Advanced International Journal of Business, Entrepreneurship and SME's
AIJBES
EISSN: 2682-8545
Volume: 8 Issue: 29 (September 2026) PP. 2250-2266



ADVANCED INTERNATIONAL JOURNAL OF BUSINESS, ENTREPRENEURSHIP AND SMES (AIJBES)
www.gaexcellence.com/aijbes

GLOBAL ACADEMIC EXCELLENCE

FACTORS INFLUENCING TAX COMPLIANCE AMONG TAXPAYERS IN MALAYSIA: ANALYZING BASED ON THEORY OF PLANNED BEHAVIOUR

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Article Info

Article history:
Received date: 28.07.2026
Revised date: 20.08.2026
Accepted date: 24.09.2026
Published date: 30.09.2026

Abstract:

Tax compliance is one of the major challenges for sustainable government revenue and national economic development. The Malaysian government has consistently strived to improve tax administration and encourage voluntary compliance, but non-compliance among taxpayers still poses major challenges. This study explores the link between tax awareness and tax knowledge on tax compliance among taxpayers in Malaysia based on the Theory of Planned Behaviour (TPB). According to TPB, individuals' behaviour is determined by their intentions which are determined by behavioural beliefs, normative beliefs and perceived behavioural control. In this context, tax awareness is the perception of the importance and social responsibility of taxation by taxpayers, and tax knowledge is the understanding of tax laws, regulations, obligations and procedures by taxpayers. The study employed a quantitative research method by using a structured questionnaire distributed to individual taxpayers in several states in Malaysia. The data were collected using stratified random sampling techniques and the data have been analysed through descriptive statistics and correlation analysis to examine the

Advanced International Journal of Business, Entrepreneurship and SME's
AIJBES
EISSN: 2682-8545
Volume: 8 Issue: 29 (September 2026) PP. 2250-2266

To cite this document:

Mansor, N. A., Ghuslan, M. I., Anwar, I. S. K., & Isa, N. S. M. (2026). Factors Influencing Tax Compliance Among Taxpayers in Malaysia: Analyzing Based on Theory of Planned Behaviour. *Advanced International Journal of Business Entrepreneurship and SMEs, 8*(29), 2250-2266.

DOI: 10.35631/AIJBES.829129

relationship. The final data collected was 235. The results provide empirical evidence that tax awareness and tax knowledge were positively and significantly associated with tax compliance with tax awareness having stronger relationships. The study adds to the tax compliance literature by extending the application of the Theory of Planned Behaviour in the Malaysian context and has practical implications for policymakers, the Inland Revenue Board of Malaysia (IRBM) and tax educators in designing effective tax education and awareness programs.

Keyword:

Tax Compliance, Tax Awareness, Tax Knowledge, Theory Of Planned Behaviour, Taxpayers

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Introduction

Tax revenue is one of the most important sources of government income and it plays a fundamental role in financing public expenditure, promoting economic development and ensuring the provision of public services such as education, healthcare, infrastructure and social welfare. For the fiscal sustainability and long-term national development of both developed and developing economies, an efficient and equitable tax system is essential. As the government strives to diversify revenue sources, cut reliance on petroleum-linked earnings and enhance fiscal resilience against global economic uncertainties, tax revenue in Malaysia has drawn more attention (Organisation for Economic Co-operation and Development [OECD], 2024; Ministry of Finance Malaysia, 2025).

In Malaysia, a self-assessment system (SAS) is adopted where taxpayers are required to determine their taxable income, calculate their tax liabilities accurately, keep the relevant documents and file tax returns within the stipulated deadlines. The SAS has transferred more responsibility from the tax authority to taxpayers since its implementation, making voluntary tax compliance a vital part of an effective tax administration system (Inland Revenue Board of Malaysia [IRBM], 2024). Although technological innovations such as e-Filing, digital tax services and data analytics have improved the efficiency of tax administration, the problems of tax non-compliance, such as underreporting of income, incorrect tax declarations, late filing and tax evasion, remain substantial challenges for tax authorities globally (OECD, 2024).

Tax compliance has, therefore, become one of the most widely studied issues in taxation literature. This usually relates to the taxpayers' compliance with tax legislation in the form of correctly declaring income, submitting tax returns on time and paying taxes in accordance with

the current regulations (Kirchler, 2007). Traditional economic models explain tax compliance mainly through deterrence mechanisms, such as audit probability and tax penalties (Allingham & Sandmo, 1972), while contemporary studies increasingly recognise that compliance behaviour is also influenced by psychological, behavioural and social factors (Alm, 2019; Gangl et al., 2020). Consequently, behavioural theories have been paid much attention to explaining the voluntary compliance of taxpayers despite the relatively low probability of detection.

Among the behavioural theories, the Theory of Planned Behaviour (TPB) proposed by Ajzen (1991) has become one of the most influential theoretical frameworks for predicting and explaining the behaviour of individuals in various disciplines including taxation. According to TPB, three core constructs predict an individual's behavioural intention: attitude toward the behaviour, subjective norms and perceived behavioural control. The combination of these factors influences the likelihood that a person will engage in certain behaviour. In terms of taxation, TPB posits that taxpayers are more likely to comply with their tax obligations when they have a positive perception of tax payment, when they are under social pressure to comply, and when they perceive that they have sufficient knowledge and ability to comply with their tax obligations (Bobek et al., 2013; Smart, 2023).

