TAX LITERACY AMONG NON-ACCOUNTING MARA TVET STUDENTS: A MODERATION MODEL BASED ON THE THEORY OF PLANNED BEHAVIOUR

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Abstract:

Tax literacy is increasingly recognized as a critical component of financial capability for young adults, especially those entering self-employment or gig-based income structures. Despite the Malaysian Technical and Vocational Education and Training (TVET) sector's success in producing skilled graduates, tax education remains absent in most non-accounting programmes, including MARA TVET institutions. This gap poses significant compliance risks as graduates transition into income-generating activities requiring personal tax responsibility. Anchored in the Theory of Planned Behaviour (TPB), this conceptual paper examines the relationship between a multidimensional Tax Literacy construct and Tax Compliance Readiness among non-accounting MARA TVET students. The study proposes that this relationship is directly moderated by the Perception of Tax Education, which assesses if the perceived value of training amplifies the impact of actual literacy on compliance intent. A quantitative survey of 300 students across MARA TVET institutions in Klang Valley is recommended to test two core key hypotheses. The study contributes theoretically by refining tax literacy measurement and empirically by offering a framework for developing a tax education module tailored to TVET learners. Findings are anticipated to support curriculum integration efforts and inform policymakers on strengthening tax readiness among Bumiputera youth.

Keywords:

Tax Literacy, Tax Compliance Readiness, MARA TVET, Theory of Planned Behaviour, Gig Economy

Introduction

Malaysia's Technical and Vocational Education and Training (TVET) ecosystem, particularly institutions operating under Majlis Amanah Rakyat (MARA), including Institut Kemahiran MARA (IKM), GiatMARA, and Kolej Kemahiran Tinggi MARA (KKTM)—serves as a critical vehicle for socio-economic empowerment. These institutions are instrumental in equipping Bumiputera communities with robust technical competencies and entrepreneurial skills, consistently reporting high employability rates that underscore their contribution to meeting national workforce demands (MARA Annual Report, 2024).

However, the contemporary workforce landscape is shifting rapidly. Increasing numbers of TVET graduates are pursuing self-employment, freelance work, and participation in the gig economy (Department of Statistics Malaysia, 2023). This evolution introduces new financial responsibilities, including personal tax management. Technical competence alone is insufficient; graduates must also possess fiscal capability to navigate a more regulated and digitally mediated financial environment.

Problem Statement

Technical and Vocational Education and Training (TVET) institutions in Malaysia, including those under MARA, are central to national efforts to develop a skilled workforce aligned with industry needs. However, a persistent and critical misalignment exists between the technical competencies emphasized in TVET curricula and the comprehensive financial literacy demands of the contemporary labor market, particularly in the domain of taxation. While programmes diligently equip students with vocational skills, structured tax education remains systematically excluded from non-accounting streams (MoHE Review, 2022). This curricular omission has evolved from a minor oversight into a significant socio-economic vulnerability due to Malaysia's rapidly evolving regulatory landscape.

The Inland Revenue Board of Malaysia (LHDN) has intensified its focus on formalizing tax compliance for gig workers and self-employed individuals—precisely the entrepreneurial and freelance roles that TVET graduates frequently enter (LHDN, 2024). Consequently, graduates transition into income-generating activities without the requisite tax literacy, defined in this study as the integrated possession of declarative knowledge, procedural skill, and personal confidence needed to understand and fulfil tax obligations (OECD, 2020). This deficiency exposes them to severe risks: unintentional non-compliance due to ignorance of liability thresholds or deductible expenses, financial penalties from regulatory authorities, and a long-term erosion of trust in the national tax system. Ultimately, this individual-level vulnerability directly contradicts Malaysia's strategic goal of broadening the tax base and enhancing voluntary compliance.

Therefore, the core problem this research addresses is the absence of embedded tax education in non-accounting MARA TVET programmes, which creates a preventable compliance gap for a demographic poised to enter high-risk, self-directed employment. This gap jeopardizes graduates' financial security and undermines the efficacy of national fiscal policy.

Research Gap

Existing scholarly inquiry into tax literacy has primarily focused on distinct populations, leaving a crucial demographic unexamined. Substantial research has been conducted on the tax knowledge of university students, particularly those in accounting and business disciplines

(e.g., Loo & Ho, 2020), and on the general public's attitudes towards taxation. However, a significant and empirically consequential research gap remains regarding the tax literacy and compliance preparedness of non-accounting TVET students and graduates in Malaysia.

