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(AIJBES)www.aijbess.comUNDERSTANDING TAX NON-COMPLIANCE INTENTION
AMONG SME OWNERS IN MALAYSIA: DENIAL OF
RESPONSIBILITY IMPACT AS MODERATORNor Zuhairatun Md Radzi^{1*}, Zaimah Zainol Ariffin²¹ Kulliyyah of Islamic Finance, Management Sciences and Hospitality, Universiti Islam Antarabangsa Sultan Abdul Halim Mu'adzam Shah (UniSHAMS), Malaysia

Email: norzuhairatun@unishams.edu.my

² Tunku Puteri Intan Safinaz School of Accountancy, Universiti Utara Malaysia (UUM), Malaysia

Email: zaimah@uum.edu.my

* Corresponding Author

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Abstract:

Small and medium enterprises (SMEs) are pivotal to Malaysia's economic framework, significantly contributing to national income. However, tax non-compliance among SME owners remains a subject of ongoing debate. Addressing this issue requires consideration beyond the economic perspective, encompassing non-economic views as well. This study seeks to empirically extend the Theory of Planned Behaviour (TPB) by incorporating the concept of neutralisation techniques to evaluate the relationships between TPB constructs, denial of responsibility and tax non-compliance intention. Additionally, it investigates the moderating effect of denial of responsibility. A survey was conducted, distributing questionnaires randomly to 580 SME owners in Malaysia, resulting in a 72.8 percent response rate. Data were analysed using the PLS-SEM statistical tool. The findings indicate that attitude towards tax non-compliance and subjective norms significantly and positively influence tax non-compliance intention, whereas perceived behavioural control shows a negative influence. Furthermore, the positive relationship between subjective norms and tax non-compliance intention weakens when SME owners employ the denial of responsibility technique. These results offer significant theoretical and practical implications, providing valuable insights for academicians, policymakers, and tax authorities in formulating strategies to address tax non-compliance among SME owners. Suggestions for future research are also highlighted.

Keywords:

Denial of Responsibility, Tax Non-compliance Intention, Theory of Neutralisation, Theory of Planned Behaviour, SME Owners

Introduction

Small and medium enterprises (SMEs) are widely acknowledged as the backbone of Malaysia's economy, playing a pivotal role in generating national income. According to data from the Department of Statistics, Malaysia (DOSM), as reported by the Small and Medium Enterprise Corporation Malaysia (SME Corp.) in August 2023, there were 1,173,601 SMEs registered in Malaysia in 2022. Between 2018 and 2019, SMEs demonstrated consistent performance, contributing approximately 38 to 39 percent to Malaysia's Gross Domestic Product (GDP), thereby emphasizing their critical importance to the national economy. However, the outbreak of the COVID-19 pandemic in 2020 had a substantial negative impact on SMEs, leading to a decline in their GDP contribution from 38.9 percent in 2019 to 38.2 percent in 2020, and further to 37.4 percent in 2021, indicating significant disruptions across all sectors. Despite these challenges, SMEs showed signs of recovery in 2021 and continued to grow in 2022, contributing 38.4 percent to the GDP. This recovery suggests a potential for increased GDP contribution in the coming years. Furthermore, the significant increase in the number of registered SMEs in Malaysia highlights their potential to significantly contribute to national income, provided they adhere to tax regulations. Compliance with these regulations is crucial for maximising their economic impact. Due to the SMEs' significant contribution to the Malaysia's economy, coupled with the fact that they represent the majority of business taxpayers, it is expected that more income taxes should be collected from this group of taxpayers. Nevertheless, the collection of national tax revenue is directly affected by the taxpayers' level of compliance. Tax authorities, academicians and non-governmental organisations all over the world are concerned about the serious problem of tax non-compliance among SME owners (Newman, Mwandambira, Charity & Ongayi, 2018). Zakaria, Ahmad and Noor (2013) believe that tax non-compliance has been a worldwide phenomenon and has triggered such a huge loss of revenue to governments around the world. Surprisingly, a briefing paper presented by Murphy (2011) on the worldwide tax evasion cost reveals that out of 145 countries included in a survey, Malaysia was 44th worldwide and 11th in Asia. According to Ching (2013), tax non-compliance problems may cause shortfalls to a country's tax revenue and could be categorised as a white-collar crime. According to Mohamad, Zakaria and Hamid (2016), the characteristics and nature of business itself encourage SME owners not to comply with tax requirements. Non-compliance may arise because of the high opportunities to involve in cash business transactions and the possibilities of not to declare them. The SMEs' intention of not being truthful is undeniable since they have huge opportunities to deal with cash transactions, including sales and payments of purchases (Fatt, Ling & Thye, 2009); Morse, Karlinsky & Bankman, 2009). It is not easy for tax authorities to inspect businesses which are heavily based on cash transactions since there is a lack of proper documents to act as evidence (Yusof, Ling & Wah, 2014). Besides that, a study by Mohd Ali (2013) finds that the compliance level of business income taxpayers is at medium to low levels. This is because taxpayers have a high opportunity of avoiding taxes, which appeared to be mostly overlooked by the tax authorities. Mohamad et al. (2016) also find that tax evasion to be highest among micro-and medium-sized SMEs located in suburban areas.