In the TPB framework, tax awareness and tax knowledge have been identified as important determinants that could improve the voluntary compliance intention of taxpayers. Tax awareness is the awareness of the importance of taxation, the knowledge of the role of taxes in the development of the nation and the recognition of taxation as a civic duty among taxpayers (Palil & Mustapha, 2011). Tax-aware people are generally more inclined to view tax paying as a moral obligation, rather than merely a legal obligation. Thus, increased awareness can promote positive attitudes toward taxation and voluntary compliance (Gangl et al., 2020).

Likewise, tax knowledge is the understanding of taxpayers on tax legislation, tax policies, filing procedures, tax reliefs, exemptions and compliance requirements. Taxpayers who have enough tax knowledge can fulfilll their tax obligations properly and reduce the errors that may happen due to misunderstanding or misinformation. Previous empirical studies have always shown that taxpayers with more tax knowledge have higher voluntary compliance levels, as they have a better understanding of the benefits of taxation as well as the consequences of non-compliance (Saad, 2014; Nite & Bananuka, 2020; Smart, 2023). Moreover, the growing digitalisation of tax administration has heightened the need for taxpayers to have adequate knowledge to successfully navigate electronic filing systems and changing tax regulations.

The recent developments only serve to underscore the need to increase taxpayer awareness and knowledge. Following the COVID-19 pandemic, governments have accelerated digital transformation initiatives, implemented new tax policies, and strengthened compliance monitoring through advanced technologies such as artificial intelligence and big data analysis (OECD, 2024). In Malaysia, the IRBM has enhanced its digital tax services, increased taxpayer education programs and introduced initiatives to improve voluntary compliance. However, the gap in knowledge and understanding of tax obligations among taxpayers still exists, especially among the self-employed, small business owners and taxpayers with low financial literacy (IRBM, 2024; Ministry of Finance Malaysia, 2025). These differences point to the need to identify behavioural factors that encourage voluntary compliance rather than traditional enforcement approaches.

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EISSN: 2682-8545
Volume: 8 Issue: 29 (September 2026) PP. 2250-2266

There are several research gaps despite extensive tax compliance research. First, many previous studies have predominantly focused on deterrence variables such as tax audits, penalties and enforcement, with relatively little attention paid to behavioural determinants based on TPB. Secondly, tax awareness and tax knowledge have been associated with compliance behaviour, but there are few studies that have examined both variables together within an integrated TPB framework in the Malaysian context using recent evidence. Third, the ongoing changes in tax regulations, the digital tax administration and taxpayer services necessitate new empirical research on whether awareness and knowledge are still significant predictors of tax compliance under the current circumstances.

Therefore, this study seeks to investigate the association between tax awareness and tax knowledge on tax compliance among taxpayers in Malaysia by applying the Theory of Planned Behaviour as the theoretical framework. The purpose of the study is specifically to investigate the effect of awareness and knowledge level of taxpayers on voluntary compliance with tax regulations. These findings are expected to contribute to the existing literature on behavioural taxation by extending the application of TPB in the Malaysian taxation setting. In practical terms, the study will provide useful information for the IRBM, policymakers and tax educators in designing more effective taxpayer education, awareness campaigns and compliance strategies. In conclusion, stronger tax awareness and tax knowledge may result in greater voluntary tax compliance, higher public trust in the tax system and contribute to the long-term fiscal sustainability of Malaysia.

Literature Review

Tax Compliance

Tax compliance is a widely studied important factor for effective revenue collection and for the promotion of national development. The concept is the extent to which the taxpayers discharge their tax obligations as required by law, either voluntarily or under compulsion. Over the years researchers have studied different determinants of tax compliance with tax awareness emerging as a significant psychological and informational factor that influences taxpayer behaviour. Compliance with the tax laws is voluntary and enforced. Taxpayers' voluntary compliance is the compliance that they choose to engage in, while enforced compliance is the compliance that they engage in because of audits, penalties or legal consequences (Alm, 1991). Factors that affect tax compliance are the perceived fairness of the tax system, probability of detection, penalties, income level and moral obligations (Kirchler, 2007). The problem of tax compliance has been a hot issue in Malaysia especially with the introduction of Self-Assessment System (SAS). The success of SAS depends to a large extent on the taxpayer's understanding of tax rules and regulations (Palil and Mustapha, 2011). Non- compliance, whether intentional or unintentional, undermines the government's revenue collection and the integrity of the tax system. Therefore, the survival of the political and administrative system of a country depends on observing the current tax system (Hayat et al., 2022).

