Taxpayer Perceptions of Tax Awareness, Tax Education, and Tax Complexity among Small and Medium Enterprises in Malaysia: A Quadrant Analysis Approach

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Abstract The government's continuous support in ensuring the resilience and development of the small and medium enterprises (SMEs) amidst the COVID-19 pandemic is not open to question, especially considering the huge allocation of funds to SMEs as incentives for sustaining their businesses. To date, the greatest allocation of RM38.7 billion has been made through the 2021 Budget to benefit the SMEs. As such, the obligation of SMEs to contribute to the government by paying taxes voluntarily and accurately is essential. This study examines the perceptions of taxpayers via quadrant analysis to identify organisational strengths and weaknesses based on the ranking between priority and satisfaction towards tax awareness, tax education and tax complexity. A structured questionnaire was developed, validated and distributed to SMEs' owners via an online survey form. A total of 140 respondents completed the questionnaire and they were included in the data analysis. Overall, taxpayers considered paying tax as a burden since it will reduce their income and they also opined that introducing a new digital tax is not compulsory at the moment. In addition, taxpayers were less informed about tax management and services provided by the tax authority. Issues relating to tax complexity and management procedure need to be addressed by the tax authority. These findings could assist tax authorities by focusing on the elements requiring urgent attention to increase tax awareness, especially among SMEs in Malaysia.

Keywords Tax Awareness, Tax Education, Tax Complexity, Small and Medium Enterprises (SMES), Satisfaction Level

1. Introduction

Undoubtedly, Small and Medium Enterprises (SMEs) highly contribute to the economy of countries worldwide, including Malaysia (Yusof et al., 2018). As reported by the Academy of Sciences Malaysia, SMEs accounted for 98.5% of business establishments, with a 38.2% contribution to Malaysia's 2019 gross domestic product (GDP). SMEs, being a prominent player in the Malaysian

business industries, provided about half of the country's total employment from 2016 to 2020 (Mahidin, 2021).

The existence of online business in the 2020 era is not a new phenomenon and the usage has increased significantly since the COVID-19 pandemic hit the country. This has also allowed SMEs to continue to flourish, as e-commerce involvement among SMEs climbed by 3% compared to the previous year (Bernama, 2021). Online platforms are considered the most suitable for running a business as customers are encouraged to be at home. In 2020, eMarketer reported that retails e-commerce sales have tremendously increased with double figures in most regions of the world such as Latin America with 36.7%, followed by North America with 31.8%, Central and Eastern Europe with 29.1%, Asia Pacific with 26.4%, Western Europe with 26.3%, including the Middle East and Africa with 19.8% (Chaffey, 2021). Based on the Malaysian Department of Statistics reports, online platforms are also used by a high variety of businesses by which about 58,824 online businesses, as of 2018, were officially listed with the Companies Commission of Malaysia (FMT News, 2018).

The government's constant support in ensuring that SMEs remain resilient and growing throughout the COVID-19 pandemic is undeniable, given the vast allocation of funds as incentives for SME businesses to sustain. Thus far, RM38.7 billion is the greatest allocation made to benefit SMEs, which has been executed through the 2021 Budget and this makes it essential for SMEs to contribute to the government by paying taxes voluntarily and accurately. Since SMEs have a poor cash flow, fluctuating income, and a lack of tax understanding, they are deemed high-risk taxpayers (Delloite and MICPA, 2021) and, as such, are highly likely to be selected for tax audit. According to Mohamad (2016), in 2011, the Inland Revenue Board of Malaysia (IRBM) had investigated about 9,815 tax audit cases related to tax evasion by SMEs. Due to under-reporting sales, over-claiming purchases, and other factors, 2,849 tax audit cases out of the total cases were liable to extra tax. Moreover, based on Hamid et al.'s (2019) interviews with the SMEs involved in e-commerce activities, it was found that some SMEs had complied with submitting tax returns while some others had not.

As indicated by Pope and Abdul-Jabbar (2008), the issues surrounding high non-compliance among SMEs as opposed to large companies might be attributed to the high burden of tax compliance perceived by SMEs. This also includes other factors, for instance, taxpayer attitude in which tax payment is perceived as an obligation to the country, as discussed in the theory of planned behaviour. In this regard, taxpayer perceptions of the extent to which performing a specific task is easy or difficult may have an influence on their decision to comply with taxes.

Therefore, either traditional or e-commerce SMEs ought to be based on the principles of equity and neutrality. It is important that a taxation system is competent in reducing the costs of administration and compliance to businesses.

Taxpayers must also be aware of how and when they are imposed with tax. Furthermore, tax systems must be adaptable to technical and economic developments. For consumption tax, the ideal location should be where the consumption takes place. Otherwise, there may be incidences of double taxation and non-taxation (OECD, 2003). Based on these tax issues, this study examines taxpayer perceptions of tax awareness, tax education, and tax complexity among SMEs in Malaysia. Specifically, the data derived from the tax awareness survey as per the respondents' perceptions were utilised to indicate the strengths and weaknesses of the organisation (IRBM) based on the ranking between priority and satisfaction towards each assessed variable. In the following sections, the three variables are discussed and empirical evidence is presented, followed by research methodology and empirical study.