However, the issue should not be seen solely from the economic approach, but it should also be considered from the non-economic view. Attempts to explain individuals' behaviour have incorporated alternative perspectives from the non-economic approach, which include behavioural and psychological factors (Kirchler, Muehlbacher, Gangl, Hofmann, Kogler, Pollai & Alm, 2012). Most of prior tax compliance studies focus on attitude, subjective norms and perceived behavioural control. One of the psychological elements, which explain techniques in minimising individuals' guilt feelings, is also found to be an important influence

in explaining behaviour of individuals. Thurman, John and Riggs (1984) argue that the reason for a high tax non-compliance is not solely influenced by the threat of economic deterrence factors or the low taxpayers' moral obligation but also by the guilt feelings. They argue that guilt feelings, one of the non-economic factors from a psychological perspective, may influence taxpayers to be honest in tax reporting. It is believed that taxpayers tend to use some techniques to minimise or neutralise their guilt feelings in dealing with tax matters. However, studies on these techniques have been ignored in explaining tax non-compliance behaviour. Thurman et al. (1984) believe that there is no logical reason as to why the use of these guilt minimising strategies could not be applied to adult deviant behaviours such as tax non-compliance since these techniques have been applied on juvenile and criminal behaviour. Furthermore, neutralisation theory can shed light on tax non-compliance behaviour understanding (Cheng, Li, Zai & Smyth, 2014). Thus, it is beneficial to determine if these techniques can be applied to the determination of the tax non-compliance intention of SME owners.

Considering the identified knowledge gaps, along with the significant contributions of SMEs and the necessity to mitigate tax non-compliance, there are substantial opportunities for further research. Thus, to address the aforementioned issues, this study aims to examine whether factors related to SME owners influence their intention to not comply with tax regulations. In addition to examine the original constructs of the Theory of Planned Behaviour (i.e. attitude towards behaviour, subjective norms and perceived behavioural control), this study also explores the impact of the denial of responsibility – one of the techniques in Theory of Neutralisation, which used to minimise feelings of guilt – on tax non-compliance intention. Furthermore, this study examines whether the denial of responsibility moderates the relationship between the proposed determining factors and SME owners' tax non-compliance intention.

Literature Review

Attitude towards Tax Non-compliance

Ajzen (1991) defines attitude towards a behaviour as “the degree to which a person has a favorable or unfavorable of an evaluation of a behavior”. Beck and Ajzen (1991), further explain that the more favourable attitude towards behaviour, the stronger the individuals' intention to perform the behaviour under consideration should be. In other words, the more favourable attitude towards non-compliance behaviour, the stronger the intention of non-compliance to perform such behaviour. From the view of tax compliance behaviour, Loo, McKerchar and Hansford (2009) refer attitude towards tax as the level of taxpayers' confidence in managing or assessing their tax matters and this will reflect their attitude towards tax compliance behaviour. Attitude is found to have a significant positive (negative) relationship with tax (non)compliance in Bobek and Hatfield (2003), Buchan (2005), Hai and See (2011), Hamid (2013), Hanno and Violette (1996), Langham, Paulsen and Hartel (2012), Marti, Wanjohi, Magutu and Mokoro (2010), Md Radzi and Ariffin (2022), Nkwe (2013), Saad (2011), Sudiartana and Mendra (2018) and Trivedi, Shehata and Mestelman (2005); and tax evasion in Alleyne and Harris (2017) and Wahyuni, Julianto and Dewi (2019). Attitude as a factor that influences non-compliance behaviour is well supported and the Theory of Planned Behaviour (TPB) also suggests that individuals are more likely to be more compliant if they perceive that they will receive a positive outcome from their compliance behaviour. However, they will be less compliant if they perceive an unfavourable outcome from their behaviour (Ajzen, 1991; Fishbein & Ajzen, 1975; Kirchler, 2007). Thus, Hypothesis 1 is proposed as:

Attitude towards tax non-compliance positively influences the tax non-compliance intention of SME owners.

Subjective Norms

Ajzen (1991) defines subjective norms as the influence of pressures from perceived referent others, such as family members, employers, friends, spouse, tax preparers, and peers in approving such decisions. According to Beck and Ajzen (1991), in line with the argument put forward in the TPB model, that if referent others approve or perform the behaviour, there is a high possibility that individuals may also perform the behaviour. In other words, it indicates that, if referent others approve or perform that non-compliance action, it will lead to an increase in the tax non-compliance action. Kirchler (2007) states that taxpayers are likely to follow the behaviour of other people that surround them. The signal received from the reference group may influence the compliance or non-compliance level (Jayawardane, 2015). This notion, which is in line with the TPB is supported by Hamid (2013) where it believes that individuals tend to perform such behaviour when the referent others also perform or approve that particular behaviour. Studies by Adimassu and Jerene (2016), Saad (2011), Bobek and Hatfield (2003), Hai and See (2011), Damayanti, Sutrisno, Subekti and Baridwan (2015), Hanno and Violette (1996), Smart (2012), Md Radzi and Ariffin (2022), Sudiartana and Mendra (2018) and Trivedi et al. (2005) find subjective norms has a positively significant influence on tax compliance behaviour. On the other hand, the study shows insignificant effect of subjective norms and overstates expenses intention. This is in line with Hamid (2013) and Buchan (2005). Alleyne and Harris (2017) and Wahyuni et al. (2019) which finds that the practice of tax evasion by individual taxpayers is not being influenced by subjective norms. Findings from Inasius (2015) finds an insignificant effect of subjective norms in influencing SME owners' tax compliance. The study believes that support from referent others does not impact the tax compliance decisions of SME taxpayers. As a summary, mixed findings have been found regarding taxpayers' behaviour towards tax compliance. With regard to the TPB and interview findings of Hamid (2013) in which the respondents reveal that they also exchange ideas with their colleagues especially in complicated tax cases. They also believe that the level of expertise and experience of their colleagues might influence their decisions. Langham et al. (2012) also believe that subjective norms who possess experiences such as tax agents, bookkeepers and accountants are among the important determinants that enhances the intention of compliance behaviour. It is expected that the tendency of SME owners to involve in tax non-compliance is higher when they obtain strong support from their referent others. Therefore, Hypothesis 2 will be: *Subjective norms positively influence the tax non-compliance intention of SME owners.*

Perceived Behavioural Control

Ajzen (1991) defines perceived behavioural control as an individual control, which refers to "the degree of control of an individual perceives he/she has to engage in a particular behavior". According to Ajzen and Beck and Ajzen (1991), an intention to perform such behaviour could also be influenced by other causes such as the resources availableness and chances to perform such behaviour. From the point of view of tax compliance, Kirchler (2007) explains perceived behavioural control as taxpayers' self-confidence to assess their tax returns in a way which will bring advantage to them. Bobek and Hatfield (2003) explain that perceived behavioural control shows how strong a taxpayer's degree of control is in showing a certain behaviour, such as reporting a lower income, overstating expenses and other tax non-compliance behaviour. Bobek and Hatfield and Stone, Jawahar and Kisamore (2010) find that perceived behavioural control and cheating intention are positively related. This is consistent with tax evasion study by Alleyne and Harris (2017) and Wahyuni et al. (2019). A cross-cultural study in New Zealand