Tax Awareness

One of the important determinants of tax compliance behaviour is tax awareness (Rabun, 2025), which is a taxpayer's knowledge about tax laws, obligations, procedures, and consequences of non-compliance (Loo, McKerchar, & Hansford, 2009). Tax awareness is the extent of consciousness and understanding of tax laws, the duties as a taxpayer and the

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consequences of non-compliance, as defined by Mohani (2003). It is an important factor in influencing the attitudes and behaviour of taxpayers. Higher tax awareness has been found to be positively correlated with compliant behaviour (Rabun, 2025). People are more likely to voluntarily comply when they know how taxes are calculated, where the money goes and what the penalties are. In Malaysia, the IRBM has made various attempts to enhance tax literacy through public campaigns, online platforms and education programs. However, Loo et al. (2010) found that many Malaysian taxpayers, especially the self-employed and SMEs, have low levels of tax awareness which leads to unintentional non-compliance.

Tax Knowledge

Tax knowledge has been widely recognised as one of the most important behavioural factors influencing taxpayers' compliance decisions. Under a self-assessment tax regime, taxpayers are required to determine their taxable income, compute their tax liabilities, claim allowable deductions and reliefs, maintain proper records and file accurate tax returns themselves. So, it is necessary to have the necessary tax knowledge so that taxpayers can meet the tax obligations correctly and voluntarily. Tax knowledge generally refers to the understanding of an individual taxpayer on tax related concepts such as tax laws, regulations, filing procedures, methods of tax calculation, allowable deductions, exemptions and compliance requirements. However, tax knowledge is a more specific understanding of the technical and procedural aspects of taxation (Saad, 2014; Nite & Bananuka, 2020). Tax awareness refers to taxpayers' general consciousness and perception of taxation. The growing complexity of the taxation systems and the constant change of tax policies have significantly increased the importance of tax knowledge. Modern tax systems require taxpayers to be proactive with digital platforms, electronic filing procedures and often amended tax regulations. Such knowledge, or lack thereof, may cause taxpayers to face challenges in meeting their obligations, and may lead to inadvertent non-compliance, incorrect filing or late filing of tax returns.

Theory of Planned Behaviour (TPB)

The Theory of Planned Behaviour (TPB) is one of the most influential psychological theories used to explain and predict individual behaviour (Ajzen, 1991). This theory was developed to extend the Theory of Reasoned Action (TRA) (Fishbein and Ajzen, 1975) which assumed that people's behaviours are primarily determined by their behavioural intentions. However, Ajzen (1991) argued that the TRA was inadequate in accounting for behaviour when individuals have little control over the outcome. Thus, TPB added another construct, perceived behavioural control, to account for situations where external factors or personal abilities may influence behaviour performance.

The fundamental assumption of the TPB is that people are generally rational decision makers who weigh the information available to them prior to engaging in specific behaviour. Behavioural intention is a direct predictor of actual behaviour (Ajzen, 1991) and is derived from three psychological constructs, namely, attitude toward the behaviour, subjective norms and perceived behavioural control.

Attitude to Behaviour

Attitude refers to a person's positive or negative evaluation of engaging in a particular behaviour. It reflects the degree to which an individual believes that performing a behaviour

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will result in desirable or undesirable outcomes. TPB proposes that a person is more likely to have positive intentions toward a behaviour if he or she believes that the behaviour would be advantageous. In tax literature, taxpayers' attitudes are about their perceptions of the importance, fairness and usefulness of payment of taxes. Taxpayers who believe that tax contributes to the development of the public, social welfare and the growth of the country are more likely to develop positive attitudes toward tax payment. Conversely, taxpayers who view taxation as a financial burden or who feel that tax revenues are not efficiently used may develop negative attitudes, thus decreasing their willingness to comply. Recent empirical studies of TPB applied to taxation confirm that positive attitudes of taxpayers significantly increase compliance intentions. For instance, Nisma et al. (2024) found that attitudes of taxpayers play an important role in compliance behaviour. This supports the argument of positive attitude toward taxation encourages voluntary compliance. The tax awareness in this study is very close to the TPB attitude dimension.

Normative Influences

Subjective norms are the perceived social pressure from significant others or groups to engage in or refrain from a particular behaviour. The probability of an individual engaging in a behaviour is higher if the individual believes that important others in their life, such as family members, friends, or professional communities, expect them to perform that behaviour (Ajzen, 1991). Subjective norms in tax context refer to the perception of taxpayers about the social norms to obey the tax obligations. Societal values, ethical standards, family attitudes, professional norms, and perceptions of whether others regard paying taxes as a civic duty can influence tax compliance. Prior research suggests that social influence has a significant impact on the development of tax compliance intentions, particularly in collectivist societies where the community's expectations have a strong influence on individuals.

Perceived Behavioural Control

Perceived behavioural control is an individual's perception of their ability, resources and confidence to perform a specific behaviour. Perceived behavioural control is influenced by factors such as knowledge, skills, resources, opportunities and perceived barriers (Ajzen, 1991). Perceived behavioural control within the framework of taxation is the degree of confidence that taxpayers have in their ability to understand tax laws, prepare tax returns, determine tax liabilities and perform tax duties properly. The more taxpayers feel that they can deal with the compliance of tax laws and they are able to comply, the more likely they are to comply with the rules and regulations. This construct provides a reasonable theoretical justification for the inclusion of tax knowledge as an important determinant of tax compliance. Tax knowledge builds taxpayer confidence and reduces the uncertainty surrounding the tax procedures. Recent studies have found that the more tax knowledge taxpayers have the more compliance behaviour they have as they have better understanding and capability to fulfil their obligations. Thus, tax knowledge can be seen as an important mechanism through which perceived behavioural control affects tax compliance.

