
Challenges of Home Tutors in Complying With Malaysian Tax Requirement

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Abstract: Home Tuition has become a phenomenon in our country. Statistical reports have indicated an increasing number of tuition centres registered from 2010 to 2013 (MOE, 2013). This is because home tuition is convenient and time-saving since parents do not need to send their children to the tuition centre. According to the survey conducted by salary explorer (2020), in Malaysia, the average income for full-time home tuition is about RM8, 870 per month. This shows that the income received by home tutors is more than the minimum amount subjected to tax. However, the government faces difficulty in tracing their actual income since the majority of them did not declare it as the payment received in cash. From the IRBM report, for the year of assessment 2017, only 15.24% of the individual taxpayers complied in paying their income tax, and this percentage would also include home tutors. Specifically, this study examines the effect of factors such as knowledge, morale, and penalty on tax compliance of home tutors in Malaysia. The samples consist of home tutors registered under Private Tutor Company based in Kuala Lumpur and Selangor. This study employed a questionnaire survey for the data collection method and 167 respondents answered the questionnaires distributed online such as through WhatsApp and email. All of the data were recorded under an excel spreadsheet and analyzed using SPSS version 16. The result indicated that all of the factors have a significant relationship with tax compliance. This can be useful to the government in analysing the arising issue. The findings send an important signal to the government that more tax education programs should be carried out to transfer tax knowledge to the individual taxpayers. This is vital because by having sufficient tax knowledge, taxpayers will understand their responsibilities to comply with tax obligations.

Keywords:home tutors ,malaysia

INTRODUCTION

Tax revenue collection has always been a major contribution to the government. A tax is a major part which monetary resources are mobilized by governments for the execution of projects and programs (Abubakari & Adafula, 2013). As such, it is compulsory for the taxpayers to pay what they have earned in return (Barjoyai, 1987). The money collected by the Malaysian Inland Revenue Board (IRB) from someone's income or capital assets will then be used as the fund for the country's economic development. IRB is the government agency under the Ministry of Finance, which was formed under the Inland Revenue Board of Malaysia Act 1995 (ACT 533). The function of IRB is crucial because it acts as an agent to the government in advising anything related to taxation as well as collecting and enforcing tax payment (Annual Report LHDN, 2000). In addition, the IRB has also arranged many tax education programs to transfer tax knowledge, thus creating tax awareness among taxpayers. The ultimate goal of tax education programs is to ensure higher tax compliance among the registered as well as the potential taxpayers in Malaysia.

There are two categories of tax revenue, which are direct tax and indirect tax. Examples of direct tax are income tax, petroleum income tax, real property gains tax, and stamp duty, which are managed by the Malaysian Inland Revenue Board (IRB). According to Stoilova and Patonov (2013), the direct tax has more impact on economic growth as it is imposed directly on people and businesses. On the other hand, indirect tax such as excise duties, service tax, and sales tax are categorized under the Royal Malaysian Customs Department (RMCD) (Sapiei and Kasipillai, 2013). The indirect tax is passed on to other parties and usually on products or services that people consume. Through this type of tax, poor people are also contributing to their part in tax collection (corporate finance institute). Rong (2016) believes that indirect tax should play the role of income distribution function to narrow the gap between the rich and the poor people. Based on the research by Dixon and Rimmer (1999), the indirect tax will affect commodity prices, which will result in the price increase in low tax burden goods and price decrease in high burden goods.

In budget 1999, the government had announced the implementation of the new system called the Self-Assessment System (SAS) to increase our revenue collection. It is a significant reform of the Malaysian tax system since the inception of the Income Tax Act (ITA) in 1967. The early implementation started stage-by-stage for different categories of taxpayers, which began with corporate taxpayers in the year 2001. It was followed by businesses, partnerships, and cooperatives in 2003 and later introduced to salaried individuals in the year 2004 (Sapiee et al. and Kasipillai et al., 2013). The Self-Assessment System (SAS) has helped the government solve issues related to tax collection among personal taxpayers as well as increasing the direct tax revenue collection (Choong and Edward, 2011; Loganathan and Taha, 2007).