and Malaysia by Saad (2011) also finds that perceived behavioural control under the understating income case is negatively related to compliance behaviour. However, it is insignificant under the overstating expenses scenario. Hamid (2013) finds perceived behavioural control is positively related to intention to comply under the case of understating income in New Zealand. However, perceived behavioural control is unable to explain Malaysian taxpayers' compliance intention under the case of understating income. The same findings also found under the overstating expenses case in both countries. Findings of an interview reveal that the possibility of tax agents to have more control is higher in the case of understating cash income than in overstating expenses. This is because small businesses are rarely audited. A study by Sudiartana and Mendra (2018) finds perceived behavioural control to have a positive (negative) significant association with intention to comply (non-compliance). This study reveals that the experience and obstacles encountered by SME owners in Indonesia affect their compliance intention. As behaviour becomes more controllable, the taxpayers' intention to comply becomes greater. In addition, the study finds that the behaviour of SME owners in Bali Province is mostly influenced by their emotion and scepticism towards tax authorities. These emotions and scepticisms may be managed to encourage their compliance behaviour. Md Radzi and Ariffin (2022)'s study on SME owners in Malaysia also find a negative significant association between perceived behavioural control and tax non-compliance intention. In a study conducted by Bobek and Hatfield (2003), finds that the intention to comply is not being influenced by perceived behavioural control in 'home office expenses' scenario. This is in line with Trivedi et al. (2005), Smart (2012) and Langham et al. (2012). All in all, evidence of the ability of perceived behavioural control to influence tax compliance behaviour is mixed and not well-documented. Although some studies find that perceived behavioural control is significant in explaining cheating and non-compliance behaviour, some other studies find the relationship to be insignificant. Thus, it has been suggested that future investigations be conducted, especially in the tax compliance area (Hamid, 2013). The finding expected that the greater the control of SME owners towards non-compliance, the lower the tendency to involve in tax non-compliance will be. Following the above discussion, Hypothesis 3 will be: *Perceived behavioural control negatively influences the tax non-compliance intention of SME owners.*

Denial of Responsibility

Denial of responsibility is one of the neutralisation techniques or strategies introduced by Sykes and Matza (1957) in Theory of Neutralisation. It is developed with the original intention to explain juvenile crime in the United State of America. Later, the application of the theory has been expanded to adult criminal and social psychological studies. Believing that individuals are aware of their moral obligation, they are expected to obey the laws and the norms of the society. They will not normally engage in immoral behaviours; however, if they perform such behaviour, they will have their reasons in justifying the behaviour. Sykes and Matza further explain that individuals who engage in deviant behaviour will always find ways in neutralising or justifying their guilt feelings towards that behaviour. Various techniques are used to support the behaviour, and as a result, be seen as an acceptable behaviour. Justifications which are acceptable to the individuals are used to neutralise or justify the immoral behaviour to make them feel better (Sykes & Matza, 1957). Besides that, Yang, Sun and Shen (2022) believe that neutralisation technique play an essential role than anger towards indirect revenge behaviour and difficult to be controlled since the technique is inside an avenger's mind.

With regard to tax evasion, the theory has been applied by Thurman et al. (1984). Taxpayers' level of compliance was found to increase when the level of guilt feelings among taxpayers

was enhanced. Once they feel guilty, taxpayers would be less likely to manipulate or omit the amount that they should declare in their tax returns. Thurman et al. also claim that since taxpayers have to deal with tax matters only once a year, they may have fewer opportunities to use neutralisation techniques in non-complying with tax requirements. However, the techniques will still be practiced by taxpayers if they view that tax authorities are being inefficient or dishonest in managing taxpayers' money.