2. Literature Review

2.1. Theory of Planned Behaviour

Drawing from the studies by Kariyoto (2010) and Geetha and Sekar (2012), the factors influencing taxpayer consciousness are determined using the Theory of Planned Behavior (TPB) based on variables such as attitude, subjective norms, and perceived behavioral control as well as their influence on the taxpayers' non-compliance behavior. The theory outlines that individual attitudes towards a behavior are based on behavioral beliefs, which refer to the beliefs regarding the consequences of such a behavior. As evidenced by Widayati and Nurlis (2010), tax knowledge and understanding may influence the attitude of taxpayers towards complying with taxes as they are likely to think that paying taxes is better than obtaining tax sanctions. Briefly, tax knowledge refers to teaching, training, and education processes for changing taxpayer attitude and behavior (Hardiningsih and Yulianawati, 2011). Thus, all taxpayers must understand the tax system so that they will better understand the sanctions to be applied if they were to neglect their tax duties, which will further influence their tax compliance behaviour.

According to Ajzen (1991), individuals fully function by processing existing information, for instance, behavioral traits that include the vital knowledge, personality traits, and social attitudes that predict and explain human behavior and reactions. Correspondingly, examining tax knowledge and understanding can help increase individual awareness to comply with tax laws and regulations. In fact, knowledge is one of the factors in the external variables of the Theory of Planned Behavior that can influence taxpayer behaviour (Muzakkir, Indrijawati and Syamsuddin, 2019). In this sense, individuals in different countries are driven to behave in a truthful manner as per their knowledge levels of the legitimate tax system, tax

rules, and their comprehension of the procedural aspects (Gangl, 2015).

2.2. Tax Awareness

Taxation is among the key sources of government revenue in most nations including Malaysia, representing 74% of government income in 2018 (Azmi et al., 2020). In every tax system, taxpayers' knowledge of tax is an effective tool for tax compliance. An example of such tax knowledge is the self-assessment System to collect tax revenue (Palil et al., 2013). Tax awareness, indeed, is a significant element to guarantee taxpayer compliance with tax laws and regulations (Palil et al., 2013).

The definition of tax awareness differed in several studies. As defined by Hastuti (2014), tax awareness refers to one's ability to make calculations, payments, and reports of his or her taxes. According to Zanaria and Lestari (2020), the term tax awareness was used to explain a cognitive process of realising the need to pay tax, obeying tax regulations and subsequent payment of taxes. Similarly, Ratnawati et al. (2019) described taxpayers' awareness as an attitude involving views, beliefs, reasoning and knowledge, which affected human disposition to behave in conformity with tax provisions.

Tax awareness is beneficial to taxpayers as it improves their understanding of the tax system to calculate, pay, and declare their income. Taxpayers having poor tax awareness are likely to show unwillingness or avoidance of paying taxes, either with or without intention. In the Malaysian context, lack of tax awareness has led to the unwillingness of tax payment amongst taxpayers (Saifi et al., 2015). Nonetheless, tax awareness could be improved if taxpayers are meticulous about tax literacy and education for them to comply with the law (Hastuti, 2014). Evidently, both tax knowledge and awareness are influential towards taxpayer compliance (Rahayu et al., 2017). Furthermore, there was a higher capacity of taxpayers to evaluate their behaviour relative to the provisions of taxation as their level of understanding increased, thereby resulting in a high compliance rate (Nalendro & Isgiyarta, 2014). Nugroho and Zulaikha (2012) investigated the factors influencing tax compliance, with tax knowledge as an intervening variable. The authors found that tax awareness was affected by various factors, including knowledge and comprehension of tax legislation, tax service quality, including perceived taxation effectiveness. According to Munari (2005), tax awareness occurs when the taxpayers: are aware of the implications of tax laws and provisions; are aware of why taxes should be paid to the government; are aware of the entitlement and duty that must be followed; are willing to make tax calculations, payments, and reports; and are able to make tax calculations, payments, and declarations accurately.

2.3. Tax Education

Tax education is important as every individual needs to know about an event, task, or activity before verging into it. Taxation is not an exception as taxpayers need to be properly informed and educated before introducing the tax system. Bahari and Lai (2009) argued that taxation skills and knowledged must be imparted, instead of only being practised and studied. A person needs to have basic knowledge of the tax rate, deductions, relief and rebates before paying tax. According to Machogu and Amayi (2013), taxpayer education is a resource for taxpayers to enhance their knowledge of tax laws and processes. In fact, tax knowledge significantly influences individual decision to abide by the stipulated time as per the tax laws (Mohamad, 2010), in which knowledgeable taxpayers were more likely to submit their tax returns than those with lesser tax knowledge (Mohamad, 2010). In line with Park and Hyun's (2003) findings, if taxpayers grasp the basic taxation concept, they are more likely to follow the rules. Furthermore, educated taxpayers having more tax knowledge were encouraged to abide by the law because they understood their obligations and the consequences of tax non-compliance (Mahmood, 2012). However, certain taxpayers intentionally fail to acquire basic tax knowledge and system, thereby inclining to employ such reason to justify their ignorance on the matter.

