tax agents. Therefore the gap 'intention to use a legitimate tax agent or not' exists. The gap contributes to the theoretical and practical gap which need to study the factors that influence the intention of sole proprietors to use or appoint legitimate tax agents.

Furthermore, the study attempts to reduce the gap by studying the determinants of sole proprietor taxpayers' intention towards using of a legitimate tax agent. With the aim of answering the theoretical gap, this study uses the Theory of Planned Behaviour (TPB) by Ajzen (1991). The TPB is a famous social psychology theory which is applied to explain or predict human behaviour. The TPB suggests that the intention to perform a behaviour is driven by attitude, subjective norm (others perspective) and the perceived behavioural control that an individual has to perform that particular behaviour will determine both the intention and the actual behaviour. There were several types of research conducted related to individual taxpayers, particularly upon sole proprietor taxpayers, for example, to determine the intention of sole proprietors towards tax compliance, the impact of using tax agents among sole proprietors and the relationship among the factors that influence directly to the intention of sole proprietors to use tax agent but to date there was no study conducted to determine sole proprietor taxpayers' intention to use legitimate (approved) tax agent.

Hence, this study aims to expand and verify the findings from the prior study conducted by Munusamy (2015) who also investigated the attitude and intention-behaviour of sole proprietors to use tax agent by using the TPB theory as well. Therefore the TPB will be used to investigate the prediction of the actual behaviour of sole proprietors (intention-behaviour gap) to use legitimate tax agent and observe the relationship between the three determinants of the theory model; attitude, subjective norm and perceived behavioural control towards the intention to use legitimate tax agent among sole proprietorships. As for the practical gap between the usage of legitimate tax agents and illegitimate tax agents among sole proprietor taxpayers. Dato Mustafa Kamal Baharudin General of IRBM in 2012 found that 36.75% field audit cases resolved in IRBM Shah Alam Branch used illegitimate tax agents if compared to 31.32% used legitimate tax agents. This empirical evidence indicates that there is still low intention among sole proprietor taxpayers in Malaysia to use legitimate tax agents. The scenario reveals that many taxpayers are still using illegitimate tax agent without tax license or approval by the Ministry of Finance (MoF).

Despite the tax license, these people have insufficient working experience and qualification. According to tax experts, their services are related to unethical manner or practice such as tax fraud or tax evasion, fictitious items, underreporting of income in their clients' tax return form. Ayers, Jackson and Hite (1989) stressed that professional tax agents are more educated than unprofessional tax agents because of professional certification. Without having professional certification as requirements to legally practice, illegitimate tax agents are not "truly authorised person" to provide legitimate tax advice and services. Their illegal works pose sole proprietors being more tax non-compliant. Surprisingly, in some cases, illegitimate tax agents will not be responsible for taxpayers' tax affairs and might disappear when taxpayers need them. Although some of them are generally related with unethical practice whereby they tend to commit to evade or reduce their clients' tax liability, however, their tax services are still in demand, and it is significantly influencing the levels of uncollected tax, which is not detected by the IRBM. Therefore, to reduce using unapproved or illegitimate tax agents, all taxpayers should demonstrate their intention to seek only legitimate tax agents (approved tax agents) to fulfil their tax obligations to the government.

The paper investigates the factors that determine the intention of sole proprietor taxpayers to appoint legitimate (approved) tax agents to assist in preparing the income tax return and filing tax documents to the IRBM.

2. THEORETICAL BACKGROUND

Theory of planned behaviour (TPB) (Ajzen, 1991) is a theory of social behaviour that has been used successfully in the tax compliance literature to explain overall tax compliance in the United States (Hanno and Violette 1996; Bobek and Hatfield 2003). The TPB theory states that "attitude towards behaviour", "subjective norm", and "perceived behaviour control" (namely as the TPB variables), altogether shape an individual's intention and behaviours. According to the theory of planned behaviour (TPB), actual behaviour is influenced by behavioural intentions (intentions to perform or not to perform the behaviour) where the role of behavioural intention is determined based on individual's attitude towards the behaviour, subjective norm, and perceived behavioural control (Ajzen, 1991). TPB variables have a certain influence towards intention.