The theory has been used in social psychological studies in determining the influence of guilt minimising techniques on the intention to engage in deviant behaviours (for example Barlow, Warkentin, Ormond & Dennis, 2013; Belinda & Hidayat, 2018; Benson, 1985; Cheng, Li, Zai & Smyth, 2014; Harris & Dumas, 2009; Hinduja, 2007; Koay, 2018; Kvalnes, 2014; Kvalnes, 2019; Li & Cheng, 2013; Sharma, 2020; Silic, Barlow & Back, 2017; Siponen & Vance, 2010; Thurman et al., 1984; Welch, Xu, Bjarnason, Petee, O'Donnell & Magro, 2005; Yang, Sun & Shen, 2022; Zhou, Li & Zhang, 2022). Due to the universality of the techniques, future studies have been suggested to adopt the neutralisation techniques not only in criminal behaviour studies, but also in other deviant behaviour studies. Even though the suggestion dates back to 1957 by Sykes and Matza and 1984 by Thurman et al., the idea was not fully grabbed, especially in the area of taxation. The use of the theory in investigating tax non-compliance is still limited. Thus, it is beneficial to determine if these techniques are related to tax non-compliance intention among SME owners. Additionally, it has been demonstrated that adults use the neutralisation techniques in justifying their non-compliance behaviours. The techniques are used not only to maintain a positive image but also to avoid from being punished.

With regards to denial of responsibility technique, it occurs when an individual tries to get rid of or shift the blame or responsibility to external parties or circumstances which are accidental and beyond their control (Sykes and Matza, 1957; Thurman et al., 1984). The individual always sees laws as vague, ambiguous and complex, thus justifying that he or she lacks the knowledge and understanding of the laws (Welch et al., 2005). Blaming higher-level officials also could be a technique of denial of responsibility (Welch et al., 2005). This technique has always been used by individuals to justify that they are not responsible of their deviant behaviour since the uncertainties or situations are beyond their control, thus influencing them to perform the behaviour (Kvalnes, 2019; Rogers & Buffalo, 1974; Silic et al., 2017; Sykes & Matza, 1957). This technique allows individuals to minimise their guilt of performing deviant behaviours (Koay, 2018b). Harris and Dumas (2009) find that denial of responsibility technique is commonly used by individuals after a behaviour has been performed.

Denial of responsibility is found to be important in Harrington (1996)'s study of information security employees from nine organisations in the Northeast Ohio. It investigates the effect of using denial of responsibility technique on computer abuse intention and judgment. The study reveals that employees who always use this technique have a greater tendency to engage in computer abuse, in line with their judgment that computer abuse is not wrong. In the study, denial responsibility technique is found to have a positive correlation with intention of non-compliance. The study also finds a positive significant correlation between denial of responsibility and the judgment that non-compliance behaviour is acceptable. A study on consumer purchase intention by Koay (2018) reveals that the tendency of consumers to shift the blame to other external factors is high. The consumers perceive that they are not personally responsible of their action of purchasing counterfeit luxury goods. The study finds that denial of responsibility and intention to purchase counterfeit luxury goods are positively related. Sharma (2020) in his study in understanding students' cyberslacking behaviour also finds that

denial of responsibility is positively influence student's intention to use technology in class for non-class related activities. However, denial of responsibility technique in Md Radzi and Ariffin (2023)'s study reveals a significant negative influence on the tax non-compliance intention of SME owners in Malaysia, which indicates that, the more taxpayers keep neutralising that their act of such behaviour is not their fault, the lower the intention of non-compliance with tax requirements. Besides, a study by Li et al. (2013) finds that the use of denial of responsibility is not significant in explaining intention towards internet abuse in the workplace. This is in line with Silic et al. (2017) who also finds the relationship between denial of responsibility and intention to violate information technology security policies to be insignificant. As a summary, mixed findings have been found regarding denial of responsibility towards (non)compliance. Denial of responsibility as one of the techniques that influences non-compliance behaviour and the Theory of Neutralisation also suggests that individuals are more likely to be more non-compliant if they apply this technique. It is expected that the tendency of SME owners to involve in tax non-compliance is higher when they use this technique. Therefore, Hypothesis 4 will be: *Denial of responsibility positively influence the tax non-compliance intention of SME owners.*

Following the review of previous studies, mixed findings are found. Thus, this study intends to take the challenge by testing denial of responsibility as a moderator variable in explaining the tax non-compliance intention among SME owners. This is consistent with Baron and Kenny (1986) suggestion to introduce moderator variable(s) if the relationship of a predictor and a criterion variable is weak or inconsistent. They believe that a moderator may strengthen, weaken or alter the relationship between a predictor and a criterion variable. Moreover, as per the knowledge of the researcher, a limited studies in Malaysia have found to investigate the impact of denial of responsibility as a moderator in explaining the relationship between some selected determinants and tax non-compliance among SMEs owners. Thus, the following hypotheses are proposed:

- H_{1a}: The positive relationship between attitude towards tax non-compliance and the tax non-compliance intention is stronger when SME owners' denial of responsibility is higher.*
- H_{2a}: The positive relationship between subjective norms and the tax non-compliance intention is stronger when SME owners' denial of responsibility is higher.*
- H_{3a}: The negative relationship between perceived behavioural control and the tax non-compliance intention is stronger when SME owners' denial of responsibility is higher.*

Methodology

Figure 1 illustrates the research model of this study, which includes variables relevant to explaining the tax non-compliance intention of Malaysian SME owners.

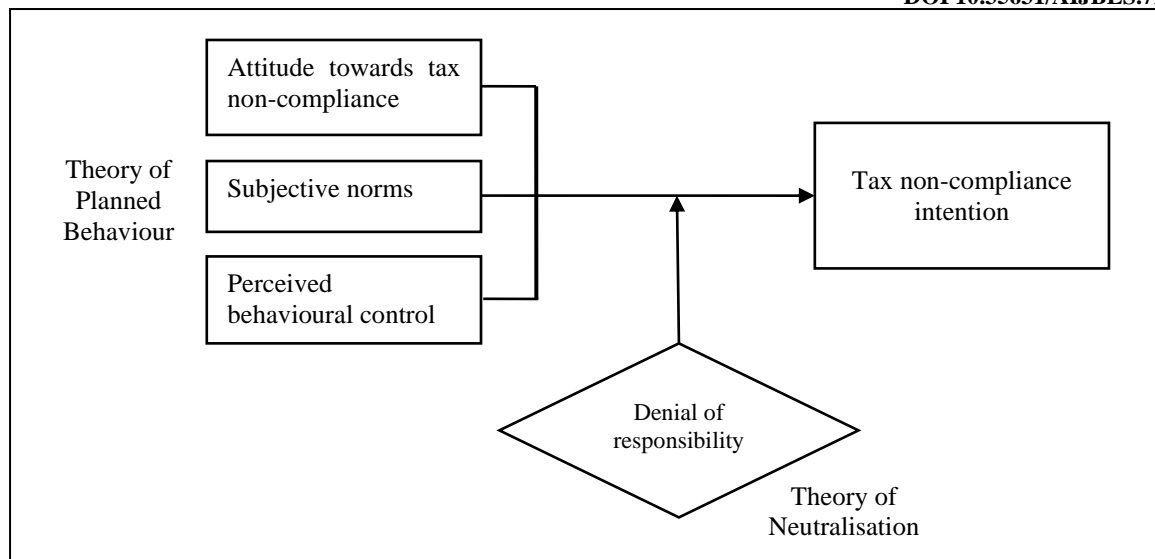


Figure 1: Research Model

Due to the unavailability of a complete list of SME taxpayers in Malaysia, the study utilised the list of firms registered with the National SME Development Council (NSDC). A random sample of 580 SME owners was selected from this list, resulting a response rate of 72.8 percent. The model comprises five constructs with 39 items, all developed as reflective measurement models due to the mutual interchangeability of the items within each construct. This study adopts and modifies the hypothetical tax scenarios by Hamid (2013) and Saad (2011), which are based on Beck and Ajzen (1991) and guidelines suggested by Ajzen (2006) to measure attitude towards tax non-compliance, subjective norms, perceived behavioural control and tax non-compliance intention. As for denial of responsibility, it adopts and modifies the instruments used by Cheng et al. (2014), Hinduja (2007), Koay (2018), Li et al. (2013), Silic et al. (2017), Siponen and Vance (2010) and Thurman et al. (1984).

Findings

The collected data were analysed using the PLS-SEM statistical tool. Table 1 demonstrates that all the reliability and validity requirements of the model, as recommended by Hair, Hult, Ringle and Marko (2017), have been satisfied.