Several studies have reported that tax knowledge is positively associated with tax compliance behaviour (Kasipillai et al., 2003; Loo, 2006; Ahmad et al., 2007; Palil & Lymer 2009, Mukasa, 2011). This finding was further corroborated by Mukasa (2011). Based on the study, compliance rates are expected to improve with more tax knowledge and vice versa. Loo, Mckerchar and Hansford (2009) revealed that tax knowledge acquisition significantly influenced the compliance level of Malaysians following the introduction of the self-assessment system. The authors further indicated that taxpayers' ability to engage in tax compliance through taxable earning reports, relief claims, rebates, and accurate computation of tax liability might be determined based on their sufficient tax knowledge of the tax policy.

In another study by Nzioki and Peter (2014), tax knowledge and education was found to positively influence tax compliance among taxpayers by which a better tax education could further enhance their tax awareness compared to a mere provision of basic guidelines on how to fill the tax returns. As indicated by Mukhlis et al. (2015), strengthening tax education was key in shaping tax knowledge and tax compliance. As a result, the authors suggested that tax education should be well-structured and taught in higher learning institutions to achieve tax objectives. Besides, the real working environment should be reflected and simulated in the structure of tax education. This will enable the students to appreciate the significance of acquiring tax knowledge (Putro and Tjen, 2020). Although tax learning is multifactorial, tax learning procedures should be simple and less complicated to enhance tax compliance (Alkhatib et al., 2020). The tax

structure should include the fundamentals of tax rules and hands-on learning procedures. Therefore, the government needs to embrace tax education strategies involving multiple knowledge initiatives. This is crucial to identify tax education requirements to distinguish potential risks that might obstruct the successful educational strategy outcome (Twum et al., 2020).

2.4. Tax Complexity

The increasing level of tax complexity has become a concern for firms and governments in recent times. Tax increment may pose a threat to economic prosperity as well as producing unsought tax planning among taxpayers. According to Sawyer and Richardson (2001), the tax law has become more sophisticated, thus resulting in tax complexity. Tax complexity may assume a variety of forms: computational complexity; forms complexity (American Institute of Certified Public Accountants, 1992); compliance complexity; rule complexity (Carnes & Cuccia, 1996); procedural complexity (Cox & Eger, 2006); and low readability level (Pau, Sawyer & Maples, 2007; Richardson & Sawyer, 1998; Saw & Sawyer, 2010). Based on Strader and Fogliasso's (1989) comparative study of tax complexity involving seven countries, it was revealed that the United Kingdom (UK), the United States (US), Japan, France, and Italy have a tax system that is deemed extremely complex. A moderate tax system was reported to be present only in Sweden and the Netherlands.

As reinstated by the Asia Pacific Tax Complexity Survey conducted by Deloitte in 2017, the present tax environment is unclear and tax systems are complicated. Beyond 80% of the respondents throughout Asia Pacific perceived the complex tax compliance and reporting obligations in the countries where they operate, by which China and India occupied the topmost position. Hoppe et al. (2018) highlighted that at least two factors may influence the increase in tax complexity. The first factor includes the introduction of complex regulations by the governments to ensure an equal opportunity for corporations all around countries as well as closing the lacunas precipitating tax base erosion. Second, the implementation of tax incentives by the governments to draw investments and mechanisms in resolving uncertainties, reducing costs, and allowing for new tax planning. Concurrently, the tax system becomes more complicated as a result of these reforms.

In Malaysia, one of the earliest studies on taxpayers' awareness of the self-assessment system had been carried out by Mustafa (1996). The author highlighted tax complexity in the Malaysian setting upon evaluating the newly introduced self-assessment system. These complexities were mainly in terms of recordkeeping, excessive tax law details, and ambiguity. Besides, the findings relatively coincide with the six complexity factors, namely ambiguity, changes, calculations, details, record-keeping, and forms (Long & Swingen, 1987).

Likewise, Saad (2011) in a survey involving salaried taxpayers mentioned the complexity of the income tax law-related subjects, irrespective of the lower calculation they entail (in comparison with business taxpayers) in fulfilling tax obligations. Similarly, the most recent study by Isa (2014) entailed an interview of 60 tax auditors and several corporate taxpayers. The author also reported the existence of tax complexity categories, namely tax ambiguity, tax computations, and record-keeping. Although these studies (i.e. Mustafa, 1996; Saad, 2011; Isa, 2014) are predicated primarily on perceptions, the studies implied that the tax laws in Malaysia have readability issues.