Application of TPB in Tax Compliance Research

TPB is particularly suitable to study tax compliance behaviour because the action of paying taxes is related to individual choices, attitudes, social expectations and perceived ability. Tax compliance is dependent on a large amount of voluntary cooperation from taxpayers, rather

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than mandatory behaviours imposed solely by law. Traditional economic theories of compliance, such as the deterrence model of Allingham and Sandmo (1972), explain compliance mainly in terms of financial factors such as audit probability and penalties. However, these approaches fail to fully explain why many taxpayers are compliant with limited monitoring, or why some taxpayers are tax evaders despite being exposed to potential sanctions.

TPB recognises this limitation by stating that taxpayers are affected by psychological and social considerations. According to the Theory of Planned Behaviour (TPB), taxpayers are more likely to comply if they (1) have positive attitudes toward taxation, (2) perceive that important social group support compliance, and (3) believe they have sufficient knowledge and ability to comply. Recent empirical studies support the relevance of TPB in taxation. Theoretical models beyond traditional deterrence approaches are relevant, as behavioural factors such as tax knowledge, trust and perceptions of fairness are drivers of voluntary tax compliance (Mebratu, 2024). Similarly, Wahyuandari and Talithahandari (2025) discovered that TPB components such as attitudes, subjective norms, and perceived behavioural control significantly impact taxpayer compliance, while tax knowledge improves the relationship between behavioural intention and compliance results.

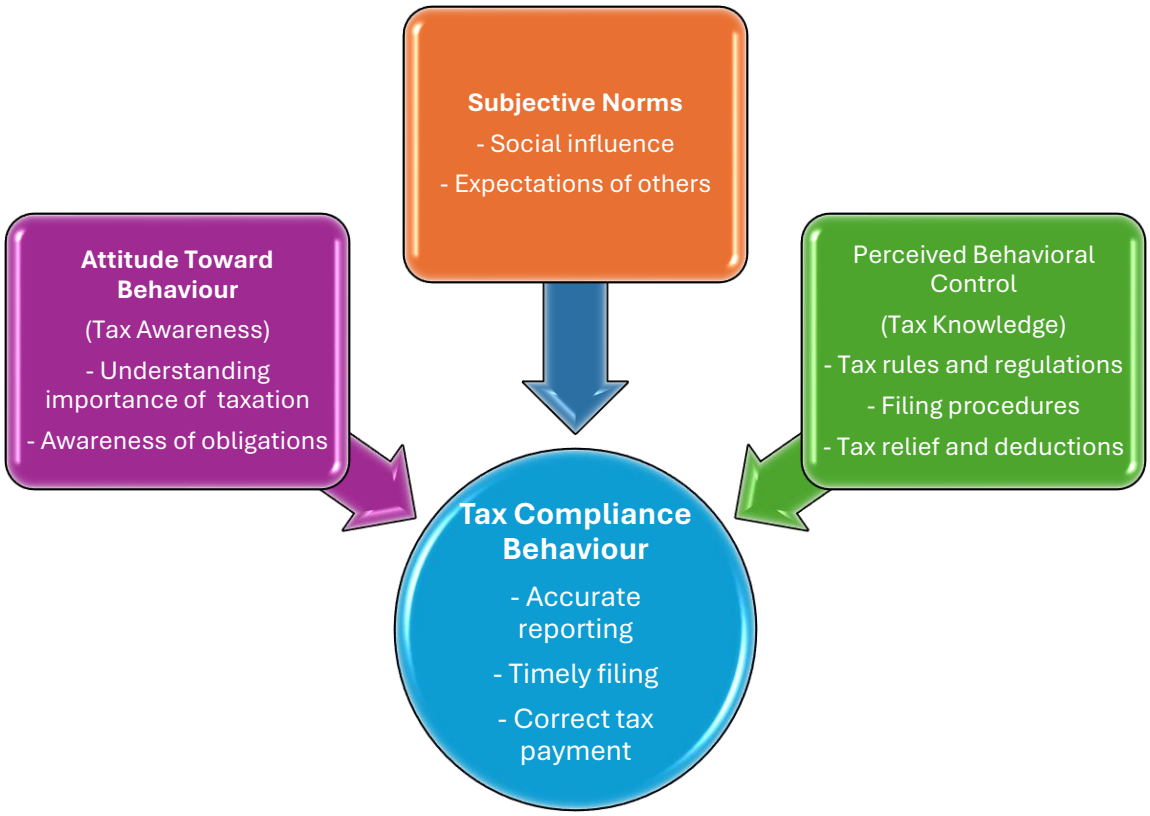


Figure 1: Tax Compliance Behaviour Model Based on Theory of Planned Behaviour

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Hypothesis Development

Relationship between Tax Awareness and Tax Compliance

Tax awareness as a determinant of tax compliance has been rigorously investigated in the taxation literature. Generally, empirical evidence supports a positive association between higher levels of tax awareness and better compliance behaviour. Aware taxpayers are more likely to understand their responsibilities and the importance of meeting their tax obligations. Taxpayers with higher awareness of taxation systems have increased willingness to comply as awareness reduces uncertainty and increases the acceptance of taxation among taxpayers (Palil & Mustapha, 2011). Similarly, Kirchler (2007) states that awareness improves voluntary compliance by increasing taxpayers' tax morale and sense of duty.