Table 1: Results Summary for Composite Reliability and Average Variance Extracted

Construct	Composite Reliability	AVE
Tax Non-compliance Intention (Int)	0.933	0.701
Attitude towards Tax Compliance (Att)	0.934	0.541
Subjective Norms (SN)	0.859	0.514
Perceived Behavioural Control (PBC)	0.902	0.507
Denial of Responsibility (DenRes)	0.950	0.792

The requirement for discriminant validity, as assessed using the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio of correlation, has been met, as illustrated in Tables 2 and 3.

Table 2: Fornell Larcker Criterion

	Att (1)	DenRes (2)	Int (3)	PBC (4)	SN (5)
(1)	0.736				
(2)	0.071	0.890			
(3)	0.757	0.058	0.837		
(4)	-0.613	-0.160	-0.623	0.712	
(5)	0.582	-0.055	0.486	-0.364	0.717

Table 3: HTMT Criterion

	Att (1)	DenRes (2)	Int (3)	PBC (4)	SN (5)
(1)					
(2)	0.136				
(3)	0.811	0.062			
(4)	0.671	0.163	0.689		
(5)	0.643	0.166	0.516	0.413	

The R-square value of the direct effect model is 0.617 which indicates that attitude towards tax non-compliance, subjective norms, perceived behavioural control and denial of responsibility can explain 61.70 percent of the variance of the tax non-compliance intention. However, the R-square after the interaction effects of denial of responsibility as a moderator is 0.623 which indicates that attitude towards tax non-compliance, subjective norms, perceived behavioural control and denial of responsibility collectively explain 62.30 percent of the variance in the tax non-compliance intention. Table 4 shows the analysis results of the structural model.

Table 4: Path Coefficient of the Model

Hypothesis and Relationship	Beta Value	Sample Mean	Std. Error	t-value	p-value
H ₁ Att -> Int	0.564	0.562	0.045	12.576	0.000*
H ₂ SN -> Int	0.063	0.067	0.040	1.595	0.055***
H ₃ PBC -> Int	-0.258	-0.258	0.039	6.539	0.000*
H ₄ DenRes -> Int	-0.019	-0.014	0.031	0.626	0.266
H _{1a} DenRes x Att -> Int	0.031	0.033	0.052	0.590	0.278
H _{2a} DenRes x SN -> Int	-0.074	-0.072	0.041	1.808	0.035**
H _{3a} DenRes x PBC -> Int	-0.051	-0.047	0.043	1.177	0.120

* significant at 0.01 (one-tailed)

** significant at 0.05 (one-tailed)

*** significant at 0.10 (one-tailed)

Discussion

Attitude Towards Tax Non-compliance

Attitude towards tax non-compliance intention (H₁) found to be positively and significantly influences the tax non-compliance intention of SME owners in Malaysia. It suggests that SME owners with a favourable attitude towards manipulating income and expenses have a strong intention to engage in tax non-compliance. The finding of this study is in line with those of previous studies such as Ajzen (1991), Alleyne and Harris (2017), Bobek and Hatfield (2003), Buchan (2005), Hai and See (2011), Hamid (2013), Langham et al. (2012), Loo et al. (2009),

Marti et al. (2010), Md Radzi and Ariffin (2022), Nkwe (2013), Saad (2011), Smart (2012), Sudiartana and Mendra (2018), Trivedi et al. (2005) and Wahyuni et al. (2019).

Subjective Norms

Subjective norms (H_2) found to be positively and significantly influences the tax non-compliance intention of SME owners in Malaysia. It suggests that SME owners with supportive significant others such as peers, families and friends who approve their actions in manipulating income and expenses would have a stronger intention to involve in tax non-compliance. This is consistent with Adimassu and Jerene (2016), Ajzen (1991), Saad (2011), Bobek and Hatfield (2003), Hai and See (2011), Damayanti, Sutrisno, Subekti and Baridwan (2015), Hanno and Violette (1996), Smart (2012), Md Radzi and Ariffin (2022), Sudiartana and Mendra (2018) and Trivedi et al. (2005).