Attitudes towards behaviour are the degree to which an individual has positive or negative evaluations or feelings on that behaviour (Ajzen, 1991). The outcomes resulting from the behaviour is based on the expectations and beliefs on the personal impact that arise. Ajzen (1991) also stated that attitude reflects the evaluations of that behaviour and its outcome. Hence it is also referred to behavioural belief. Fishbein and Ajzen (1975) argued that attitudes are derived from the belief that people hold based on the object of the attitude.

Ajzen (1991) describes subjective norm (SN) as the influence of the third party on others. SN as a person's beliefs about whether specific individuals or peer groups tend to motivate or not regarding individual performing a specific behaviour (Bobek & Hatfield, 2003). SN is supported by social learning theory that focuses on the environmental factors (Bandura, 1977). The theory explains that human decision is shaped by personal and environmental factors.

PBC variable is placed after the variable of attitude and subjective norm by extending the model of the TRA and is the third determinant of intention in the TPB (Fishbein & Ajzen, 1975). PBC was added to explain behaviours that are not under full volitional control and refers to the perceived ease or difficulty involved in performing the behaviour of interest (Ajzen & Madden, 1986; Ajzen 1991; and Beck & Ajzen, 1991). This may include the availability of resources, skills, confidence and the ease or difficulty of performing or refraining from the behaviour and anticipated obstacles. This refers to the individual's perception of the extent to which performance of the behaviour is easy or difficult (Ajzen, 1991). It increased when individuals perceived they have more resources and confidence (Ajzen, 1985).

Self-efficacy is an important variable in which Ajzen adopted Bandura's self-efficacy for his PBC variable in the TPB. Eccles and Wigfield (2002) analysed that: "the self-efficacy construct has been applied to behavior in many domains including school, health, sports, therapy, and even snake phobia" (see Bandura 1997). They researchers said, "by and large, the evidence is very supportive of the theoretical predictions". For example, in predicting high personal, academic achievement, course enrolment, and choice of occupational aspirations (see Bandura 1997, Bandura et al. 2001). To clarify the role of PBC, Ajzen and Fishbein, (1991) explained that – "an individual may have total control when there are no constraints of any type to adopting a reticular behaviour". This argument, of course, related to the individual's capability, self-confidence, knowledge and competency which those have similar meaning as self-efficacy People who believe that they have the skills and other resources needed to perform the behaviour or overcome barriers are likely to develop a strong sense of self-efficacy or perceived behavioural control, whereas people who believe that they lack some of the requisite resources are likely to have a much weaker sense of personal agency.

In other words, at the opposite extreme, there may be a total lack of control if the adoption of a given behaviour requires opportunities such as resources or skills which may be lacking. Lack of requisite skills and abilities, or the presence of environmental constraints, can prevent people from acting on their intentions (Fishbein & Ajzen, 2010). According to Trafimow, Sheeran, Conner and Finlay (2002 "Self-efficacy influences the challenges that people take on as well as how high they set their goals (e.g. "I intend to reduce my smoking" or "I intend to quit smoking altogether)"). Munusamy (2015), found that self-efficacy significantly influenced the intention of sole proprietors to use a tax agent. As following to confirm the findings, this present study also suggests self-efficacy is an important variable to be considered as PBC (internal factor) to examine the relationship between intention and behaviour of sole proprietor taxpayers towards using legitimate tax agents. Their self-efficacy would be assessed according to the capability to handle their tax matters, confident to compute tax themselves and to have tax knowledge.

There are numerous factors that can impact on the extent that sole proprietor taxpayers comply with their tax obligations. Regarding using professional tax agents, factors such as the accuracy of tax return (declare income without mistake), the probability of audit or other enforcement activity and the severity of penalties may all play a role. The extant study of Mckerchar (2005) found that since the implementation of SAS, tax practitioners in Australia have bigger roles to play in tax compliance, tax audits and tax enforcement processes (Choong & Ling, 2008). According to Munusamy (2015), tax laws significantly influenced the intention of a sole proprietor to use a tax agent. As similar, this study suggests that tax enforcement is an important variable to be considered as for PBC (external factor). The important decision that could be considered by a taxpayer is the possibility of an audit directly to him or her.