This cohort represents a uniquely vulnerable yet academically overlooked group for two key reasons. First, their educational trajectory is highly streamlined towards technical skill acquisition, offering little to no exposure to foundational financial or civic education regarding taxation. Second, they are statistically more likely to engage in early, often independent, income-generation through skilled trades, micro-enterprises, or digital platform work—all arenas where tax obligations are personal and direct.

Prior studies have not specifically measured the multi-dimensional construct of tax literacy (knowledge, skill, confidence) within this population, nor have they empirically investigated the factors that influence their compliance readiness—their behavioral intention and perceived capability to comply with tax laws upon income generation. Furthermore, potential moderating variables such as digital literacy (for navigating e-Filing systems), prior exposure to taxation through family business, or awareness of LHDN outreach initiatives have not been systematically examined as controls or influencing factors in this context.

Thus, while the problem is clear, the empirical baseline is not. There is a dearth of focused research that quantifies the scale of the tax literacy deficit among MARA TVET students and analyzes the determinants of their compliance readiness. This study aims to fill this gap by providing an evidence-based assessment, thereby converting an identified problem into a measurable research opportunity.

Theoretical Foundation and Contribution

This study is anchored in the Theory of Planned Behaviour (TPB) (Ajzen, 1991), a robust social-psychological framework extensively validated in compliance research. The TPB posits that an individual's Intention to perform a behaviour—in this context, the intention to comply with tax obligations—is directly predicted by three core constructs: their Attitude toward the behaviour, the perceived social pressure or Subjective Norms surrounding it, and their Perceived Behavioural Control (PBC), which is the sense of self-efficacy and perceived ease or difficulty of performing the behaviour. This study synthesizes these three TPB determinants into a unified dependent variable termed Tax Compliance Readiness.

The research makes a distinct theoretical contribution by extending and contextualizing the TPB in three key ways:

Integrating a Multidimensional Antecedent: It positions Tax Literacy—conceptualized as a composite of *declarative knowledge*, *procedural skill*, and *personal confidence* in tax matters—as a critical antecedent to Tax Compliance Readiness. We hypothesize that higher tax literacy directly enhances readiness by fostering a positive Attitude (viewing compliance as necessary and fair), reinforcing perceived Subjective Norms (understanding it as a social expectation), and crucially, strengthening Perceived Behavioural Control (providing the confidence and know-how to complete tax tasks).

Introducing a Contextual Moderator: It proposes Perception of Tax Education—the individual's belief in the value and relevance of formal tax training—as a moderating variable. This tests whether a positive perception amplifies the effect of tax literacy on compliance readiness, thereby highlighting the importance of pedagogical framing in educational interventions.

Contextualizing within a Critical Cohort: It provides the first known empirical framework to test these integrated relationships within Malaysia's under-researched yet economically vital non-accounting MARA TVET student demographic, addressing a significant gap in the compliance literature.

Empirical Specification for Key Constructs:
To ensure empirical validation, the study's core constructs will be operationalized as follows:

- Tax Literacy: Measured via a composite score from (a) a *knowledge test* on basic tax principles (e.g., liability thresholds, deductible expenses), (b) a *procedural skill assessment* using scenario-based problems (e.g., calculating estimated tax for a gig income scenario), and (c) a *confidence scale* self-reporting perceived ability to manage tax affairs.
- Tax Compliance Readiness: Measured as a latent variable derived from validated scales for the three TPB components: *Attitude* toward compliance, perceived *Subjective Norms*, and *Perceived Behavioural Control*.
- Perception of Tax Education: Measured via a Likert-scale survey capturing agreement with statements on the perceived necessity, usefulness, and personal relevance of tax education in the TVET curriculum.

Furthermore, in recognition of the complexity of behavioural intention, the study will account for key control variables that may influence readiness, including *prior exposure to taxation* (e.g., through family business), *digital literacy* (essential for e-Filing), and *demographic factors* (e.g., field of study, internship experience). Including these variables will add analytical depth and isolate the unique contribution of the primary constructs under investigation.

