

The Determinants of Tax E-filing among Tax Preparers in Malaysia

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The evolutions of tax filing system had gone through a tremendous change. The transformation of manual to electronic shows the successful of self-assessment system implementation. Undeniably, the progression had consumes a huge amount of expenditures in ensuring the infrastructure and facilities capable to accommodate the technology. In spite of the easiness and efficiency of e-filing, the acceptability of users on using such facility remains unsatisfactorily. Why sour? What went wrong? And how could the government improve such situation? These are the key questions that need to be addressed. At the moment, a comprehensive explanation to address the above problem still remains inconclusive. Thus, this conceptual paper tries to identify and close some of the gaps that are not addressed by the literature. The main objective of this study is to gain understanding on the gaps existed in the e-filing among the tax preparer. In seeking for the imperative answers, this research is design for the following objectives (1) to determine the level of acceptance of tax e-filing among Malaysian tax preparers; (2) to identify the determinants of tax e-filing acceptability; and (3) to examine how the factors identified in two (2) are related to tax e-filing acceptability.

Field of Research: Unified Theory of Acceptance and Use of Technology (UTAUT), tax preparer, e-filing.

1. Introduction

Millions of Ringgit has been spent by the government of Malaysia in pursuing the national agenda towards a fully technology integration. The transformation toward technology application to replace the current manual is targeted to be achieved in the year 2020. Thus, with a limited time of less than a decade the technology should at this stage be an integral part of government services delivery. The citizens should be served in more convenience, accessible as well as with quality services. However, not all government electronic systems are accepted well by the general public. In some areas, the level of usage remains unsatisfactorily. This includes the tax e-filling.

Tax e-filing technology is recorded as successful among individual taxpayers. However, it is awful among corporate taxpayers. Statistically, it was reported that less than four

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percent of Malaysia companies use the tax e-filing. This poor result raises important issues for any government and revenue collecting authority as it impacts on both the equity and efficiency of the economy. It is very crucial to ensure the successfully adoption as any failures could in the long terms obstruct the process of modern governance (Accenture 2002).

There must be some explanations on why such situation happens. Despite of all the development toward a better, improve and easier electronic filing system, it remained unaccepted. The tax e-filing usage by the citizens was seriously underused in spite of the availability and improvement of the technology. Thus, there is desperately a need to understand the determinants of tax e-filing acceptability. Even though many researches had been conducted in searching for the answer, yet the problem of low tax e-filing acceptability is still lacking in the literature. Thus, this research attempt to develop further understanding on the key questions that have no comprehensive empirical answer until today: the major factor of low acceptance due to low tax e-filing acceptability. Therefore, this research is design for the following objectives: (1) to determine the level of acceptance of tax e-filing among Malaysian tax preparers; (2) to identify the determinants of tax e-filing acceptability; and (3) to examine how the factors identified in two (2) are related to tax e-filing acceptability.

The following part reviews the literature to explore the theoretical foundations of the proposed research model and hypotheses. Then, a research model is constructed and develops based on the prior literature. Finally this paper is concluded with some discussion.

2. Literature Review

Taxpayers' motivation to file tax return on time and correctly highly depends on their willingness to cooperate (Kirchler, Niemiowski & Wearing 2006). Indeed, willingness to cooperate was considered as self-reported intent to file the tax return timely and correctly and in this case to file them via e-filing technology. Even though there are differences between tax officials' and taxpayers' view but with the willingness to cooperate, taxpayers would comply with the spirit of law. Thus, if taxpayers' perceived they were treated fairly; reasonable; rules and decisions are clearly explained; reliable information on questions and solutions provided, the willingness to cooperate would probably increase. This is supported by The Compliance Model (Government 2009) where supportive relationship from tax officers would be the pushing factor for taxpayers to comply with the rules, regulations and procedures outlines by the tax authorities. At this point, it is quite necessary to prioritize on the intention of e-filing acceptability when the fact revealed the actual behavior was not as expected. In line with this, Kirchler et al (2006) in some part stressed on the important of mutual understanding between tax officers and taxpayers. Achieving the mutual understanding would indirectly lead to willingness to cooperate. Thus, enable the tax authority to communicate and provide requested support more effectively and smoothly. Hence, the factors to arrive at and achieve for the mutual understanding in accepting the e-filing technology and willingness to cooperate is expected to be revealed in this study. However, one should first understand theories that are normally discussed about technology acceptance.

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The formulation of a new theory of technology acceptance, Unified Theory of Acceptance and Use of Technology (UTAUT) which covers not only user intention but also their behavior, evidenced the lacking aspect in the previous models. This theory with the introduction of moderators could provide more effective guidance in understanding the determinants of acceptance in technology as proposed in this paper. Technically, UTAUT take into consideration the commonalities across the eight models as basis of a new formulation model (Venkatesh et al. 2003). The commonalities divided into three categories i.e. significant, non-significant after some time and significant only under mandatory condition.