SAS is believed to be efficient, cost-saving, and simpler as it does not involve any physical documents submitted through the process of submitting the tax returns (Palil and Mustapha, 2011). As supported by Abdul Rahim (1998), the benefit of implementing SAS also provides higher tax collection to the government since many taxpayers would comply in submitting their tax returns. However, in another study by Palil (2010), it was stated that the replacement from the Official Assessment System (OAS) to the Self-Assessment System (SAS) needs tremendous tax knowledge of the taxpayers since they need to declare, compute, and report their income tax themselves. This is to ensure that the taxpayers understand why they need to comply with taxes including the process of tax computing and submission that they need to involve in.

The tuition industry has become one of the booming sectors that is increasing by the year. This industry started with the increasing demand for extra classes and asking for help from the teachers to teach their kids after the school session ends. However, most of the school teachers are unable to meet the demand as they are loaded with school work (The Star, 2012). As a result, some people take the opportunity by creating tuition centre services and hire those who are passionate about teaching even though they are not school teachers. The purpose is to serve the increasing in demand especially for home tuition. As reported, in Malaysia about 40% of parents with pre-school children prefer to send their kids for home tuition as a preparation for the competition that their kids will face in the future and also to ensure that their grades improve by time (The Straits Time, 2015). This is also supported by the Experts of Nanyang Technological University economist, Eus-ton Quah, who believes that most of the parents are not concerned, but rather feeling pressured with their surroundings and just follow what other people are doing.

Thus, the tuition service was introduced as a supplement and addition to what has been taught in school (Bray, 1999). To operate a tuition centre, a valid tuition centre license is needed (MOE, 2013). This is based on Section 79 of the Education Act 1996 in Malaysia where the MOE urges all potential education centres to register with the Registrar General of the Ministry of Education. They must also apply and display the certificate of registration under Section 82 of the act in their premise. Tuition centres that wish to hire employees to teach in their centre also need to register with the Ministry of Education to obtain a license and teaching permit in accordance with Section 88 of the Malaysia Education Act (The Star, 2018). The payments for tutors under the registered tuition centre are made once the payment claim form is received from the tutors. The average payment for tutors is around RM5,580 per month, which covers the transportation cost, teaching hours, and other benefits. According to a survey conducted in Malaysia (salary explorer, 2020), most tutors earn around RM8,870 while 75% of them earn around RM8,040. Only 25% of the tutors earn less than RM3,870 (salaryexplorer, 2020) As revealed in that survey, it was found that majority of the home tutors (75% of them) earned the salary that subject to tax. This is because, based on a calculation by the IRBM, a 1% tax rate will be imposed on chargeable income for the first RM5,000 (IRBM, 2020). Therefore, home tutors are eligible to pay tax based on the income tax guide from the IRBM.

Tuition centres offer the services of private tuition centres and learn in a small group after the school session has ended, and they are usually located in urban areas (Kenayathulla, 2013). As there are increasing demands for tuition centres, there is also a new player that comes up with an idea to just offer the service without providing it through tuition centres. This is called home tuition, which provides one-to-one service teaching (Astro Awani, 2019). This home tuition concept started when Malaysia became the first country to use a platform from Qatar introduced by the Modaris Company in 2015 (New Straits Times, 2020). Based on a survey, it was proven that people in Malaysia have difficulty in finding home tutors even though the demand for private tutoring in Malaysia is high. Thus, the Modaris Company viewed it as an opportunity to introduce a platform that could ease tutors to offer better home tuition services.

According to a nationwide study in 1991, 59% of students from urban areas and 28.5% from rural areas in Malaysia received tuition services. The number of students receiving tuition services increased by 88% in the year 2011 (Borneo Post, 2016). Based on the study, researcher can see that the demand for home tuition is high in urban areas compared to the rural areas. This is because most of those who are living in urban areas are more concerned about their kids and aware of the importance of education. They feel that their children need extra education that could help them score or pass the exam rather than wasting their time doing unnecessary things. Besides that, the cost of tuition also contributes to the number of demands for tuition in urban areas since most of them are categorized as the high-level income group (Sujatha, 2014). Years after years, not only Malaysia but

all countries over the world are obsessed with A's and the parents keep pushing their children to score A's no matter what (The Star, 2012).