Perceived Behavioural Control

Perceived behavioural control (H_3) found to be negatively significant in determining the tax non-compliance intention. The negative sign of the path coefficient indicates that lower non-compliance behaviour becomes apparent as taxpayers highly control their tax avoidance or evasion. This suggests that the higher the control the SME owners have on tax avoidance and evasion, the less likely is their intention to engage in tax non-compliance. It is in line with those of Hamid (2013), Md Radzi and Ariffin (2022) and Sudiartana and Mendra (2018) which show that the more the control and the ability the taxpayers have, the more they become compliant in dealing with tax matters, thus reducing non-compliance actions.

Denial of Responsibility

Denial of responsibility (H_4) found to be insignificant in influencing tax non-compliance intention of SME owners in Malaysia. The negative sign of the path coefficient shows that the more taxpayers keep neutralising that their act of such behaviour is not their fault, the lower the intention of non-compliance with tax requirements. It is in line with Md Radzi and Ariffin (2023) but contradict with Harrington (1996), Koay (2018), Li et al. (2013), Silic et al. (2017) and Sykes and Matza (1957). The inconsistency in results may arise from the differences in non-compliance actions. Furthermore, individuals are able to learn and more likely to perform non-compliance actions when their referent others, who they perceive as their role models, support such actions. This gives them the opportunity to engage in non-compliance actions (Robinson & O'Leary-Kelly, 1998). Besides, regarding denial of responsibility as the moderator, it only moderates one of the relationships – those related to subjective norms (H_{2a}) which indicates that the presence of denial of responsibility has changed the direction of the relationship between subjective norms and tax non-compliance intention from positive to negative. It shows that the presence of denial of responsibility has changed the influence of subjective norms for SME owners with the use of denial of responsibility technique, suggesting that SME owners who tend to apply denial of responsibility technique are less likely to be influenced by their families and peers in terms of tax non-compliance intention. However, the findings suggest that SME owners' denial of responsibility does not significantly moderate the relationship between attitude towards tax non-compliance and their tax non-compliance intention (H_{1a}), nor the relationship between perceived behavioural control and tax non-compliance intention (H_{3a}). This suggests that the technique of denying responsibility employed by Malaysian SME owners does not influence the effect of their attitudes towards tax non-compliance or their perceived behavioural control on their intentions to engage in tax non-compliance.

Conclusion

Tax non-compliance has been extensively investigated and debated for decades. Despite various efforts by researchers, issues related to voluntary tax compliance remain unresolved. Consequently, there is a continuous need for further investigation to address these challenges. This study provides empirical evidence to explain SME owners' intentions regarding tax non-compliance. It offers insights into the effects of the TPB constructs and examines both the main and moderating effects of denial of responsibility in explaining and enhancing the understanding of SME owners' tax non-compliance behaviour. This study is expected to make meaningful contributions to the government and tax authorities by improving tax administration and increasing taxpayer compliance levels. It suggests that tax authorities should implement precise strategies to foster a positive attitude among SME owners towards complying with tax regulations. Although fostering positive attitudes and subjective norms among taxpayers may be challenging, one potential approach is to aggressively and comprehensively disseminate information on the importance of tax revenues to the nation. Furthermore, tax authorities might conduct a series of training sessions for SME owners to raise awareness of the importance of tax compliance behaviour. Regarding perceived behavioural control, taxpayers possess the ability to assess their tax returns. Therefore, appropriate training should be provided to equip them with the relevant knowledge to accurately assess their tax returns. In terms of the denial of responsibility technique to minimise guilt, the findings offer insights into taxpayers' reasons or excuses for their non-compliance intentions. Originally used in criminal cases, this technique is expected to assist tax authorities in raising awareness of the potential national losses incurred by tax non-compliance behaviour. Introducing educational programs that increase SME owners' guilt feelings could discourage non-compliance intention. Tax campaigns focused on creating awareness of tax obligations could also be initiated by the government and tax authorities to curb non-compliance behaviour. However, this study has several limitations. The constructs determining tax non-compliance incorporated in this study are not exhaustive. Other influential constructs or techniques may be relevant but are not included in the theoretical framework of this study. Future research should consider other neutralisation techniques not covered in this study to address tax non-compliance issues, particularly by focusing on SME owners' behaviour in managing tax matters.

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