3. Research Methodology

3.1. Data Collection and Research Instruments

A quantitative study design was employed in this study by primarily relying on the collection and analysis of numerical information. Also, quadrant analysis was used to evaluate the findings since the method is unconventional and effective in identifying issues regarding tax compliance among online business owners. The questionnaires were distributed to 500 targeted respondents. The respondents were reached via phone contact and email address available on their online business' social media platforms (Facebook and Instagram) from February to April 2019. However, only 140 respondents completed and submitted the questionnaires.

The primary data employed in the current study were collected for research purposes. Overall, a structured questionnaire with closed-ended items was used to facilitate a simple analysis of the factors considered in the research. The closed-ended questionnaire was developed based on previous studies that used a similar instrument. Specifically, the questionnaire for tax morale was adopted from Alm and Torgler (2005), whereas the questions in other sections were adopted from studies conducted by several researchers (Kasipillai and Jabbar, 2006; Ho, Loo and Lim, 2006; Gërxhani, 2007). To analyse the data, the Statistical Package for Social Sciences (IBM SPSS version 23.0) software was used and descriptive and quadrant analyses were conducted.

In ensuring the face validity of the items in the questionnaire, a pre-test was carried out among some taxpayers. As part of the preliminary test, measurement analysis was employed to examine the convergent validity to eliminate potential biasedness in the study.

4. Analysis and Findings

4.1. Descriptive Analysis

This section described the profile of respondents (n = 140). A higher proportion of the respondents were females

(70.7%), of which 63.6% were aged between 26 and 35 years. In terms of religion, the respondents were mostly Muslims (97.1%) with Malays as the predominant participants (95%). More than half of the respondents were married, and about 80% were either undergraduates'/degree holders or diploma holders, thus reflecting that most online business owners had higher educational backgrounds.

Table 1. Respondents' Demographic Background (n = 140)

Particular	Description	Respondents	Percentage
Gender	Male	41	29.3
	Female	99	70.7
Age	25 and below	22	15.7
	26-35	89	63.6
	36-46	22	15.7
	47-55	6	4.3
	Above 55	1	0.7
Religion	Islam	136	97.1
	Buddha	1	0.7
	Christian	1	0.7
	Hindu	2	1.4
Race	Malay	133	95
	Chinese	3	2.1
	Indian	3	2.1
	Others	1	0.7
Marital status	Single	44	31.4
	Married	95	67.9
	Divorced	1	0.7
Highest education level	Up to SPM	12	8.6
	STPM certificate	3	2.1
	Diploma	37	26.4
	Bachelor's degree	75	53.6
	Professional	2	1.4
	Master's degree	11	7.9
Online business	Yes	129	92.1
	No	11	7.9
Nature of online business	Fashion & beauty	33	23.3
	Retail sales	55	39.5
	Food & beverages	24	17.1
	Services	23	16.3
	Others	5	3.8
Starting online business	Prior 2005	3	2.1
	2005-2010	4	2.9
	2011-2015	28	20
	2015 onwards	105	75
Capital	Own saving	125	89.1
	Conventional bank loan	10	7.3
	Others	5	3.6
Frequent payment method by customers	Credit/debit card	5	3.6
	Mobile payment	1	0.7
	E-wallet	1	0.7
	Online banking	128	91.3
	Others	5	3.6
Average monthly income from online business	RM5,000 and below	111	79.3
	RM5,001-RM10,000	18	12.9
	RM10,001-RM15,000	1	0.7
	Above RM15,000	10	7.1
Registered company	Yes	70	50
	No	70	50
Registered tax file	Yes	46	32.9
	No	94	67.1

Note: SPM = Sijil Pelajaran Malaysia

The majority of the respondents (92.1%) engaged in online business, especially in the retail sales industry. About 75% of respondents started their online business from 2015 onwards the majority of them used their savings (89.25%). A similar proportion (79.3%) acquired RM5,000 or below per month. As for the mode of payment, the respondents mostly preferred the online banking mechanism. Furthermore, respondents were equally divided between those having a registered business (50%) with Companies Commission of Malaysia and those yet to do so (50%). Lastly, more than half of the respondents (67.1%) did not file their tax forms with the tax authority. Table 1 shows the respondents' demographic background in detail.