The tuition industry does not only offer benefits to the parents and students but also the tutors (Bray, 2009). Most tutors seek to secure extra income in the challenging economy (Spreitzer, 2017) just as most parents who find a way to secure their children's future through home tuition services (Kirby, 2016; Doherty & Dooley, 2018). This proves that both parties are actually earning the same benefit even though they have different external motivations.

Individuals who are interested to become tutors need strategies to market themselves by convincing the parents that they are offering valuable services. In fact, there are no formal requirements or backgrounds needed to teach as a tutor (Kirby et al., 2016; Bray, 2017) as there are various types of tutors' backgrounds such as graduate students, retired teachers, and school teachers (Bray, 2011). As mentioned by Spreitzer et al. (2017), most tutors find home tuition services a lucrative income since the fees for these services are charged depending on the hours spent on tutoring, which ranges from 1-3 hours per week (Ventura, 2008). The extra income earned by the tutors will definitely help them to survive in the challenging economy (Spreitzer et al., 2017), especially the graduate students with an income range of RM1,550 to RM2,000 a month (NST, 2018). Besides that, tutors find these services beneficial for them as there are no premises and start-up costs needed to conduct classes as the classes will be held at the students' house (Helmi, 2017).

According to the Annual Economic Survey for the year 2017, the annual growth rate value for the education services was 7.7 percent per annum. The gross output value for education services increased from RM15.2 billion in the year 2015 to RM17.6 billion in the year 2017. Besides, education service such as the tuition industry contributes to RM3.5 billion (19.8%), which has become the second-largest contributor after college and university education services. As for the total value-added benefits, the tuition industry has recorded RM1.9 billion, which increased from the previous years. Thus, based on the survey, the government believes that the education sector has an impact on the tax revenue (Department of Statistics of Malaysia, 2019). The revenue of the government will be also optimized as the strengthening the audit checking of the tax payers to the local tax authority, (Dakhlallah et al. 2020). Home tuition service is included under the tuition industry, which has been the second- largest contributor in terms of revenue collection. It has become a phenomenon in Malaysia where it helps in improving the performance of students (Bray, 2007 and Bray 2014). The services are believed to be one of the top 16 industries worldwide with a growth rate of 7% where the market for home tuition services was estimated to exceed \$102.8 billion by 2018 (Forbes, 2012).

According to the Education Ministry, there were about 2,967 registered tuition centres with 194,567 students as of Dec 31, 2010, compared to the previous with about 2,487 centres and 202,327 students in 2008 (The Star, 2011). As for the home tuition services, there was a total of 3,107 private tutoring services with 11,967 teachers in Malaysia registered with MOE (Ministry of Education, 2013). This includes not only one-to-one teaching but also school teachers who offer services after school sessions (Ministry of Education Malaysia, 2006). Even though the official statistics of the current number of registered private home tutors are not available but it is believed that the number is twice than the amount of the registered ones (Kenayathulla and Ubbudari, 2017). To date, there is no latest information about the registered private home tutors updated by the Selangor State Education Department for the year 2019 and 2020.

Ayuba, Saad, and Ariffin (2016) defined tax compliance as a degree to which taxpayers comply with tax laws and regulations in the country. The tuition industry is one of the industries that contribute to the amount of non-compliant taxpayers as there are also private tutors who are still not complying with tax (The Guardian, 2011). Even though the government has come up with a new system called the Self-Assessment System, there is still a low level of tax compliance (Alabede, Zaimah, and Kamil, 2011). In fact, taxpayers do not comply with taxes and try to manipulate their income so that there will be no tax imposed on their income (Murphy, 2004).

Tax compliance can be affected by various factors such as the fairness of the tax system, the tax penalty (Olamide and Segun, 2018), tax knowledge, and inspection (Sapiei, 2014). However, the factors that influence tax compliance differ for every person. Tax knowledge is one of the factors that affect tax compliance especially after the implementation of the Self-Assessment System (Kasipillai, 2000). A taxpayer needs to fully understand the flow of tax as it is voluntary compliance. Someone with a low level of knowledge regarding tax will find the system complex; as such, this will lead to the presence of complexity, especially when there are too many details in tax law and record-keeping (Mustafa, 1996).