This relationship is further supported by recent studies. Noor Heshamuddin et al. (2025) in their study of tax compliance behaviour among residential property owners in Malaysia found that tax awareness is a significant factor that affects taxpayers' willingness to comply with tax obligations. The results indicate the possibility of increasing voluntary compliance by improving taxpayer engagement and awareness programs. Similarly, Rabun (2025) identified tax awareness as one of the important determinants influencing individual taxpayer compliance behaviour in Malaysia. The study found that despite the government initiatives and enforcement mechanisms, there was need to improve taxpayer awareness as compliance decisions are greatly influenced by taxpayers' understanding and perceptions. Based on TPB and previous empirical findings, it is expected that taxpayers with a higher level of awareness will demonstrate stronger tax compliance. Tax awareness increases the awareness of the taxpayers about the importance of taxation, strengthens the positive attitude toward tax payment and encourages the voluntary fulfilment of tax obligations.

Therefore, this study proposes the following hypothesis:

H1: Tax awareness has a positive and significant association with tax compliance among taxpayers in Malaysia.

Relationship between Tax Knowledge and Tax Compliance

Previous studies have consistently found empirical support for the positive relationship between tax knowledge and tax compliance. Overall, the more taxpayers know about taxation, the more likely they are to comply because they know more about their obligations, procedures and the consequences of non-compliance. In terms of behaviour, lack of tax knowledge may lead to confusion and uncertainty, which increases the chances of unintentional non-compliance. For instance, taxpayers may misreport income, misunderstand what deductions are allowable, or fail to satisfy filing requirements due to lack of understanding instead of wilful noncompliance. Saad (2014) found that tax knowledge significantly impacts taxpayers' perceptions and compliance behaviour, particularly when taxpayers understand taxation requirements, they are better able to comply voluntarily. Similarly, Nite and Bananuka (2020) established that tax knowledge is an important factor in improving compliance behaviour by reducing uncertainty and increasing taxpayers' confidence. There is recent Malaysian research to support this relationship such as Sritharan et al. (2025) investigated the relationship between tax knowledge and tax compliance among Malaysian high-income university staff. The study

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used data from 500 respondents to analyse the relationship between tax knowledge and taxpayers' compliance behaviour.

Drawing on the TPB and empirical evidence in the past, it is expected that tax knowledge will be positively related to tax compliance among Malaysian taxpayers. Tax knowledge is linked to the higher perceived behavioural control of taxpayers by increasing their confidence and capacity to comply with tax duties.

Therefore, this study proposes the following hypothesis:

H2: Tax knowledge has a positive and significant association with tax compliance among taxpayers in Malaysia.

Research Methodology

This study adopts a quantitative research approach. A structured survey questionnaire was used to gather data from a diverse sample of Malaysian taxpayers. The target population for this study consists of individual taxpayers in Malaysia, including both salaried individuals and self-employed persons across various sectors. A stratified random sampling technique was employed to ensure representation from different regions or area and tax categories (individuals with employment income, sole proprietors, freelancers, etc.). The sample size was determined using Krejcie and Morgan's sample size table, targeting approximately 384 respondents to ensure a confidence level of 95% and a margin of error of 5%. The final sample included 235 individuals from multiple states, ensuring broader representation. Primary data was collected through a self-administered questionnaire that was distributed online (via Google Forms). The questions were measured using a four-point Likert scale, ranging from "Strongly Disagreed" (1) to "Strongly Agreed" (4). The collected data were analyzed using Statistical Package for the Social Sciences (SPSS) software. The questionnaire was divided into four sections:
Section A: Demographic information (age, gender, income level, academic qualification, employment position)

Section B: Tax awareness indicators (awareness of tax filing procedures – 3 measurements)
Section C: Tax knowledge indicators (knowledge of tax obligations, understanding of penalties – 4 measurements)

Section D: Tax compliance behavior (timely submission, accuracy of information, honesty in declarations – 8 measurements)

Results and Discussion

Descriptive Analysis

Table 1 presents the demographic profile of the respondents. The study surveyed a total of 235 respondents among taxpayers in Malaysia. In terms of gender distribution, 112 respondents (47.7%) were male, while 123 (52.3%) were female, indicating a fairly balanced gender representation. Regarding age, the majority of respondents fell within the 31–40 years age group (43.8%), followed by 41–50 years (32.8%), and above 50 years old (18.7%). A small proportion (4.7%) were aged between 20–30 years. This suggests that most participants were mature working adults, likely with substantial exposure to tax matters.