Objectives of the Study
The overarching goal of this study is to investigate the determinants of Tax Compliance Readiness among non-accounting MARA TVET students. Derived from the integrated theoretical framework, the specific research objectives are:

1. To assess the current level of tax literacy among non-accounting MARA TVET students by measuring its constituent dimensions: *declarative knowledge*, *procedural skill*, and *personal confidence* in fulfilling basic tax obligations.
2. To examine the direct relationship between the multidimensional tax literacy construct and Tax Compliance Readiness (operationalized through the TPB constructs of Attitude, Subjective Norms, and Perceived Behavioural Control).
3. To determine the moderating effect of Perception of Tax Education on the relationship between tax literacy and Tax Compliance Readiness, testing whether a favourable perception strengthens this link.

4. To analyse the influence of key control variables—such as prior exposure to taxation, digital literacy, and family business background—on Tax Compliance Readiness, providing a more nuanced understanding of contributing factors.
5. To propose an evidence-based, tailored framework for a practical tax education module designed for integration into the MARA TVET curriculum, directly informed by the study's findings on literacy gaps, behavioural drivers, and student perceptions.

The anticipated findings will yield robust, empirically grounded evidence to advocate for targeted curriculum reformation. This will ensure that MARA TVET institutions produce graduates who are not only technically proficient but also financially literate and prepared to be compliant, contributing citizens in Malaysia's evolving digital and gig economy.

Literature Review

This chapter provides a critical analysis of existing scholarship to contextualize the study and establish the research gap. It is structured around five key thematic discussions. First, it examines the strategic role of taxation and the concept of fiscal citizenship, establishing why tax literacy is a public good. Second, it analyses the global deficit in tax education, particularly within Technical and Vocational Education and Training (TVET) systems, and its consequences. Third, it deconstructs the multidimensional construct of tax literacy and addresses the imperative for its valid measurement. Fourth, it focuses on the specific context of Malaysian MARA TVET institutions, highlighting a critical nexus of institutional success and curricular vulnerability. Finally, it synthesizes these themes to identify the precise research gap this study aims to address, leading to the articulation of the research questions.

The Strategic Role of Taxation

Taxation constitutes the fiscal backbone of the modern developmental state, serving as the essential and primary funding mechanism for crucial public expenditure, including national defence, healthcare systems, educational facilities, and major infrastructure projects (Yusof, Safeei, & Lee, 2022; Herawati, Wijayanti, & Puspita, 2022; Torgler & Schneider, 2022). This system is fundamentally sustained by a social contract wherein the state guarantees stability and public services, and citizens reciprocate through compliant and timely tax contributions. Recent scholarship frames compliance not merely as an economic transaction but as a crucial measure of state legitimacy (Kirchler, 2020; Mas'ud, 2022). Cultivating strong tax morale—the intrinsic motivation to pay taxes—is thus recognized as a critical long-term strategy for compliance sustainability (Muehlbacher & Kirchler, 2020). This aligns with the concept of fiscal citizenship, which posits that citizens should be knowledgeable about and ethically engaged in their country's fiscal process (Popescu et al., 2021). For new entrants into the economy, such as TVET graduates, achieving this requires equipping them with the necessary tax literacy and confidence to meet their obligations, thereby reducing complexity and the "compliance cost" borne by citizens (OECD, 2021).

The Global Chasm in Tax Education and Its Consequences

A persistent, problematic asymmetry exists in the global provision of tax education. Despite its critical function, systematic delivery to individuals outside specialized fields like accounting and law is notably inconsistent and structurally inadequate (Moučková & Vítek, 2018; De Clercq, 2021). This systemic exclusion creates a pronounced structural vulnerability, particularly for those entering non-traditional employment. Educational systems often prioritize "income-generating" over "income-managing" skills, leaving young entrepreneurs

and skilled tradespeople to navigate complex tax obligations without foundational literacy (Al Amri, 2022; Loo & Ho, 2020). The consequences extend beyond administrative error to include significant psychological barriers; young adults consistently report the highest levels of anxiety and confusion regarding tax filing, which can lead to costly procrastination and unintentional non-compliance (OECD, 2021; Job & Gabor, 2020).