Besides, tax morale is another factor that influences tax compliance. The attitude of taxpayers will determine whether or not they are choosing to comply with it (Aziz, Bidin, and Marimuthu, 2017). Based on research by Lu, Huang, and Lo (2010), the morale of taxpayers could also be influenced by their surroundings as they might follow the decision of others. Thus, positive surroundings might help the taxpayers believe that their contribution to the nation is crucial. Therefore, tax compliance behaviour can also be affected by tax morale since it involves the ethics of taxpayers on whether or not to comply with it (Singh, 2003).

Other than tax morale, tax penalty is among the factors discussed in the literature that influences tax compliance. Palil & Mustapha et al. (2011) believe that strict penalties and laws might decrease the statistics of tax non-

compliance. This punishment helps the government increase tax collection in the future. This study is also supported by Singh & Mbekomize (2009), where they believe that the higher penalty imposed will increase tax compliance.

However, in Malaysia, although the responsibility to comply with tax is compulsory to individual taxpayers whose income reaches the amount subjected to tax, little is known about the tax compliance among home tutors. As such, whether or not the factors of tax knowledge, tax morale, and tax penalty influence tax compliance among home tutors has become the concern of this study. Hence, the main goal of this study is to identify the relationships between tax knowledge, tax morale, and tax penalties with tax compliance among home tutors in Malaysia.

LITERATURE REVIEW

Tax knowledge and tax compliance

The knowledge of taxpayers regarding the tax system has an impact on their awareness (Smith, 2018). Taxpayers who are lacking information as well as still confused regarding the tax system will feel that tax is a burden to them. The taxpayers find that the tax system is very complicated as they do not understand the laws and regulations of the tax system. Tax knowledge can be divided into two, which are knowledge through common or through someone's education.

Tax education becomes one of the important factors that lead to tax compliance. Someone's knowledge can depend on his or her level of education. Therefore, Garcia-Verdugo (2005) stated that the concept of taxation should be introduced since in school. Taxation subject should be taught as it will set up the students' mindset that taxation needs legal and ethical rights and obligation. Education about taxation may help them understand the flow and process of the tax system. Through education, they will learn the reason why the government imposes such a tax rate and why they need to comply with it (Budhiartama, 2016). Besides that, the education of taxpayers in the taxation field is important so that they will understand the tax system better (Osebe, 2013).

Mohani (2001) believes that the education level of taxpayers also helps them learn and be up-to-date with the latest information and changes made by the IRBM. As such, educated taxpayers will be responsible and confident with their actions since they are full of knowledge regarding the taxation field. They are also aware of how important their decision is and the penalties imposed on those who choose to evade tax (Richardson, 2008). Thus, the qualification of the taxpayers would also determine their decision in complying with tax. In contrast, Lewis (1982) mentioned that educated taxpayers tend to use their knowledge to find opportunities to avoid paying tax. However, Lee and Charles (2009) supported the statement that people with high superior education and knowledge of the tax system have a high tendency to comply with the tax. This is because they have a high awareness of the tax system as well as the laws and regulations involved.

The self-assessment system (SAS) is one of the government's initiatives to increase tax compliance in Malaysia. SAS has shifted the responsibility to the taxpayers to assess their tax obligation (Loo, 2016). To ensure that SAS becomes a successful system, an element of knowledge is helpful. Through this system, taxpayers need to be aware of the latest information regarding tax as well as understanding the procedure and the requirement needed to pay the tax amount (Norzilah; Anuar; and Ahmad et al., 2017). However, Palil et al. (2010) and Sarker (2003) found that most of the individual taxpayers have difficulty in increasing their knowledge of the tax system. They are not fully aware of the concept of tax, procedure, and the system itself. Thus, the IRBM has come up with free programs, seminars, and workshops for individuals, companies, and tax agents. This initiative is so important for assisting taxpayers in calculating the right amount of tax as well as recording transactions and documentation. Not only that, but the taxpayers can also gain information through magazines, brochures, radio, and websites. This educational platform could increase the awareness of taxpayers. Based on the literature, Hypothesis 1 is constructed as follows:

H1: There is a positive significant relationship between tax knowledge and tax compliance among home tutors in Malaysia.