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As for their job roles, respondents were nearly evenly divided between academic (49.4%) and non-academic (50.6%) positions. This provides a balanced perspective from both administrative and academic professionals. In terms of academic qualifications, the majority held a Master's degree (40%), followed by Certificate holders (28.5%), Doctor of Philosophy (9.4%), Diploma (13.6%), and Degree (8.5%). The high percentage of postgraduate degree holders indicates that the sample consisted largely of well-educated individuals. For annual income, more than half of the respondents (52.3%) were in the M40 income group (RM58,200–RM131,508), followed by 45.1% in the B40 category (below RM58,200), and only 2.6% in the T20 category (above RM131,509).

Table 1: Descriptive Analysis for Respondents

Gender of respondents:	**Frequency**	**Percentage (%)**
Male	112	47.7
Female	123	52.3
Age of respondents:		
20-30 years old	11	4.7
31-40years old	103	43.8
41-50years old	77	32.8
Above 50 years old	44	18.7
Position:		
Academic	116	49.4
Non-academic	119	50.6
Academic Qualification:		
Certificate	67	28.5
Diploma	32	13.6
Degree	20	8.5
Master	94	40
Doctor of Philosophy	22	9.4
Annual Income:		
Less than RM58,200 (B40)	106	45.1
RM58,200 – RM131,508 (M40)	123	52.3
RM131,509 and above (T20)	6	2.6

Table 2 presents the results for tax awareness and tax knowledge. For all seven statements, the mode is "Strongly Agreed". This indicates that the most frequent response for each statement was "Strongly Agreed," suggesting that most participants strongly agree with these tax awareness statements. Specifically, for each statement, over 138 participants expressed strong agreement, reflecting a high level of tax awareness. The IQR of 1 for all statements indicates that the middle 50% of responses (between the 25th and 75th percentiles) are tightly clustered around "Strongly Agreed" or close agreement. An IQR of 1 reflects a low variability in responses, meaning participants had relatively consistent views across these tax-related items. The data suggests that participants possess a high level of tax awareness, as the majority strongly agreed with all the statements related to their obligations as taxpayers. These statements emphasize key concepts such as taxes being a primary revenue source for the government, the responsibility of citizens to pay taxes, and the self-management of tax obligations (calculation, payment, and reporting). The low IQR value (1) across all items

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reinforces that there is little dispersion in the responses, implying that participants generally have a strong consensus in understanding and agreeing with their tax responsibilities.

Table 2: Results for Tax Awareness and Tax Knowledge

Tax Awareness	**Mode (N=235)**	**IQR**
1. I am aware that tax is government prime revenue.	Strongly Agreed (n=143)	1
2. I am aware that every citizen cannot secede from obligation to pay taxes.	Strongly Agreed (n=140)	1
3. I am aware that every citizen mentioned in the tax law is a tax subject.	Strongly Agreed (n=138)	1
Tax Knowledge		
1. I know that taxpayers are obliged to calculate their own income tax liability.	Strongly Agreed (n=142)	1
2. I know that taxpayers are obliged to pay their own income tax liability.	Strongly Agreed (n=142)	1
3. I know that taxpayers are obliged to report their own income tax liability.	Strongly Agreed (n=139)	1
4. I know that taxpayers are obliged to calculate, pay and report their tax within the stipulated time given.	Strongly Agreed (n=140)	1

Table 3 presents the results for tax compliance. For all eight statements related to tax compliance, the mode is "Strongly Agreed". This indicates that the most frequent response for each statement is "Strongly Agreed," meaning most participants strongly agreed with the tax compliance behaviors and attitudes described in the statements. The IQR for each statement is 1, which indicates that the middle 50% of the responses are tightly clustered around "Strongly Agreed." This reflects low variability in responses, showing that participants' levels of agreement are consistent and concentrated. The data shows that participants generally exhibit a high level of self-reported tax compliance, as the most frequent response is "Strongly Agreed" across all statements. Most respondents claim to register voluntarily, calculate taxes correctly, pay on time, report taxes according to legal provisions, and comply with tax obligations before deadlines. The IQR of 1 across all items indicates little variability in participants' responses, meaning that there is a high degree of consensus regarding their tax compliance behaviors.

Table 3: Results for Tax Compliance

Tax Compliance	**Mode (N=235)**	**IQR**
1. I have registered as a voluntary taxpayer to the Inland Revenue Board of Malaysia.	Strongly Agreed (n=134)	1
2. I calculate the taxes correctly and pay them on time.	Strongly Agreed (n=121)	1
3. I fill out the tax return form with the provisions of the legislation and report on time.	Strongly Agreed (n=121)	1
4. I pay the tax underpayment before the inspection is carried out.	Strongly Agreed (n=105)	1
5. I submit the tax return form to the IRB on time before the deadline of submission.	Strongly Agreed (n=125)	1

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6. I have never been punished because of a crime in taxation within the last 10 years.	Strongly Agreed (n=122)	1
7. I have no arrears for all types of taxes.	Strongly Agreed (n=124)	1
8. I make the payments in accordance with the amount of taxes owed.	Strongly Agreed (n=113)	1