The TPB suggests that intention is influenced by the attitude, subjective norm and perceived behavioural control variables. This is a proxy measure for behaviour. It represents a person's motivation in the sense of her or his conscious plan or decision to perform certain behaviour. Actual behaviour is again derived largely from intention but is mediated to some degree by perceived behavioural control (Ajzen, 2002). Generally the strong the intention is, the more likely the behaviour will be performed (Fishbein & Ajzen, 2010). The importance of intention in predicting the behaviour was researched by many scholars. It was found that the stronger the intention to performing the behaviour, the more likely the behaviour will be performed. However, the relationship between intention and behaviour is essential based on the theoretical premise that intention may not necessarily result in action as shown in a previous study (e.g. McKecher et al., 2011). Based on the prior studies, the TPB showed the results with a significant proportion of the variance in intention and behaviour. "The TPB is also arguably one of the dominant models of attitude-behaviour relations" (Armitage & Christian, 2004). Therefore, this study is conducted to determine and measure the intention of sole proprietor taxpayers to use legitimate tax agents.

The relationship between attitude and intention has attracted significant numbers of researchers in various fields of studies such as leisure choice, psychology and hospitality management; and committing traffic violence (e.g. Ajzen & Driver, 1992; Cheng, Lam & Hsu, 2005; Poulter, Chapman, Bibby, Clarke & Crundall, 2008). According to Poulter et al. (2008), people develop bad attitudes towards truck driving behaviour because it is based on the intention to commit violations.

Based on the empirical studies, among the relationships between the three elements of the TPB theory; attitude, SN and PBC with intention; attitude towards the behaviour is a significant influencer or predictor on an individual's intention. Smith and Kinsey found that peoples' social networks and associations help shape their perceptions, norms and attitudes which then influence their responses to perceived and actual sanctions" (Devos, 2012). Specifically, the relationship between attitude and intention is found having a significant positive relationship for many researchers. They have presented a positive relationship between attitude and intention.

The second independent variable (IV), the subjective norm is referred to the senses or beliefs about whether the expectation of others (peers) think he/she will perform the behaviour. Peers usually include friends, relatives, families and co-workers. In line with the previous researches, for this study, the subjective norm is used as an independent variable to determine the intention of sole proprietor taxpayers to use or appoint legitimate tax agents.

TPB has suggested that internal and external factor can be made for PBC. The internal factors are derived from the human matrix of the individual. In various of the tax literature, it includes education, tradition, norms, perception, motivational factors, emotional state, level of confidence, professional training, access to information, and self-efficacy whereas the external factor (that derived from non-human matrix of individual) includes legislative norms, excessive regulation, enforcement, economic stability, social policy, access to resources, the extent of income achieved, and tax control policy. In brief, taxpayers' intention are related to the internal and external factors depend on their needs or resources towards certain behaviour. As similar to PBC, self-efficacy can determine the relationship between the belief in one's abilities altogether with one's self-confidence to execute a task or range of actions (Bandura & Locke, 2003). Terry O'Lerry (1995) claimed that self-efficacy has a significant positive relationship towards the intention of an individual. However, a study by Munusamy (2015) found that self-efficacy towards using tax agents was significant but negatively influenced the intention of the respondents. With regard to tax enforcement, there were several studies that showed a significant positive relationship between tax enforcement and intention. In line with the previous researches, for this study, self-efficacy and tax enforcement are used to determine the intention of sole proprietor taxpayers to use or appoint legitimate tax agents.

3. RESEARCH METHODOLOGY

3.1 Hypotheses Development

The study constructed the research framework in order to understand the relationship between attitude, subjective norm, self-efficacy and tax enforcement towards the intention of sole proprietor taxpayers to appoint legitimate tax agents.