Tax morale and tax compliance

According to Van Raaij (2016), tax morale is related to the attitude of taxpayers, which takes into consideration a few elements such as the moral principles and values. It all depends on the taxpayers themselves in terms of whether they choose to comply with or evade tax. Tax morale can be defined as the attitude of taxpayers in terms of whether they are being honest or simply neglect their duties to pay tax. Taxpayers will voluntarily comply with tax when they know that their responsibility and contribution can give a huge impact on the nation. Tax morale of individuals can be influenced by their surroundings; if the majority of their close people such as family or friends are complying with tax, they will also agree that complying with tax is compulsory and that it is part of their culture. Based on the theoretical model by Lee (2016), if the tax morale in society is high, it leads to higher tax compliance. In the subjective norms, the decision of taxpayers is usually influenced by their group belonging. Their environment also becomes a crucial element in determining their compliance. Meanwhile, tax knowledge was also importance to be recognized as a factors to the tax compliance level among of personal tax payer, (Hamid et al. 2020). As for personal norms, it involves their internal value such as feelings of guilt if they

are not complying with tax. This type of individual has a high potential to comply with tax as they know their responsibility and are not ready to face the tax penalty that will be imposed on them.

When talking about tax morale, it does not only include the attitude of the taxpayers, but it is also related to their trust and perception of the government. According to Alm, Martinez-Vazquez, and McClellan (2016), the reason why companies choose to cheat tax payment is due to the corruption involved among top politicians in the country. Thus, the action and quality of political institutions have also become one of the important factors that affect the level of trust among taxpayers (Samuel & Dieu, 2014). Their morale will be high if they believe that the service offered by the government is high in quality, but if they did not see any improvement in their standards of living as well as public service, this would contribute to tax non-compliance. To gain the citizens' trust, the government should provide all relevant information and opportunities to prove that the government has nothing to hide. This could also lead to public sector efficiency as well as reducing corruption in the government sector. If there is no transparency in the public sector, citizens tend to be involved in illegal activities such as committing fraud or tax evasion. Therefore, once transparency has been practiced, the citizens' trust will increase, which helps them willingly comply with the tax.

Besides that, the element of fairness can also be an important factor in determining compliance with the tax system. A good tax system also depends on tax fairness (Thomas, 2012). The tax system must be fair as it will influence the tax morale of the taxpayers (Cyan, Koumpias, & Martinez-Vazquez, 2016; Torgler, 2008). If the individuals feel that they are not treated fairly, for example, their income is lesser than others but their tax payment is high, they will surely try to evade paying the tax. They would prefer to pay the tax penalty if they get caught rather than paying the tax money. Hence, the government needs to combat this issue by revising the current tax system or introducing another system that is suitable for the nation in order to improve and increase tax revenues in the future.

Besides, the tax system must also be efficient, effective, and convenient for users. The complexity of the system or tax law may become a burden to the taxpayers. They may feel that it is too hard to comply with tax if there are too many procedures to follow. A complex system will also increase the cost and time that taxpayers should bear; thus, they tend to choose a way that is cheaper and can be done in a short time. As such, it can be concluded that tax morale is related to a few elements such as the attitude of the taxpayers, personal norms, and the social norms of individuals. Based on the literature, Hypothesis 2 is constructed as follows:

H2: There is a positive significant relationship between tax morale and tax compliance among home tutors in Malaysia.

Tax penalty and tax compliance

According to Oladipupo (2016), a penalty is a fine imposed by the government on taxpayers who refuse to declare their true income, giving false information, or not paying their tax. It can also be defined as the punishment towards taxpayers who failed to comply with tax (Savitri, 2016). The decision on whether or not to comply with tax depends on the individuals themselves. According to Palil & Mustapha et al. (2011), the increase in the tax penalty can decrease the issue of tax evasion. Thus, this proves that when there are penalties, the taxpayers will fear the punishment that they will face if they decided to evade tax. Singh & Mbekombe et al. (2009) mentioned that the fine imposed is one of the best strategies by the government to enforce tax law violations strictly. The punishment should be done promptly so that taxpayers are aware of the seriousness of this issue and will not make the same mistake. Usually, a penalty is imposed when there are issues such as the failure to comply with tax, giving false information, or not declaring the full amount of income. This also depends on the individuals in terms of how they interpret the fine matters. In contrast, based on research by Mohdali, Isa, & Yusoff (2014), taxpayers may not comply with tax as they will act rebelliously if they are being threatened with punishment.