4.2. Quadrant Analysis: Strengths and Weaknesses of Tax Behaviour

Data derived from the perception of tax behaviour among the respondents were used to identify organisational strengths and weaknesses based on the ranking between priority and satisfaction towards each variable assessed. In this study, the researchers introduced a new technique of performance evaluation by using quadrant analysis to identify strengths and weaknesses in assessing the respondents' satisfaction and the elements requiring urgent attention by the IRBM. A Likert scale with five points ranging from 1 = very insignificant to 5 = very satisfactory, was used to measure the items regarding priority and satisfaction. Quadrant analysis is effective in displaying the result of customers' satisfaction surveys using the strength and weaknesses analysis (Martilla & James, 1977).
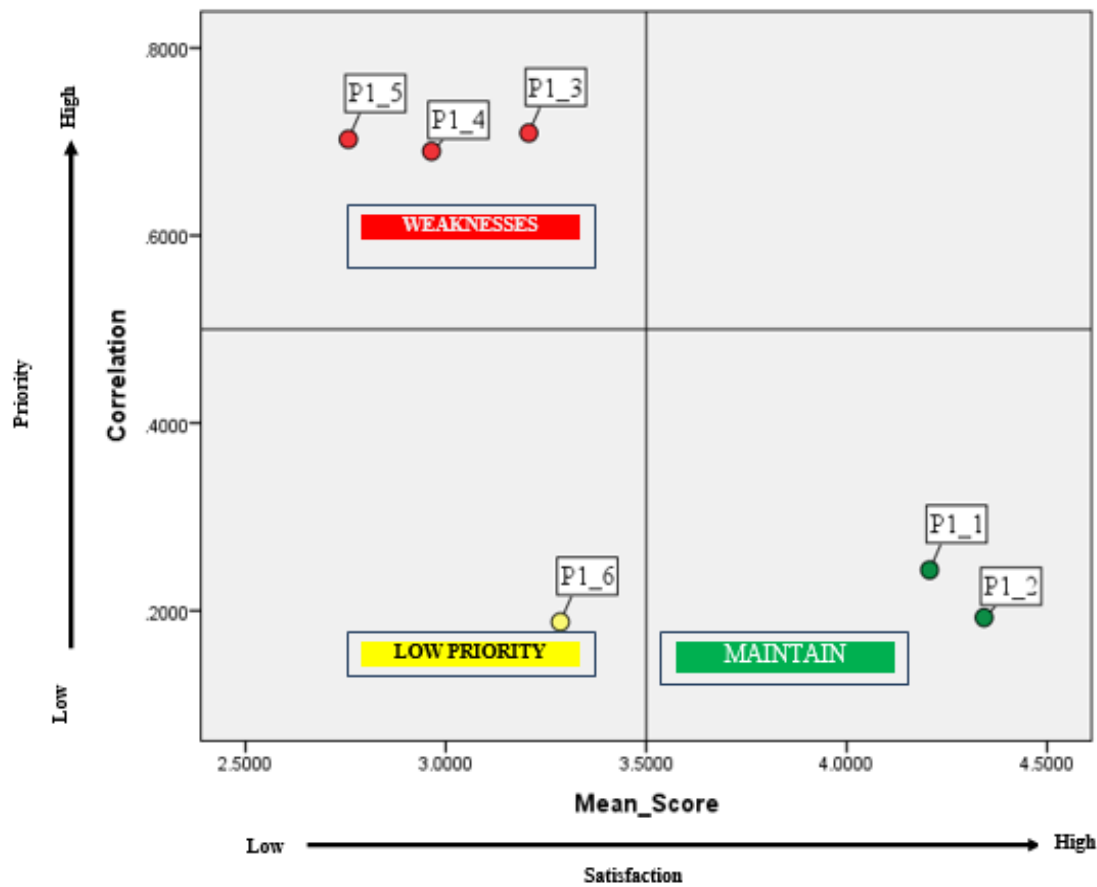
4.2.1. Tax Awareness

Quadrant 2 – Figure 1 showed that three elements need to be urgently attended to by the IRBM (refer to P1_3, P1_4, P1_5). These factors were considered high priority by taxpayers, whereas the weakness area depicted low satisfaction level. The three elements are related to taxpayer's perception that tax payment is a burden that will reduce their personal income for spending (P1_3). Taxpayers mentioned that paying tax is not a priority even if their income increases and they believed that tax is a burden because of its propensity in reducing purchasing power (P1_4). In addition, taxpayers also considered the implementation of digital tax is not a priority in the current

economic situation (P1_5). Therefore, these results revealed that taxpayers were less aware of their responsibility as a citizen in paying tax. The government needs to educate taxpayers by highlighting the benefits of paying tax. According to Hastuti (2014), tax awareness is essential to improve taxpayers' understanding of the tax system for them to be able to compute, pay and declare their income. Thus, tax awareness could encourage taxpayers to be more responsible to execute their duty as citizens in contributing tax for the government. The implementation of new tax policy also needs to be considered fairly since taxpayers refused to welcome any a new tax policy.

As shown in Figure 1, quadrant 3 was not considered as important as quadrant 2, however, the results signified dissatisfaction among taxpayers (refer to P1_6). Although not a priority, these weaknesses need to be improved. Taxpayers perceived that it is inappropriate to introduce digital tax in 2020 as planned in the 2019 budget since the additional tax regime will put more burden on taxpayers. The government is encouraged to defer the implementation of digital tax for a certain period pending when the economy recovers.