Attitude is a psychological propensity that is expressed by assessing an individual's degree of favour or disfavour (Ajzen & Fishbein, 1980). In a study by Aiedah, Sharifah and Hairunnisa (2015), they found that – "positive attitude towards halal food is the most important determinant of behavioural intention in consuming halal food among young Muslims". Based on the above discussions there is a prior prediction that the sole proprietor taxpayers with a positive view are more likely to have positive attitudes towards the intention to appoint legitimate tax agents. Therefore, it is hypothesized that:

H1: Attitude is positively related to the intention to appoint legitimate tax agents among sole proprietor taxpayers.

Subjective norm (SN) is the perceived social pressure to perform or not to perform the behaviour. The other persons who are important to the respondent, believe the respondent should perform or not to perform the behaviour in question (Ajzen, 1991). A recent study cited by Puvaneswari (2015; in Alqasa, Mohd Isa, Othman and Zolait 2014), found that "subjective norm is a powerful predictive for students' intention towards using banking services". Based on the empirical studies, there is a prior prediction that the SN of sole proprietor taxpayers is more likely to have a high influence on their intention towards the intention to appoint legitimate tax agents. Therefore, it is hypothesized that:

H2: Subjective norm is positively related to the intention to appoint legitimate tax agents among sole proprietor taxpayers.

Self-efficacy, which refers to the belief in one's ability to succeed in a given task (Bandura, 1997), leads individuals to prefer more challenging tasks and to make an effective decision according to their capabilities, confidence level and resources while getting the correct information, knowledge or skills". In this study, self-

efficacy refers to the level of tax knowledge and tax calculation (tax accuracy) of sole proprietor taxpayers (the ability of sole proprietor taxpayers in preparing their tax return to submit to the IRBM). From the above discussions, self-efficacy could be positively or negatively related to the intention to use a legitimate tax agent. Therefore, it is hypothesized that:

H3: Self-efficacy is negatively related to the intention to appoint legitimate tax agents among sole proprietor taxpayers.

With regard to the tax enforcement activities, the IRBM is substantially increasing the number of enquiries into the tax returns of persons who have previously reported a turnover of just below unacceptable figure. If the IRBM find that a tax return is incorrect, the IRBM will impose fine and tax penalties. Since there are taxpayers who are truly honest and consistently comply with the tax law, and there are also dishonest taxpayers who always tend to cheat, so the presence of fine and penalties are expected to influence the taxpayers' intention not to commit tax evasion and improve tax compliance. There is a prior prediction that tax enforcement will influence the intention of sole proprietor taxpayers towards using legitimate tax agents. Thus, the following hypothesis is formulated.

H4: Tax enforcement is positively related to the intention to appoint legitimate tax agents among sole proprietor taxpayers.

3.2 Research Design

The research was designed by using a survey approach. Quantitative research design applies in the present study by distributing the questionnaires to the respondents. Based on TPB, there are two types of variables, the dependent variable and independent variables. In this study, the dependent variable is the intention of sole proprietor taxpayers towards using legitimate tax agents. In most cases, a five (5) point Likert scale was used with a scale ranging from strongly disagree (1) to strongly agree (5), and moderate score found "in between the-two-extremes". A mail-out version of the survey was conducted from a random selection of sole proprietor taxpayers based on their details (e.g. names and addresses) in their application form to lodge their tax return via e-Filing system when they visited the IRBM Seremban Branch. The population for the research include all sole proprietors who run their businesses in Negeri Sembilan state, their registered files at the IRBM Seremban Branch and not yet appoint any tax agent to handle their tax matters.

As at 31 December 2016 there were a total number of 23,720 sole proprietor taxpayers who registered their files at the IRBM Seremban and lodged their tax return via e-Filing system. The total number of sole proprietor taxpayers who register their files and lodged their tax return throughout Malaysia as at 31 December 2016 were 650,271 (Tax Operation Department of IRBM). From the population, the targeted respondents for the research were randomly selected sole proprietor taxpayers who visited the IRBM Seremban Branch to lodge their tax return via e-Filing system during the campaign of Hasil4U Programme (Taxpayers' Service Month Programme) held from 1 March until 30 June 2016. This study employed simple random sampling from the daily visitor list of all taxpayers who visited IRBM Seremban Branch during Hasil4u programme held from 1 March until 30 June 2016.