Correlation Analysis

As presented in Table 4, the analysis revealed a strong positive correlation between tax awareness (TOT_TA) and tax compliance (TOT_TC), with a Spearman's correlation coefficient of $r_s = 0.682$ and a significance level of $p < 0.001$. This result indicates that taxpayers with higher levels of tax awareness tend to demonstrate higher levels of tax compliance. The positive coefficient suggests that increases in tax awareness are associated with corresponding increases in compliance behaviour. According to the guidelines proposed by Cohen (1988), a correlation coefficient between 0.50 and 0.69 represents a strong positive relationship. Therefore, the obtained coefficient of 0.682 indicates a substantial association between the two variables. Furthermore, the p-value of 0.000 ($p < 0.001$) confirms that the relationship is statistically significant at the 1% significance level, indicating that the observed relationship is highly unlikely to have occurred by chance.

Table 4: Correlations between Tax Awareness and Tax Compliance

			TOT_TA	TOT_TC
Spearman's rho	TOT_TA	Correlation Coefficient	1.000	0.682**
		Sig. (2-tailed)	.	.000
		N	235	235
	TOT_TC	Correlation Coefficient	0.682**	1.000
		Sig. (2-tailed)	.000	.
		N	235	235
**. Correlation is significant at the 0.01 level (2-tailed).				

The results support the argument that the more taxpayers are aware of tax obligations, understand the importance of taxation, and know the role of tax revenue in supporting national development, the more willing they are to comply with tax regulations voluntarily. This is in line with the Theory of Planned Behaviour (Ajzen, 1991) that suggests that behaviour awareness leads to favourable attitudes and stronger intentions to perform compliant behaviour. The result also confirms earlier empirical studies. For instance, Palil and Mustapha (2011) found that tax awareness has a positive impact on taxpayers' compliance behaviour in the Self-Assessment System in Malaysia. Noor Heshamuddin et al. (2025) also identified that higher levels of tax awareness had a significant positive impact on tax compliance among Malaysian property taxpayers. More recent evidence by Rabun (2025) also found that tax awareness is an important behavioural determinant of tax compliance among Malaysian individual taxpayers. Overall, the correlation analysis provides initial empirical evidence that tax awareness has a positive association with tax compliance among Malaysian taxpayers. The results therefore

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provide preliminary evidence for hypothesis H1 that tax awareness has a positive and significant association with tax compliance.

As presented in Table 5, the analysis revealed a strong positive correlation between tax knowledge (TOT_TK) and tax compliance (TOT_TC), with a Spearman's correlation coefficient of $r_s = 0.642$ and a significance level of $p < 0.001$. This finding indicates that taxpayers with higher levels of tax knowledge tend to demonstrate higher levels of tax compliance. The positive coefficient suggests that an increase in taxpayers' knowledge of tax regulations, filing procedures, allowable deductions, and tax obligations is associated with a corresponding increase in compliance behaviour.

Table 5: Correlations between Tax Knowledge and Tax Compliance

			TOT_TK	TOT_TC
Spearman's rho	TOT_TK	Correlation Coefficient	1.000	0.642**
		Sig. (2-tailed)	.	.000
		N	235	235
	TOT_TC	Correlation Coefficient	0.642**	1.000
		Sig. (2-tailed)	.000	.
		N	235	235
**. Correlation is significant at the 0.01 level (2-tailed).				

The findings imply that taxpayers with a higher level of taxation knowledge are better at understanding tax legislation, completing tax returns accurately, claiming eligible tax reliefs and complying with tax obligations within the stipulated deadlines. Thus, taxpayers with higher levels of tax knowledge are more likely to comply voluntarily with tax rules than those with limited tax knowledge. These results are in line with the Theory of Planned Behaviour (TPB) (Ajzen, 1991), especially the notion of perceived behavioural control. TPB states that people who have the knowledge and skills necessary to perform their behaviour successfully are more confident. When considering taxation, more tax knowledge enhances taxpayers' perceived ability to comply with tax requirements, which strengthens their intention to comply and increases actual compliance behaviour.

The present results are also consistent with previous empirical research. Saad (2014) found that tax knowledge is a significant factor in improving taxpayers' compliance behaviour because it enhances their understanding of tax obligations and reduces uncertainty about tax regulations. Similarly, Nite and Bananuka (2020) found that tax knowledge positively influences voluntary tax compliance by improving taxpayers' confidence and reducing compliance errors. Recently, Sritharan et al. (2025) showed that tax knowledge significantly affects tax compliance among high-income taxpayers in Malaysia and Ahmad Sabri et al. (2025) found that tax knowledge is an important determinant of tax compliance among Malaysian SMEs. Similarly, Al-Maghrebi and Palil (2026) found that tax knowledge and tax education significantly enhance voluntary tax compliance among Malaysian taxpayers. To summarise, the correlation analysis gives empirical support to the positive relationship between tax knowledge and tax compliance

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EISSN: 2682-8545
Volume: 8 Issue: 29 (September 2026) PP. 2250-2266
among Malaysian taxpayers. Thus, the results provide initial support for Hypothesis H2, indicating that tax knowledge is positively and significantly associated with tax compliance.