Quadrant 4- the items in this section were not considered highly important but they represented the taxpayers satisfied with the current practice (refer to P1_1, P1_2). Accordingly, they agreed to pay tax for income derived from business activities (P1_1) and believed that income tax paid by them is not too high (P1_2). This indicated that taxpayers understood that income from businesses is assessable to tax and the tax rate is acceptable to them. Although taxpayers felt paying taxes is a burden to them as in quadrant 1, but they knew it is compulsory to pay taxes as long as it involves business income. Therefore, the tax authority needs to educate taxpayers on the tax policy since it is positively associated with high tax compliance (Nalendro & Isgiyarta, 2014). Thus, tax knowledge and education are key to drive taxpayers toward tax awareness.

In addressing tax awareness issues and enhancing tax awareness among taxpayers, the IRBM has launched a new, comprehensive information portal and service platform in 2021, which allows the users to download a short and interactive video that focuses on the topics related to tax awareness and tax education. Furthermore, tax information is also disseminated to the taxpayers via email every month to remind them of their tax obligations, in addition to bridging their gap with the tax authorities.

Figure 1.   Strength and weaknesses of tax awareness among online business owners
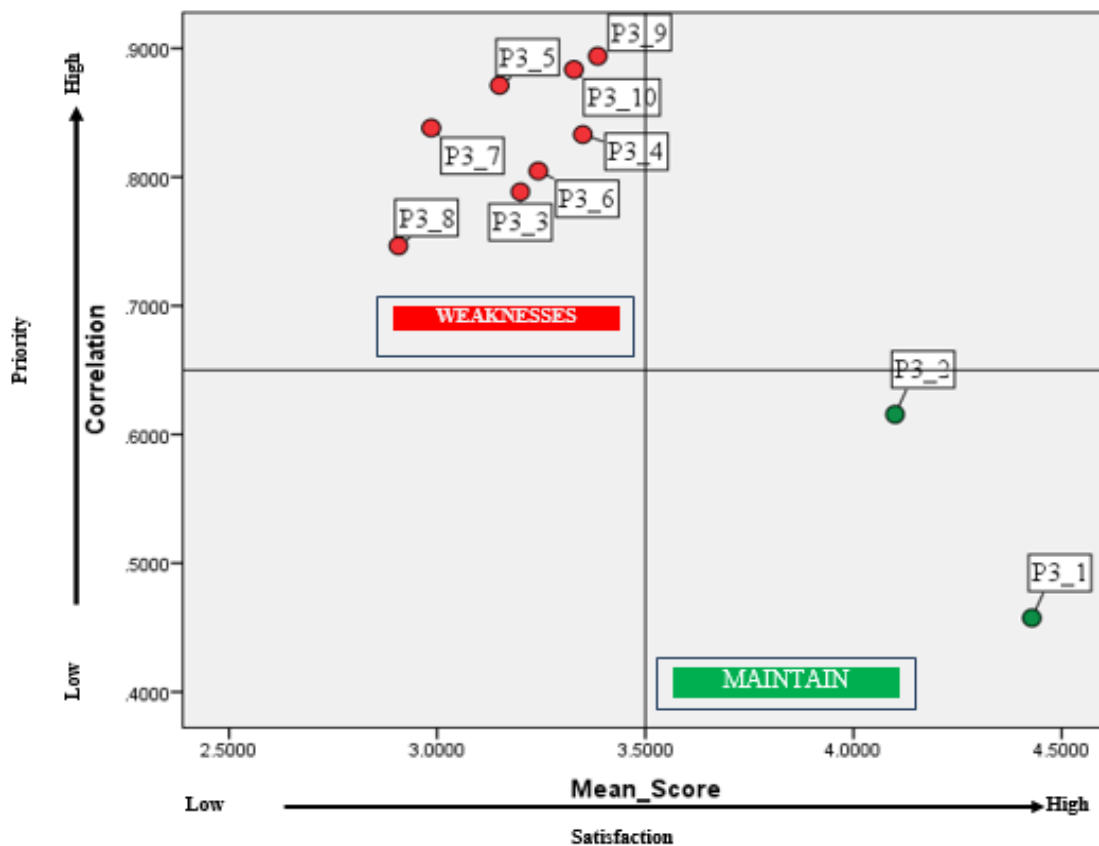
4.2.2. Tax Education

Based on the priority and satisfaction level of analysis for tax education variables, it shows the need for some factors to be urgently addressed by the tax authority. Quadrant 2- Figure 2 shows that nine elements must be given urgent attention by the IRBM to improve the tax policy (refer to P3_3, P3_4, P3_5, P3_6, P3_7, P3_8, P3_9, P3_10). The nine elements related to IRBM's services and general knowledge about tax management. Unfortunately, most of the taxpayers lacked knowledge about tax management and services provided by the IRBM. The problem of inadequate tax knowledge in Malaysia seems to be a severe issue. Loo and Ho (2005) conducted a study in Malacca state and found that most of the salaried individuals have insufficient personal taxation knowledge despite receiving tertiary education. Barjoyai (1992) reported a similar issue where 30% to 50% of taxpayers in Malaysia, at least, were not well-educated in taxation. In a recent survey, respondents suggested that formal tax education should be provided to increase their tax compliance (Ghani et al., 2020).