The Multidimensional Construct of Tax Literacy and Measurement Imperatives
Tax literacy is a multifaceted construct extending beyond basic awareness. The OECD (2020) framework delineates its core dimensions:
- Conceptual Understanding: Knowledge of core fiscal principles and the rationale of the tax system.
- Technical Knowledge: Awareness of specific, applicable tax laws, brackets, and rates.
- Procedural Competence: Practical "how-to" knowledge for registration, record-keeping, filing, and meeting deadlines.
- Awareness of Rights and Responsibilities: Comprehension of obligations, consequences, and taxpayer rights.

A significant impediment to research is the pronounced absence of a standardized, validated instrument for quantifying this construct, especially among non-specialist populations like TVET students (Moučková & Vítek, 2018; Bird, 2019). For empirical validation in this study, tax literacy will be measured through a composite instrument: a *knowledge test* on principles and laws, a *procedural skill assessment* using scenario-based problems, and a *confidence scale* self-reporting perceived capability. Developing such a multidimensional measure is a prerequisite for diagnosing specific gaps and designing evidence-based interventions.

The Malaysian MARA TVET Context: A Nexus of Success and Systemic Vulnerability
Institutions under Malaysia's Majlis Amanah Rakyat (MARA) play a pivotal role in empowering the Bumiputera community through skills training, with high reported employability rates (Sedek & Jabor, 2022; MoHE & National TVET Council). However, a critical examination reveals a profound curricular omission: an intense focus on technical prowess to the complete exclusion of foundational fiscal literacy (Baharuddin et al., 2025; Jaaffar & Adnan, 2024). This creates a dangerous paradox where graduates are expertly trained to generate income but systemically unprepared for the accompanying legal and fiscal responsibilities (Al Amri, 2022). As many become small-business entrepreneurs or skilled technicians, they face a heightened risk of unintentional non-compliance, accruing penalties and fostering distrust—a vulnerability with implications for national equity goals (Kasipillai & Hijattullah, 2020; Loo, 2019).

The Converging Storm: Gig Economy and Regulatory Changes
This structural vulnerability is acutely exacerbated by economic and regulatory shifts. A significant proportion of MARA graduates enter the gig economy or self-employment, where individuals bear full tax responsibility (Aziz, Fahim, & Joney, 2023). Alarmingly, foundational studies indicate low tax awareness among current gig workers and similarly low literacy levels among non-accounting students, despite their interest in such knowledge (Wassermann & Bornman, 2020; Yusof et al., 2022; Abu Bakar et al., 2023). This readiness gap foreshadows significant compliance challenges as Malaysia moves to formalize tax frameworks for gig workers.

The Theoretical and Empirical Link: From Knowledge to Compliance

The link between knowledge and compliance is strongly supported by theory and evidence. The Theory of Planned Behaviour (TPB) (Ajzen, 1991) posits that knowledge enhances Perceived Behavioural Control (confidence in one's ability to comply), which shapes attitudes and strengthens behavioural intention. Empirical research in Malaysia consistently validates this link, finding positive correlations between tax education/knowledge and compliance attitudes, especially among the self-employed (Kasipillai et al., 2003; Fatt & Ling, 2011; Nor Azlina & Abdul Latif, 2021). In this study, TPB provides the framework to operationalize the dependent variable, Tax Compliance Readiness, as a latent construct measured through validated scales for *Attitude*, *Subjective Norms*, and *Perceived Behavioural Control*.

Furthermore, literature suggests that other factors beyond core literacy and perception may influence readiness. Variables such as prior exposure to taxation (e.g., through family business), digital literacy (essential for navigating e-Filing systems), and demographic background can act as significant controls or moderators (Loo et al., 2010; Abu Bakar et al., 2023). This study will account for these factors to provide a more nuanced analysis of the drivers of compliance readiness.

Synthesis and Identification of the Critical Research Gap

The synthesis reveals a critical contradiction: while tax literacy is empirically established as a pillar of compliance, especially for the self-employed, it is systemically neglected in the curricula of non-specialist institutions like MARA TVET. This population represents a nexus of risk—trained for immediate income generation, likely to enter the gig economy, and impacted by new regulations—yet remains a distinctly under-researched cohort in fiscal literacy studies.

Therefore, a precise research gap is identified: a lack of empirical data quantifying the multidimensional tax literacy of non-accounting MARA TVET students and modelling its relationship with their TPB-based Tax Compliance Readiness, while accounting for the moderating role of perception and the influence of other contextual factors like prior exposure and digital literacy.