Conclusion, Limitations and Future Research Directions

This study examined the relationship of tax awareness and tax knowledge toward tax compliance among taxpayers in Malaysia based on the Theory of Planned Behaviour (TPB) framework proposed by Ajzen (1991). The motivation for this study is the growing importance of voluntary tax compliance in Malaysia, especially under the Self-Assessment System where taxpayers are required to accurately determine, report and comply with their own tax obligations. The findings provide empirical evidence to the extent to which taxpayers' awareness and knowledge contribute to their compliance behaviour. The findings are consistent with the Theory of Planned Behaviour (Ajzen, 1991). From TPB point of view, tax awareness contributes to taxpayers' attitude toward compliance by creating positive perceptions on taxation and its positive social benefits. Tax knowledge improves taxpayers' confidence and their ability to perform tax-related activities and thus enhances perceived behavioural control. Hence, taxpayers' awareness of their responsibilities and knowledge of tax procedures is more likely to have stronger compliance behaviour.

Furthermore, the results are consistent with prior empirical studies highlighting the significance of behavioural and cognitive dimensions to explain tax compliance. Previous studies have shown that tax awareness enhances taxpayers' acceptance of taxation and promotes voluntary compliance (Palil & Mustapha, 2011; Kirchler, 2007), while tax knowledge reduces uncertainty and enhances taxpayers' ability to comply with complicated tax regulations (Saad, 2014; Nite & Bananuka, 2020). This study contributes to this existing literature by providing recent empirical evidence from Malaysian taxpayers that awareness and knowledge are still relevant determinants of compliance behaviour in the current Malaysian tax environment.

From the practical point of view, the findings have important implications for the IRBM and policy makers. Enforcement mechanisms such as audits and penalties will always be necessary, but improving voluntary compliance requires continual investment in taxpayer education and awareness programs. Tax authorities should also do more to improve taxpayers' understanding of tax obligations through simplified tax guidelines, tax education campaigns, digital learning platforms, and targeted communication strategies. These initiatives are particularly relevant when considering the growing digitalisation of Malaysia's tax administration including electronic filing systems and electronic invoicing requirements. For taxpayers, improving tax knowledge and awareness can alleviate compliance problems and reduce unintentional errors in tax reporting. A better understanding of tax procedures helps taxpayers to handle their tax affairs with confidence, to calculate tax liabilities correctly and to meet their obligations within the required time frame. Improving taxpayer capacity, therefore, is a sustainable way to enhance voluntary compliance.

Despite the meaningful insights provided by this study, several limitations should be acknowledged. At the beginning, the research used a quantitative survey approach with self-reported responses from taxpayers. Therefore, findings are prone to response bias as respondents may give socially desirable answers regarding their compliance behaviour. Future research may also include real compliance data or administrative tax data for more objective evidence. Second, this study only focused on two behavioural factors which are tax awareness and tax knowledge. Although these variables were significantly associated with tax

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compliance, future studies may include other TPB-related variables such as taxpayers' attitudes, subjective norms, perceived behavioural control, tax morale, trust in tax authorities, perceived fairness and tax complexity to give a better explanation of compliance behaviour. Third, the study was conducted among Malaysian taxpayers and therefore, the findings may not be fully generalisable to other countries with different taxation system and institutional environment. Future research may be carried out comparative studies in different countries or taxpayer groups, namely salaried employees, self-employed, SMEs and digital entrepreneurs. Future studies can also be carried out using advanced analytical approaches like Structural Equation Modelling (SEM) to investigate direct, indirect and mediating relationships among behavioural determinants of tax compliance. These approaches could offer more insights into the mechanisms by which awareness and knowledge influence taxpayer behaviour.

Acknowledgements:	The authors would like to express their sincere gratitude to the Faculty of Accounting, UiTM Tapah Perak, for providing the necessary resources and support throughout the course of this research. Special appreciation is extended to colleagues and peers who contributed valuable insights and constructive feedback, which greatly enhanced the quality of this paper.
Funding Statement:	No Funding
Conflict of Interest Statement:	The authors declare that there is no conflict of interest regarding the publication of this paper. All authors have contributed to this work and approved the final version of the manuscript for submission to the Advanced International Journal of Business, Entrepreneurship and SME's (AIJBES)
Ethics Statement:	This study utilised primary data obtained from the survey questionnaires. Participation in the study was voluntary, and all respondents were assured of the confidentiality and anonymity of their responses. Informed consent was obtained at the beginning of the questionnaire. The study complies with standard ethical guidelines for research involving human participants.
Author Contribution Statement:	All authors contributed to the conception and design of the study. The manuscript was prepared collaboratively, with all authors providing intellectual input, reviewing the manuscript critically, and approving the final version for publication.

Advanced International Journal of Business, Entrepreneurship and SME's
AIJBES
EISSN: 2682-8545
Volume: 8 Issue: 29 (September 2026) PP. 2250-2266

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