Quadrant 4 - Figure2 shows the less important elements to the taxpayers but were satisfied with the current practice (refer to P3_1, P3_2). Taxpayers understood and were satisfied that IRBM is the authorised body to administer tax issues (P3_1). They also relied on the

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information provided by IRBM relating to chargeability of tax for business income (P3_2). Nevertheless, taxpayers failed to comply with the tax law since they lacked proper tax education. Despite the introduction of the information portal and service platform by the IRBM as a way to informally and conveniently educate the taxpayers, face-to-face appointments can still be conducted and made

through the e-appointment system, which assures an easier process. While numerous activities have been executed by the IRBM to improve tax education level, it seems the programmes are yet to yield the expected outcomes. Most probably, the way the programmes were delivered to taxpayers needs to be improved.

Weaknesses: Need urgent attention
P3_3: I have learnt how to file my tax form from IRBM.
P3_4: I know from IRBM when is the deadline to file my tax forms
P3_5: I know that IRBM organises tax education programmes that open for public participation
P3_6: I know that IRBM have a digital economy section for online business information on its websites
P3_7: I know how to compute my online business tax through the information from IRBM websites
P3_8: I know that IRBM used to introduced the Monitoring Deliberate Tax Defaulters (MDTD) to monitor non-compliant taxpayers
P3_9: I know that IRBM has introduced the Special Voluntary Disclosure Program (SVDP) to encourage taxpayers to make a voluntary disclosure in reporting their income
P3_10: I know the advantage that SVDP offered to taxpayers such as lower penalties rate

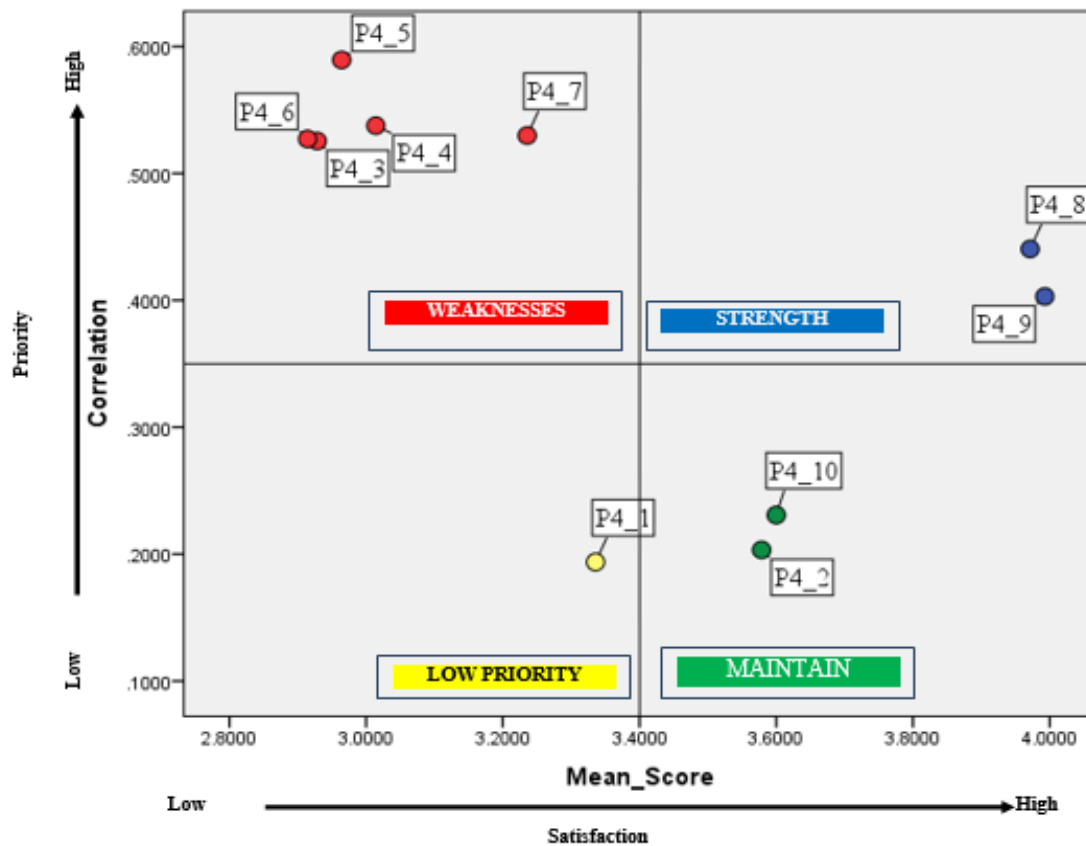| Maintain: Satisfaction Beyond Priority |
| --- |
| P3_1: I know that IRBM is the government agency responsible for administrating taxes |
| P3_2: I get the information from IRBM that business income needs to be taxed |

Figure 2. Strength and weaknesses of tax education among online business owners

4.2.3. Tax Complexity

Based on the analysis of tax complexity variables, the priority and satisfaction level indicated that each quadrant had factors that could affect tax compliance levels of online business owners.