Based on the prior study by Munusamy (2015) who also examined the factors that will influence the intention of a sole proprietor to use a tax agent, the researcher used a sample size of 300 as targeted respondents from each city of five (5) states; Georgetown, Kuala Lumpur, Johor Bahru, Kuantan and Kuching. As similar with the study, the researcher used the same sample size to determine the appropriate sample size of targeted respondent for this study. Sekaran (2003) states that sample size larger than 30 and less than 500 are appropriate for most research. Roscoe (1975) also stated that there should be 10 samples for each variable. According to the visitor list, there were 2,086 names of sole proprietor taxpayers. From the list, there were 1,252 names who did not use any tax agent to handle their tax matters. The researcher decided to select only one-fourth of the names as targeted respondents. They were selected by using simple random sampling whereby every fourth name on the list was selected. Therefore, the total sample size for this study was 313 sole proprietor taxpayers who do not use any tax agent at all. Consequently, the 313 sample size that has been chosen is adequate for this study as suggested by Sekaran (2003) and Roscoe (1975).

4. FINDINGS

A total of 313 questionnaires were distributed by postal mail to the selected respondents as per discussed in the data collection method in chapter 3. A total of 103 questionnaires were returned by respondents within two months. All the questionnaires returned were found usable and gave a sample size of 103 with the valid response rate of 34%. The response rate of 34% was sufficient to conduct the main analysis for this present study. Therefore, the sample size of 103 with the valid response rate of 34% is a valid and appropriate response rate for a cross-sectional study as it is above 30% (Sekaran, 2003). As for age, the majority of the respondents (36.9%) were 26 to 35 years old, 32% were 36 to 45 years old, 23.3% were more than 45 years old, and only 7.8% were 25 years old and below. Regarding the level of education, it was found that majority of the respondents (39.8%) obtained bachelor degree and followed by secondary school (36.9%), certificate or diploma degree (21.4%) and master or

doctorate of 1.9%. In term of years running business, it was found that the majority of the respondents (36.9%) had been running their business around 3 to 6 years, followed by 7 to 10 years (27.2%), below 3 years and above 15 years (12.6%) respectively, and the remaining 11 to 15 years representing 10.7%. The number of respondents according to the classification of business or the type of product produced. Respondents who produced electronic/electrical equipment and components representing 19.4% or 20 respondents, followed by food and beverage product (17.5%) or 18 respondents; personal, health care and cosmetics product (13.6%) or 14 respondents; machinery/computer equipment and components (7.7%) or 8 respondents; paper and rubber products (4.9%) or 5 respondents and agricultural by-product (1.9%) or 2 respondents. From the overall respondents, (35%) or 36 respondents produced others product which represents the highest percentage.

The internal consistency of the reliabilities which is determined by the Cronbach's alpha value of the variables used in this study is for intention (0.919), attitude (0.925), subjective norm (0.915), self- efficacy (0.955) and tax enforcement (0.906). It was observed that independent variable self-efficacy has the highest Cronbach's alpha of 0.955. Factor analyses technique was used on all construct in order to obtain the validity of each variable used in this study. Each construct passed the matrix identity test with Bartlett's Test of Sphericity and found significant ($p = 0.000$). Validity analyses are done to determine the adequacy of the sample based on Kaiser-Meyer-Olkin (KMO). The KMO value for all the construct was in the range of 0.713 to 0.873 and with a single factor. It was found that all the construct had a KMO value above 0.70 and based on Hair, Anderson, Tatham and Black (1998) these constructs are acceptable for further analyses.