Via empirically tested the original data on four organizations and cross-validated the new data on another two organizations, UTAUT turn out to be having a substantial improvement over the eight models. This is achieved when ability to explain and support the variables were greater than 0.70 (Venkatesh et al 2003). In addition to that, UTAUT also enable to integrate the key elements among the 32 main variables and the four moderators to the intention and behavior in accepting the technology. The tests support that there are three direct determinants of intention to use which were performance expectancy, effort expectancy and social influence. Facilitating condition and intention on the other hand, were the direct determinants of usage behavior. The main moderators were also confirmed as important to UTAUT which were experience, voluntariness, gender and age.

Although UTAUT seems and claimed to be as a robust model and being validated in a wide range of settings across diverse technologies (Brown, Dennis & Venkatesh 2010), yet there are limitations associated with the model. UTAUT model is commented as a reflection of an individual's internal schema of beliefs where the external part being ignored (Brown et al 2010). This is taking into account the lacking effect of facilitating condition on intention which potentially could facilitate the performance of a behavior. Despite of being predictive, UTAUT as TAM is more integrative, however, this model weak in the ability of explaining. This is critically commented by Venkatesh and Bala (2008) where UTAUT unable to provide fuller and better explanation that enable in constructing interventions that promote adoption (Venkatesh & Davis 1996; Venkatesh & Davis 2000). The very significant comment is UTAUT model successfully integrated 32 variables with four moderators but the application is too general not specific to class of technologies (Venkatesh & Bala 2008). The claimed made that with the focus to a specific class of technology, the explanatory power could be stronger. Thus, UTAUT could provide an alternative foundation for future research in the related areas. The key determinants with the moderators definitely restructure and enhance the existing models in intention to use and behavior while retaining a parsimonious structure (Venkatesh et al 2003).

Even though this unified model is being accepted and integrated in many studies of various fields, their results revealed some inconsistencies when applied in different areas or situations. In other words, there is no universal UTAUT that can explain all situations of acceptance. As such, the present research would attempt to discover enrichment the model of acceptability in a situation where authority is involved in

encouraging professionals to adopt the proposed system. Because UTAUT has been recognized on its ability to explain almost 70 per cent of the variance in the dependent variable, the present research would take it as underpinning concept in developing the theoretical frameworks.

3. Research Framework

This conceptual paper proposes the determinant toward the intention to use e-filing model. The model is derived from the theoretical foundations of prior research in the theories of perceive value, UTAUT (Venkatesh et al 2003) and TAM (Venkatesh & Bala 2008).

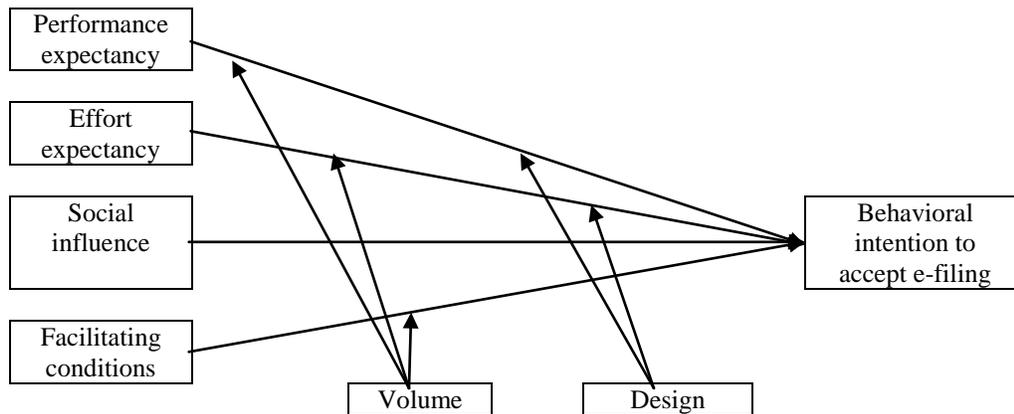


Figure 1: Proposed framework

Performance expectancy as reported by Venkatesh et al (2003) is the degree to which an individual believes that using the system would help individual increase in job performance. This variable is the most consistent predictors of behavioral intention where the more individuals expect the technology would improve performance, the more likely the technology introduced been adopted (Venkatesh et al 2003). Hence, the same pattern and effect of performance expectancy could be expected in the intention to use e-filing technology. The adoption of e-filing system in corporate taxation would increase the performance of tax preparers in effectively and efficiently complete and return the return form electronically. Thus, it is predicted that there is a positive relationship between performance expectancy and behavioral intention to accept e-filing in Malaysia among tax preparers.

H₁: Performance expectancy has a positive influence on behavioral intention to accept e-filing in Malaysia.

Effort expectancy is the degree of ease associated with the use of the system (Venkatesh et al 2003). The effort expectancy is the weak determinant in UTAUT model because individual expect the technology introduced should be free of effort. Therefore, when a technology is perceived to require more effort to use, then the tendency to intend to use the technology would be decrease and vice versa. It is basically due to the

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perception that more effort it takes to use shows the less useful the technology (Davis 1989; Venkatesh 2000; Venkatesh & Davis 2000). Such same effect is predicted to be on the e-filing technology where free of effort would improve as well as attract the tax preparers to adopt the system. Hence, it is propose that effort expectancy could have result in a positive relationship with behavioral intention in accepting e-filing among tax preparers in Malaysia.