Quadrant 1 – Figure 3 shows the strong elements (strengths) that need to be maintained to improve tax compliance. Two elements were considered taxpayers' strengths; their concerns on how to keep accounting and taxation documents appropriately (refer to P4_8, P4_9). Thus, if these elements are maintained, it will ease the taxpayers and IRBM when there is an investigation or audit field in the future.

Weaknesses: Need urgent attention
P4_3: I encounter significant confusion whilst filling tax forms
P4_4: Sometimes, I am not sure which type of form to use in filing my tax
P4_5: I need to consult tax professionals in completing my tax forms
P4_6: I am not sure what is allowable expenses, relief and rebate
P4_7: If I am not really sure whether or not an expense is allowable, it makes sense to claim the deduction anyway

Low priority: Weak but not a priority
P4_1: Current tax law in Malaysia is not complex

Strength: Must Be Maintained
P4_8: I know how to keep all my accounting documents appropriately
P4_9: I know how to keep all my taxation documents appropriately

Maintain: Satisfaction Beyond Priority
P4_2: Current tax system in Malaysia would not induce me to non-compliant
P4_10: I know I need to keep business documents for 7 years for tax audit

Figure 3. Strength and weaknesses of tax complexity of online business owner

Quadrant 2- Figure 3 shows that five elements should be given serious attention by the IRBM so that the level of tax compliance among online business owners can be improved (refer to P4_3, P4_4, P4_5, P4_6, P4_7). The five elements pertained to the procedure of tax management. Taxpayers felt there are difficulties in managing their taxes appropriately, given the complexity of tax processes. Tax complexity comes into existence from several viewpoints, for instance, computational or forms complexity as indicated by the American Institute of Certified Public Accountants (1992), compliance or rule complexity as indicated by Carnes and Cuccia (1996), procedural complexity as indicated by Cox and Eger (2006), and a low readability level as indicated by Pau, Sawyer, and Maples (2007), Richardson and Sawyer (1998), and Saw and Sawyer (2010).

As depicted in Figure 3 (Quadrant 3), one element was perceived to be of little significance by taxpayers, however, they were unsatisfied with the current policy (refer to P4_1). They believed that that the current tax law in Malaysia is complex. An earlier study conducted by Mustafa (1996) emphasised tax complexity in the Malaysian context, especially in record-keeping, ambiguity and excessive tax law details. In addition, studies carried out more recently reported that Malaysia's tax policy has a readability issue (Saad, 2011; Isa, 2014). For instance, the interpretation of tax law has triggered disputes among the taxpayers, tax practitioners and IRBM.

Lastly, although the elements were less prioritised, they explained taxpayers' satisfaction with the present practice as presented in quadrant 4- Figure 3. These two elements were taxpayers' belief that the existing tax system is unlikely to influence taxpayers to do non-compliance transaction and affirming the necessity of keeping business documents for seven years to allow for tax audits (refer to P4_2, P4_10).

5. Discussions and Conclusions

This study seeks to investigate the perceptions of taxpayers regarding tax awareness, tax education and tax complexity among SMEs. Quadrant analysis was employed to identify the strengths and weaknesses in evaluating taxpayer's satisfaction. The outcomes revealed that the quadrant analysis method is appropriate in elucidating the elements requiring urgent action by IRBM.

In this study, taxpayers lacked tax awareness based on their perception that paying tax is a burden and will reduce their purchasing power. They also considered the introduction of digital taxes is not a priority in the current situation. Nevertheless, it has been effectively implemented on 1 January 2020 as per the 2019 Budget. These elements indicated the need for the government to educate taxpayers about the benefits of paying taxes. The present findings suggest that the purpose of the new tax policy and how its potential impacts on taxpayers need to

be declared and disclosed in detail before it is implemented. Complete dissemination of information will eventually reduce the feeling of dissatisfaction among taxpayers.

Tax education is another issue that needs to be addressed. The majority of the SMEs were less informed about tax management and services provided by the IRBM. Aside from indicating inadequate knowledge among taxpayers, it is an opportunity for the government to take further action before the situation is escalated. Furthermore, taxpayers were faced with challenges in managing their tax obligation due to one or a combination of procedural, computational complexity and forms complexities. Proper programmes and interventions specific to focus groups of taxpayers may reduce tax complexity issues and increase taxpayer's knowledge. It is undeniable that many actions have been undertaken by IRBM to improve tax education. Examples of these actions include the creation of the MyTax website for information gateway and one-stop centre for taxpayers and providing educational platforms such as the Akademi Percukaian Malaysia (APM) Learning Hub for specific interest groups. Nevertheless, there are opportunities for alleviating the taxpayers' current knowledge of tax awareness, which is considered relatively low. There is a growing perception of the extremely complex tax system to be followed, hence, the need for the underlining issues to be tackled.

Acknowledgments

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