Conclusion and Articulation of Research Questions

This review has established the severity of the tax literacy deficit within a high-priority national context. To address the identified gap and generate evidence for intervention, this study is guided by the following research questions:

1. What is the level of comprehensive tax literacy (conceptual, technical, procedural, and confidence-based) among final-year non-accounting students in MARA TVET institutions?
2. To what extent does tax literacy predict Tax Compliance Readiness (operationalized by the TPB constructs of Attitude, Subjective Norms, and Perceived Behavioural Control) among these students?
3. How does the Perception of Tax Education moderate the relationship between Tax Literacy and Tax Compliance Readiness?
4. What is the relative influence of other factors, such as prior exposure to taxation and digital literacy, on Tax Compliance Readiness?

Methodology

This chapter outlines the research methodology designed to empirically investigate the relationships posited in the conceptual framework. It details the research design, theoretical foundation, conceptual model, hypotheses, and operationalization of variables, ensuring the study is structured for rigorous validation and meaningful contribution.

Research Design

A quantitative, cross-sectional survey design will be employed to examine the relationships between variables at a single point in time. This design is appropriate for testing hypothesized relationships and moderating effects within the target population, allowing for efficient data collection and statistical generalization (Sekaran & Bougie, 2016).

Theoretical Framework

This study is anchored in the Theory of Planned Behaviour (TPB) (Ajzen, 1991), which posits that an individual's behavioural intention is determined by their Attitude toward the behaviour, perceived Subjective Norms, and Perceived Behavioural Control (PBC). In this context, Tax Compliance Readiness is conceptualized as the intention and perceived capacity to comply, operationalized through these three TPB dimensions.
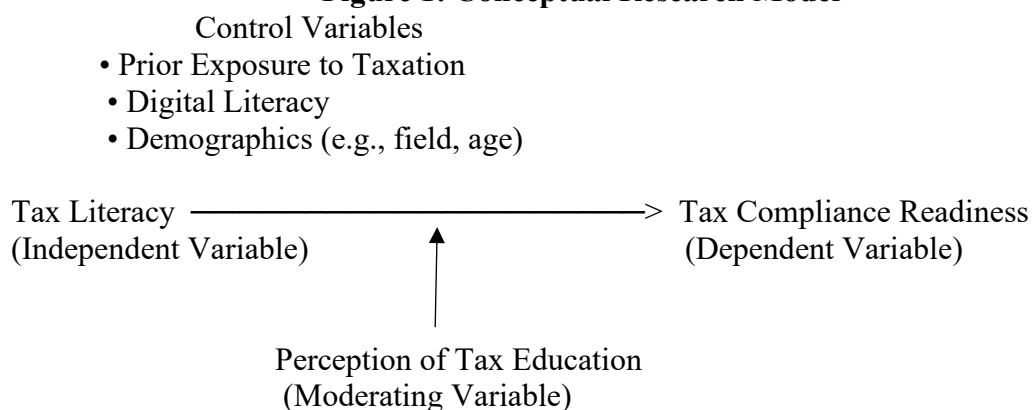
The study extends the TPB by positioning Tax Literacy—a multidimensional construct encompassing knowledge, skill, and confidence—as a critical antecedent that strengthens Attitude, Subjective Norms, and PBC. Furthermore, the study introduces Perception of Tax Education as a moderating variable, theorizing that the strength of the relationship between Tax Literacy and Tax Compliance Readiness is contingent upon the individual's belief in the value of formal tax training. This tests a key boundary condition of the literacy-readiness link.

To add analytical depth and account for external influences, the study will also measure and control for additional factors identified in the literature as potentially significant, including prior exposure to taxation (e.g., through family business), digital literacy, and key demographic variables (e.g., field of study, internship experience).

Conceptual Model and Hypothesis Development

The conceptual model in Figure 1 illustrates the proposed relationships, including the moderating effect and the inclusion of control variables for a more robust analysis.

Figure 1: Conceptual Research Model

Control Variables
• Prior Exposure to Taxation
• Digital Literacy
• Demographics (e.g., field, age)

Tax Literacy ————————————> Tax Compliance Readiness
(Independent Variable)   (Dependent Variable)

Perception of Tax Education
(Moderating Variable)

Based on this model, the following hypotheses are proposed:

H1: There is a significant positive relationship between Tax Literacy and Tax Compliance Readiness among non-accounting MARA TVET students.