A descriptive analysis were conducted on all variables by analysing the mean and standard deviation. The average score mean measured for intention was 3.44 shows that there is a high intention for sole proprietor taxpayers to use legitimate tax agents. The standard deviation between the items for the dependent variable of intention, there were no significant differences, and it was in a range of 1.40889 to 1.45430 where a low standard deviation indicates that the data points tend to be close to the mean and not much variation between the data values. As a whole, sole proprietor taxpayers have a high intention to use or appoint legitimate tax agents. An average score means for 4 (four) items which were used to measure the independent variable; attitude. The average score mean measured for attitude were 3.37 shows that there is a positive attitude in sole proprietor taxpayers to use legitimate tax agents. All the items in attitude have a mean score of 3.00 and above. As for the standard deviation between the items for the independent variable of attitude, there were no significant differences, and it was in a range of 1.01764 to 1.39633. As a whole, sole proprietor taxpayers have a positive attitude to use legitimate/approved tax agents.

The average score mean measured for subjective norm was 3.45 shows that subjective norm plays an important role in affecting sole proprietor taxpayers to use approved tax agents. As for the standard deviation between the items for the independent variable of subjective norm, there were no significant differences, and it was in a range of 0.89 to 1.23. As a whole, the majority of sole proprietor taxpayers get influence and opinion from the subjective norm to use legitimate/approved tax agents. The average score mean measured for self-efficacy were 3.08 shows that there is high self-efficacy in sole proprietor taxpayers to handle their tax matters themselves. As for the standard deviation between the items for the independent variable of self-efficacy, there were no significant differences, and it was in a range of 1.24301 to 1.35397. As a whole, sole proprietor taxpayers have a high level of self-efficacy to handle their tax matters without appointing tax agents. The average score mean measured for tax enforcement were 4.08 shows that the sole proprietor taxpayers aware about the IRBM enforcement that needed for them to use legitimate tax agents to protect themselves especially in audit and investigation activities. As for the standard deviation between the items for the independent variable of tax enforcement, there were no significant differences, and it was in a range of 0.75 to 0.96. As a whole, that the sole proprietor taxpayers have a good awareness of the IRBM enforcement that needed for them to use legitimate/approved tax agents.

The results of multiple regression analyses for the intention of sole proprietor taxpayers to use legitimate tax agents shows that the data used in this study has a compatibility matching of 91.6% variance (adjusted R square) and significant ($P < 0.00$, $F = 267.909$). This reveals that the intention to use legitimate tax agent among sole proprietor taxpayers can be explained by variables; attitude, subjective norm, self-efficacy and tax enforcement variables. Hence, it is proven that the research model is suitable as it can predict the dependent variable; intention to use legitimate/approved tax agent among sole proprietorships. The coefficient analyses in shows that only three (3) variables; attitude ($b = 0.664$, $p < 0.00$), subjective norm ($b = 0.069$, $p < 0.05$) and tax enforcement ($b = 0.07$, $p < 0.04$) are significant and positively related to intention to use legitimate tax agent among sole proprietor taxpayers. Each of the hypotheses was tested using the multiple regression analyses to identify the significant level in order to determine if the hypothesis that was developed is supported or not supported. Four (4) hypotheses have been developed by which all four (4) are supported in testing the relationship between the dependent variable and independent variables. The coefficient analyses in shows that three (3) variables; attitude ($b = 0.664$, $p < 0.00$), subjective norm ($b = 0.069$, $p < 0.05$) and tax enforcement ($b = 0.07$, $p < 0.04$) are significant and positively related to intention to use legitimate tax agent among sole proprietor taxpayers whereas self-efficacy has negative and

significant relationship with intention to use legitimate tax agent among sole proprietor taxpayers ($b=-0.414$, $p<0.00$).

5. DISCUSSION, SUGGESTION AND CONCLUSION

The main focus of this study is to investigate the relationships between attitude, subjective norm, self-efficacy and tax enforcement towards the intention to use or appoint legitimate tax agents among sole proprietor taxpayers in Negeri Sembilan. The TPB theory developed by Ajzen (1991) was used to determine the intention of sole proprietor taxpayers to use or appoint legitimate tax agents. As adapted by some studies, the TPB theory is well-known as an effective theoretical framework to determine or predict the factors that influence the intention for the behaviour to be performed.