H₂: Effort expectancy has a positive influence on behavioral intention to accept e-filing in Malaysia.

According to Venkatesh et al (2003), social influence is the degree to which an individual perceived that important others believe that individual should use the new system. The scholars found that social influence depict low positive relationship in the UTAUT model. This is because in a voluntary condition, social influence constructs are not significant. Under a mandatory condition, this element of social influence is seemed to be significant only on early stage and turn to be non-significant as experience increased. Meaning that as individual become familiar with the technology, influence from others has no effect on behavior intention. However, in e-filing acceptance among tax preparer, there would be or expected to have relationship between social influence and behavioral intention. Even though in Malaysia e-filing is on a voluntary basis, the social influence could indirectly influence the intention to use. Thus, the social influence would be predicted to have a significant effect on the behavioral intention. Therefore, it is envisage that there is a positive relationship between social influence and behavioral intention to accept e-filing in Malaysia among tax preparers.

H₃: Social influence has a positive influence on behavioral intention to accept e-filing in Malaysia.

Facilitating conditions are the degree to which an individual believes that an organizational and technical infrastructure exists to support the use of the system. In this study on e-filing acceptance among tax preparers in Malaysia the focus would be on the intention and not actual use. Even in this case and based on the fact that facilitating conditions significantly affect the usage, yet the determinant is remained in this study. It is because it is believe that if there is intention to use any new technology or product, certainly there would be facilities and technical support provided by the organization to the users or adopters (Lu 2009). In addition, there is also a need to study on the importance of compatibility factor of the new technology to influence the new adopters. Based on the fact, it is project that facilitating conditions could have result in a positive relationship on behavioral intention in accepting e-filing among tax preparers in Malaysia.

H₄: Facilitating conditions has a positive influence on behavioral intention to accept e-filing in Malaysia.

Volume of transaction is specifically referring to number of clients or return forms dealing by tax preparers. This variable does play a role even though there is no empirical evidence on this matter. The workload or increasing in volume of transaction

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would possibly affect the work performance, then the intention to use e-filing would be directed. Moreover, the effectiveness and efficiency of e-filing and be able to improve performance with less effort required would not influence the intention to adopt e-filing without any pressure from volume of transaction. This condition would be also predicted even when facilities available to ease the tax preparers. The e-filing would not be the alternative until volume of transaction really affected the work performance. Thus, the following hypotheses were derived:

- H_{1a}: The influence of performance expectancy on behavioral intention toward e-filing among tax preparers will be moderated by volume of transaction.*
- H_{2a}: The influence of effort expectancy on behavioral intention toward e-filing among tax preparers will be moderated by volume of transaction.*
- H_{4a}: The influence of facilitating conditions on behavioral intention toward e-filing among tax preparers will be moderated by volume of transaction.*

Design characteristics are among the considered elements in any designs as it could ease the use of any system or technology introduced. A suitable design characteristics associated to the technology introduced could reduce the effort to integrate the technology into a particular task. Thus, if a system could provide users with relevant information on time, accurate, understandable and help in a better decision making (Speier 2003), obviously it would be the preferable system. This is because users could perceive the system as greater job relevance, high output quality and greater result demonstrability. As a matter of fact, the design of the tasks and context of the technology could influence the performance and effort expectancy which in turn could influence the adoption and use of the system (Brown 2010). Hence, it is predicted that if tax preparers perceived the importance of design characteristics on performance and effort expectancies, then behavioral intention toward accepting e-filing would be affected.

- H_{1b}: The influence of performance expectancy on behavioral intention toward e-filing among tax preparers will be moderated by design characteristics.*
- H_{2b}: The influence of effort expectancy on behavioral intention toward e-filing among tax preparers will be moderated by design characteristics.*

4. Summary

Previous researchers have highlighted the importance of UTAUT's variables to the intention and adoption of e-filing. This research attempts to provide insights into its facets, thus, providing useful input on the determinants towards intention to use e-filing among tax preparers. One of the strong points of the UTAUT model is its ability and successfully explains user acceptance in a more realistic manner than the other models. However, some form of extension, modification and improvement upon the existing technology acceptance models are vital. The UTAUT model could at this stage serve as a benchmark against all future models; much like TAM did over the past few decades.

Although UTAUT seems to provide a fuller empirical support on understanding user intention and behavior, but the situation of voluntariness in e-filing might give a different

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idea as well as effect for this research. Hence, certain modification and extension are required in this research where it could provide more reflective guidance to policy-maker and enable to promote e-filing in Malaysia.

The main contribution of this research is to gain understanding on the gap existed in the e-filing among the tax preparer. In seeking for the imperative answers, given the large investment had been put forward in ensuring the success of e-filing in Malaysia and yet to see the acceptability. Indirectly, this research would contribute to the body of knowledge empirically. The existing information system theory would be tested in a new information technology context i.e. tax e-filing. The extension or enhancement would certainly assist in understanding the determinant of e-filing acceptability. Moreover, the management policy such as government policy makers, government agencies and system designers also could be benefited. The result and discussion would provide empirical support of the reasons behind the resistant to accept the technology introduced.

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