According to Kirchler (2008), low penalties will give a negative impact since the taxpayers will not fear being penalized for their mistake. They will choose to evade paying tax by not declaring their true income. This is because the potential to be caught is low and they would rather pay the low penalties instead of paying the tax amount every year. Before making any decision, especially when they are in a dilemma of involving in criminal behavior, they will make a comparison between the reward and the cost; as such, one that gives the most benefit to them will be the chosen one. However, if the penalties are too high, the taxpayers will also feel unfair, especially those who try to be honest but have made a slight mistake or error in declaring their income. Therefore, because of these factors, the taxpayers would rather not comply with tax as it is easier. Accordingly, the government should look further into this issue by separating the penalties according to the intentional or unintentional tax evasion so that every taxpayer will feel fairly treated.

Tax penalty is also related to the tax rate. According to Prawagis (2016), if the taxpayers understand why such an applicable tax rate is being imposed, they will have no problem following tax regulations as well as calculating how much tax they should pay. However, the contra situation may occur where tax compliance will decrease if the tax rate increases. The acceptance of the increasing tax rate depends on the level of trust in the system. If the taxpayers believe that the increase in tax rate is for the benefit of the nation as well as giving a positive effect, they would not mind the tax rate. However, if the level of trust is low, they will feel unfair since

they need to pay higher. This type of taxpayers usually did not see any positive side of increasing the tax rate and feel that the tax rate is only a burden to them. Based on the literature, Hypothesis 3 is constructed as follows:

H2: There is a positive significant relationship between tax penalty and tax compliance among home tutors in Malaysia.

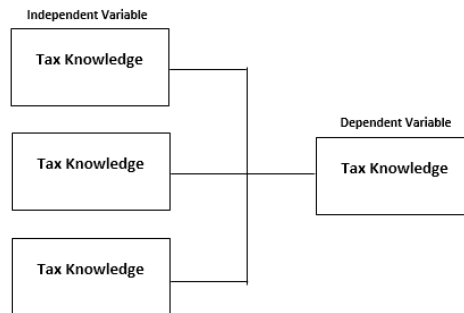


Fig.1: Research Framework

RESULTS AND DISCUSSION

Table 1: Demographic Profile of Respondents

	Description	Respondents (n=100)	Percentage (%)
Age	21-30 years	97	58.1
	31-40 years	58	34.7
	41-50 years	6	3.6
	Above 50 years	6	3.6
Gender	Male	33	19.8
	Female	134	80.2
Status	Full Time	90	53.9
	Part Time	77	46.1
Education Level	SPM	1	0.6
	Certificate	12	7.2
	Diploma	28	16.8
	Degree	89	53.3
	Masters	26	15.6
	Others (PhD)	11	6.6
Monthly Income	Less than RM 1000	30	18.0
	RM1000-RM3000	60	35.9
	RM3000-RM5000	36	21.6
	Above RM5000	41	24.6
Experience	Less than a year	18	10.8
	1 - 5 years	68	40.7
	5 - 10 years	54	32.3
	Above 10 years	27	16.2

Descriptive analysis present data in mode, median, mean, standard deviation, variance and range (Sekaran and Bougie, 2016). It helps to summarize and analyse data as we can present all raw data in a simple way. This analysis present information about demographic profile of respondents followed by the mean analysis for each of factors of tax compliance. As for inferential statistics, samples taken from population will be use through few sampling techniques.

Test for normality

Based on table 3.2, it can be concluded that they fall within the range of -1 to 1; however, this is a less reliable method in a small to moderate sample size where $n < 300$ because it cannot adjust the standard error because as the sample size increases, the standard error decreases. Hence, to overcome this problem, the Shapiro-Wilk test

is more appropriate for small sample sizes (< 50 samples) and it can also handle sample sizes as large as 2,000. For this reason, researcher used the Shapiro-Wilk test as our numerical means of assessing normality.