In respect to the specific research objective to determine whether attitude, subjective norm, self-efficacy and tax enforcement will influence the intention to appoint legitimate tax agents among sole proprietor taxpayers, there are four (4) objectives between all the variables related to the intention. The first objective is to determine whether attitude influences the intention to appoint legitimate tax agents among sole proprietor taxpayers. The second objective is to determine whether subjective norm influences their intention to appoint legitimate tax agents. The third objective is to determine whether self-efficacy influences their intention to appoint legitimate tax agents. The fourth objective is to determine whether tax enforcement influences their intention towards using legitimate tax agents. Data were collected using the survey approach from respondents who visited the IRBM Seremban Branch during Taxpayers' Service Month (Hasil4U) Programme held from 1 March until 30 June 2016. The sample was chosen from 313 sole proprietor taxpayers by using the simple random sampling technique by which 313 survey forms were distributed, and only 103 survey forms were usable for analyses purpose.

Data that were collected were then used to conduct four (4) different analyses through the SPSS software version 23; descriptive analyses, validity analyses, reliability analyses and multiple regression analyses to test the relationship between the dependent variable and independent variables of the study. From the results of the analyses, two main aspects are determined; whether all the objectives were achieved and whether the hypotheses that have been developed is supported or not supported. The result revealed that all the four (4) objectives were achieved and all four (4) hypotheses that were developed; H1, H2, H3 and H4 were supported.

Among the four (4) independent variables, attitude emerged to be the most important factor in influencing sole proprietor taxpayers' intention to appoint legitimate tax agents. This is supported by the highest beta value of 0.644 by the attitude variable. self-efficacy emerged as the second important influence ($\beta = -0.414$) followed by tax enforcement ($\beta = 0.070$) and subjective norm ($\beta = 0.069$) towards the intention to appoint legitimate tax agents.

According to the TPB, attitude is defined as an individual's perception towards performing a behaviour whether it is favourable or unfavourable (Ajzen, 1991). The past literature reveals that the variable; attitude influences the intention of an individual directly or indirectly. As for this study, it is found that attitude emerged to be the most important factor in determining the intention of sole proprietor taxpayers to appoint legitimate tax agents. The findings of this study are found consistently with the previous literature on determining the influences of attitude towards intention (e.g. Hinson & Amidu, 2006; Noor, 2003; Roe & Broos, 2005; Mokhtar & Zainuddin, 2011, Munusamy, 2015). Consequently, the findings of this study are correlated with the theory of planned behaviour that proves that variable attitude influences the intention of an individual. Therefore, the objective has been achieved, and it is proved that there is a significant positive relationship between attitude and intention to appoint legitimate tax agents among sole proprietor taxpayers.

In the TPB theory, the subjective norm is defined as the perceived social pressure of an individual on whether to perform or not to perform the behaviour (Ajzen, 1991). The formation of attitude and behaviour of an individual is influenced by subjective norm (Moore, Raymond, Mittelstaedt & Tanner, 2002; Bush, Smith & Martin, 1999). As for this study, family members and friends were used as the subjective norm in order to determine their influence on the sole proprietor taxpayers' intention to appoint legitimate tax agents. It is found that subjective norm emerged to be an essential factor in determining the intention of sole proprietor taxpayers towards using legitimate tax agents. The findings of this study are found consistent with the previous literature on determining the influences of subjective norm towards intention (e.g. Souitaris, Zerbinati & Al-Laham, 2007; Wu & Wu, 2008; Gird & Bagraim, 2008; Munusamy, 2015). Most importantly, the findings of this study are parallel with the theory of planned behaviour that proves the variable subjective norm influence the intention of an individual. Therefore, the objective has been achieved, and it is proved that there is a significant positive relationship between subjective norm and the intention to appoint legitimate tax agents among sole proprietor taxpayers.