H2: The Perception of Tax Education significantly moderates the relationship between Tax Literacy and Tax Compliance Readiness, such that the relationship is stronger for students with a more positive perception.

Operationalization of Variables and Measurement

To ensure empirical validation, all constructs will be measured using adapted and validated scales where possible, administered via a structured questionnaire using a 5-point Likert scale (1=Strongly Disagree to 5=Strongly Agree), unless otherwise specified.

Tax Literacy (Independent Variable): A composite score derived from:
   a. *Conceptual & Technical Knowledge:* A 15-item objective test (multiple-choice & true/false) on basic tax principles, liability, and deductions.
   b. *Procedural Skill:* A scenario-based problem requiring calculation of estimated taxable income for a freelancer.
   c. *Confidence:* A 5-item self-efficacy scale (e.g., "I am confident I can file a basic tax return").

   i. **Tax Compliance Readiness (Dependent Variable):** A latent variable measured through three TPB dimensions:

   a. *Attitude toward Compliance:* 4-item scale (e.g., "Paying taxes is a civic duty").
   b. *Subjective Norms:* 4-item scale (e.g., "People important to me expect me to comply").
   c. *Perceived Behavioural Control:* 4-item scale (e.g., "I have the skills to complete my tax obligations").

   ii. **Perception of Tax Education (Moderating Variable):** A 5-item scale measuring perceived usefulness and relevance (e.g., "Tax education is essential for someone in my field").

   iii. **Control Variables:**
   a. *Prior Exposure to Taxation:* Single item (Yes/No) on family business involvement or prior tax filing.
   b. *Digital Literacy:* A 3-item scale on comfort with online government portals (e.g., e-Filing).
   c. *Demographics:* Field of study, age, internship experience.

Anticipated Limitations and Mitigation

The conceptual design acknowledges potential implementation challenges:
   1. Student Engagement: Self-reported measures may be affected by social desirability bias or low engagement. *Mitigation:* Anonymous administration and clear communication of the study's academic purpose will be emphasized.2.
   2. Institutional Capacity: Gaining access and scheduling within tight TVET curricula may be difficult. *Mitigation:* Early engagement with MARA institutional heads and alignment with their graduate readiness goals will facilitate cooperation.3.

3. Cultural Attitudes: Pre-existing scepticism toward taxation may influence responses. *Mitigation:* Control variables (like prior exposure) will help isolate the effect of literacy, and the analysis will account for these baseline attitudes.

Link to Broader Socio-Economic Outcomes

The practical outcomes of this research are explicitly linked to broader national goals. By providing an evidence-based framework for a tailored tax education module, the study directly supports MARA's mandate to produce holistic, employable graduates. At a macro level, enhancing the tax readiness of this key demographic contributes to Malaysia's national tax compliance agenda by reducing unintentional non-compliance, broadening the tax base, and fostering a culture of fiscal citizenship among future entrepreneurs and gig workers, thereby strengthening long-term economic resilience.

Methodology

Population and Sampling

This section defines the specific group under investigation (the population) and details the strategy for selecting a representative subset (the sample) from which data will be collected. A clear sampling plan is essential to ensure the study's findings can be reliably generalized to the broader target population.

Population

The target population for this study is final-year, non-accounting diploma students enrolled in MARA Technical and Vocational Education and Training (TVET) institutions across Malaysia. This cohort is selected as they are on the cusp of entering the workforce and will soon face direct tax obligations.

Sampling Technique and Sample Size

A stratified random sampling technique will be employed. The population will be stratified by institution and major field of study (e.g., automotive technology, cosmetology, graphic design) to ensure a representative sample across different MARA TVET specializations. A minimum sample size of 300 respondents is targeted. This size is deemed appropriate to achieve sufficient statistical power for conducting moderation analysis using regression-based techniques (Hair et al., 2019).

Instrument Development

The survey instrument will consist of five sections designed to measure all constructs in the conceptual model, including key control variables.

*   **Section A: Demographic Profile and Control Variables.** This section will capture standard demographics (age, gender, institution, field of study) and operationalize key control variables: **prior exposure to taxation** (e.g., "Has your family owned/operated a business?"), **digital literacy** (a 3-item scale on comfort with digital government services), and internship experience.
*   **Section B: Tax Literacy Scale (Independent Variable).** A composite scale comprising: (1) a 15-item objective knowledge test (multiple-choice, true/false) on principles and procedures, and (2) a 5-item self-efficacy sub-scale measuring confidence in handling tax affairs.