Table 2: Kolmogorov-Smirnov and Shapiro-Wilk Test of Normality

	Skewness	Kurtosis	Kolmogorv-Smirnov			Shapiro-Wilk		
	Statistics	Statistics	Statistics	df	Sig.	Statistics	df	Sig.
DV (Tax Compliance)	0.076	-0.805	0.093	167	0.001	0.978	167	0.010
IV1 (Tax Knowledge)	0.100	-0.740	0.103	167	0.000	0.976	167	0.005
IV2 (Tax Morale)	-0.640	0.192	0.127	167	0.000	0.959	167	0.000
IV3 (Tax Penalty)	-0.491	0.507	0.109	167	0.000	0.971	167	0.001

Correlations between the variables

Based on the table 3.3, researcher tested the correlation between the dependent and independent variables whereby it shows that all of the correlations have a significant relationship. Evidently, there is a medium and strong correlation between DV and all of the IVs since the values range from 0.5 to 0.8. In addition, there is also a strong positive (p = 0.732, sig = 0.000) correlation between tax compliance and tax knowledge.

Table 3: Correlations between the variables

		DV	IV1	IV2	IV3
DV (Tax Compliance_Log)	Pearson Correlation Sig. (2-tailed) N	1 167			
IV1 (Tax Knowledge_Log)	Pearson Correlation Sig. (2-tailed) N	.732** 0.000 167	1 100		
IV2 (Tax Morale_Log)	Pearson Correlation Sig. (2-tailed) N	.679** 0.000 167	.632** 0.000 167	1 167	
IV3 (Tax Penalty_Log)	Pearson Correlation Sig. (2-tailed) N	.638** 0.000 167	.586** 0.000 167	.692** 0.000 167	1 167

Autocorrelation

Table 4: Autocorrelations

R	R ²	Adj R ²	Durbin Watson	P-Value
0.795	0.632	0.625	2.297	0.000

Based on Table 3.3, the model summary shows a high R² value that is more than 60%. A high R² value interprets the variation in the response variable (dependent variable) that can be explained by the predictor. Krause, Boyle, & Bāse (2005) stated that an acceptable R² is between 0.6 and 1. In this case, it can be concluded that 63.2% of the variation in tax compliance is explained by all of the independent variables. The Durbin-Watson statistics lie in the range of 0 to 4. A value of 2 or nearly 2 indicates no first-order autocorrelation, whereby the acceptable range is 1.50 - 2.50. Since the value of Durbin-Watson for the model lies between the ranges, it can be concluded that there is no autocorrelation. Where successive error differences are large, Durbin-Watson is high (more than 2.50); hence, this indicates the presence of negative autocorrelation. Additionally, negative autocorrelation is not particularly common. The p-value that is less than the significant value (0.05) indicates the significance of the model. Hence, researcher model the multiple linear regression equation as follows:

$$\hat{y} = \hat{\beta}_0 + \hat{\beta}_1x_1 + \hat{\beta}_2x_2 + \hat{\beta}_3x_3$$

Where,

Y = Tax Compliance

x_1 = Tax Knowledge
 x_2 = Tax Morale
 x_3 = Tax Penalty

Summary of Hypotheses Results

Table 3.5 below summarizes the results of the analysis of the research objectives. Based on the results, the hypotheses of both objectives are supported partially where some independent variables are proven to have a significant effect on the willingness of whistleblowing.

Table 5 : Hypotheses Results

Objectives	Supported
Research Objective 1: To examine the relationship between tax knowledge and tax compliance among home tutors in Malaysia.	YES
Research Objective 2: To examine the relationship between tax morale and tax compliance among home tutors in Malaysia.	YES
Research Objective 3: To examine the relationship between tax penalty and tax compliance among home tutors in Malaysia.	YES

CONCLUSION

This study only focuses on tax knowledge, tax morale, and tax penalty; however, there are actually more determinants that might also give an impact on tax compliance such as tax awareness, gender, level of actual income, tax audit, and audit probabilities. This study was unable to include those factors since deeper and accurate measures would be needed. Thus, additional research can be done using other factors in future studies on tax compliance so that researcher can identify the most influential variable that leads to tax compliance. Besides that, it is also suggested that future researchers update or change the method of collecting data. Since this study only employed questionnaires to conduct the research; thus, there are a few weaknesses present in this study.

Based on the research conducted, all of the three factors that are tax knowledge, tax morale, and tax penalty (independent variables) have a significantly positive relationship with tax compliance (dependent variable). Therefore, this proves that all of the hypotheses are supported in this study. Hence, all of the objectives of this study have been achieved.

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