Ajzen (1985), defines perceived behavioural control as an individual's perception towards restraint of internal and external factors in order to perform the behaviour. Trafimow, Sheeran, Conner and Finlay (2002) states that even

though the intention is strong, an individual might fail to execute the behaviour in question due to the restraint of several factors. In more recent studies, perceived behavioural control (PBC) was separated into two important components or elements. First, the internal factor and second the external factor. Munusamy (2015), Puvanewary (2015) and Zainol (2008) illustrated perceived behavioural control into several components with specific dimension so that the variable can be explained in detailed. For this study, the researcher constructs the PBC variable into two essential components, namely self-efficacy and tax enforcement.

From the survey, the average score mean measured for self-efficacy were 3.08 shows that there is high self-efficacy in sole proprietor taxpayers to handle their tax matters on their efforts. As such, they could be said having positive self-efficacy to use their capabilities and confidently to be self-preparer to compute their tax obligations without making mistakes. As contrary with the many prior researchers who also adopted the term of self-efficacy to predict certain behaviour (intention-behaviour), the findings of the survey showed that there was a negative relationship between self-efficacy and the intention to use legitimate tax agents. However, the findings of this study are found consistent with the prior study, Munusamy (2015) on determining the effect of self-efficacy towards the intention to use a tax agent. The term self-efficacy could be said within higher and lower of individual capabilities. It means that an individual with high levels of self-efficacy is more likely to prepare the income tax return by him/herself and an individual with low levels of self-efficacy may using a legitimate tax agent. It is found that the effect of self-efficacy from this study and the researcher 's study are correlated with the theory of planned behaviour by Ajzen and Fishbein (1980) & Ajzen (1975) that proves that level of self-efficacy (low-high level) significantly influence the intention of an individual. The measurement of self-efficacy varied from extremely likely to extremely unlikely.

Concerning the research objectives, as a conclusion, it is found that the variable of self-efficacy with high self-efficacy among sole proprietor taxpayers has significantly reduced their intention to use legitimate tax agents. Theoretically, the effect of self-efficacy could be (positive, negative or null effect) on intention. Based on the multiple regression of self-efficacy showed the result with the beta value of (-.414). It means that the self-efficacy was negative effect to the intention of sole proprietor taxpayers towards using legitimate tax agents. Therefore, in order to the determine the relationship between self-efficacy and the intention, the objective has been achieved, and it is proved that there is a significant relationship but negatively related between self-efficacy and the intention to appoint legitimate tax agents among sole proprietor taxpayers. From the survey, it is found that tax enforcement supports the objective of the research in determining the intention of sole proprietor taxpayers towards using legitimate tax agents. The findings of the survey showed that the majority of the respondents is indicating positive awareness that fine and penalty will be imposed by IRBM for those who do not pay tax and submitting an incorrect tax return. The findings of this study are found to be consistent with the previous study on determining the influences of tax laws on the intention of an individual (e.g. Munusamy, 2015; Suhaila, 2013). Hence, the findings of this study support the hypotheses that variable tax enforcement influence or positively related to the intention of sole proprietor taxpayers. Therefore, the objective has been achieved, and it is confirmed that it is a significant positive relationship between tax enforcement and the intention to appoint legitimate tax agents among sole proprietor taxpayers.

The study found that the intended level of sole proprietor taxpayers to appoint legitimate tax agents (approved tax agents) is at a significant level of 91.6%. This study was conducted to determine the factors that influence the intention of the sole proprietor taxpayers to appoint legitimate tax agents by using the TPB. It was found that all four variables; attitude, subjective norm, self-efficacy and tax enforcement has a significant relationship with intention. As a conclusion, the theoretical research framework (model) used to conduct this study is suitable and acceptable. On practical implication, the respective authorised regulatory bodies that are involved can take effective actions so that a higher intention degree can be achieved among sole proprietor taxpayers to appoint legitimate tax agents. Finally, recommendations were also made for future research with the hope that this current study can be expanded by future researchers by looking at it from different angles, views, perspective or dimensions.

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