- **Section C: Perception of Tax Education Scale (Moderating Variable).** A 5-item, 5-point Likert scale (1=Strongly Disagree, 5=Strongly Agree) adapted to measure perceived relevance and utility (e.g., "Learning about taxes is important for achieving my career goals").
- **Section D: Tax Compliance Readiness Scale (Dependent Variable).** A 12-item, 5-point Likert scale measuring the three Theory of Planned Behaviour dimensions: *Attitude* (4 items), *Subjective Norms* (4 items), and *Perceived Behavioural Control* (4 items) regarding tax compliance.

Data Collection Procedure

Following ethical approval from the relevant institutional boards, a pilot study with 30-50 students will be conducted to refine the instrument and assess reliability. The final survey will be administered electronically via a secure platform and, where necessary, in hard copy during scheduled class sessions to ensure a high response rate. Participation will be voluntary and anonymous.

Data Analysis Plan

Data will be analysed using SPSS Version 28 and Hayes' PROCESS macro (v4.2) for moderation analysis.

Preliminary Analysis: Descriptive statistics will summarize the sample. Scale reliability will be assessed using Cronbach's Alpha ($\alpha \geq 0.70$) for Likert scales and KR-20 for the dichotomous knowledge test.

Hypothesis Testing:

H1: A hierarchical multiple regression will test the direct effect of Tax Literacy on Tax Compliance Readiness, entering control variables (demographics, prior exposure, digital literacy) in Step 1 and Tax Literacy in Step 2.

H2: Model 1 of the PROCESS macro will test the moderating effect of Perception of Tax Education on the Tax Literacy-Compliance Readiness relationship. A significant interaction term will be probed using simple slope analysis.

Expected Findings

Based on the theoretical framework, the following findings are anticipated:

- **H1** is expected to be supported, showing a significant positive relationship between tax literacy and compliance readiness, consistent with prior research (Kasipillai et al., 2003).
- **H2** is also expected to be supported, confirming that Perception of Tax Education is a significant moderator, where the literacy-readiness link is stronger for students who value such education.
- The **control variables**, particularly prior exposure to taxation and digital literacy, are anticipated to show significant positive relationships with compliance readiness, adding explanatory depth to the model.

Discussion

The expected findings carry important theoretical and practical implications. Confirming **H1** would provide empirical validation for integrating tax literacy into TVET

curricula, directly addressing a critical graduate skills gap. Supporting **H2** would offer a crucial pedagogical insight: curriculum effectiveness depends not only on content delivery but also on shaping positive student perceptions of its relevance through contextualized, career-focused teaching.

The anticipated influence of control variables like digital literacy would underscore the need for a holistic educational approach that integrates technical tax knowledge with digital competency training for platforms like e-Filing. This would bridge the gap between theoretical knowledge and practical application.

Conclusion and Recommendations

This study provides a framework to investigate a critical vulnerability in Malaysia's TVET ecosystem. By empirically testing the drivers of tax compliance readiness, the research aims to generate actionable insights for creating a more financially resilient workforce, thereby supporting national goals for increased tax compliance, a broader tax base, and sustainable economic development.

Recommendations:

- For MARA TVET Institutions: Develop and integrate a mandatory, practical tax literacy module for non-accounting streams, explicitly linking content to students' vocational fields and self-employment pathways.
- For Policymakers (MoHE, LHDN): Establish national guidelines for financial literacy in TVET and foster institutional partnerships to co-create resources, supporting the nation's fiscal citizenship agenda.
- For Educators: Employ contextualized pedagogy, such as simulations and case studies from the gig economy, to enhance both knowledge and positive perception.

Acknowledged Limitations & Future Research:

This study acknowledges potential limitations, including the cross-sectional design (which limits causal inference), possible self-report bias, and generalizability confined to the MARA TVET context. To advance this research domain, future studies should:

1. Employ longitudinal designs to track changes in literacy and compliance behaviour upon graduation.
2. Conduct intervention-based research to test the efficacy of proposed tax education modules.
3. Explore qualitative methods to gain deeper insights into the psychological and cultural barriers to tax compliance among young entrepreneurs.

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