Chapter 13
E-Government Policy: A Case Study of E-Filing System

Abdul Raufu Ambali
University Technology MARA, Malaysia

EXECUTIVE SUMMARY

The emergence of faster delivery service required a faster mechanism of transaction between government and its people. But such a transaction is not without issues that have to be addressed by the governments of the public sectors. The primary issues addresses by this chapter include the relationships between the perceived: security tightening, facilitating conditions, usefulness, easiness of using e-filing system, and users retention. The second issue addressed by the chapter is differences in gender of the users with respect to factors that influence their state of retention. The findings of the study show a strong relationship between the predicting factors and user’s intention to continuing using the system. The findings also show that the retention of users is highly affected by the differences in the gender of the users. This research would like to recommend that a faster transaction mechanism between the government and the people enhances the e-governance system and in this context, this chapter focuses on some potential implications of e-filing system of Malaysia.

ORGANIZATION BACKGROUND

Lembaga Hasil Dalam Negeri (LHDN) or the Inland Revenue Board of Malaysia is one of the potential agencies under the Ministry of Finance (MOF) in the country. The agency was established on 1st March 1996 and has been charged with collection of revenues in the country. It was established in accordance with the Inland Revenue

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Board of Malaysia Act 1995 and the Income Tax Act 1967 to enhance the quality and effectiveness of tax administration. The agency also act as an agent of the Government and provide services in administering, assessing, collecting and enforcing payment of income tax, petroleum income tax, real property gains tax, estate duty, stamp duties and any other taxes as may be agreed between the Government and the Board. The agency has also been charged to participate in or outside Malaysia in respect of matters relating to taxation and advice the government accordingly. It also extends its function by liaising with the appropriate Ministries and statutory bodies on taxation matters and acts as a collection agent for and or behalf of any body on matters relating to the recovery of loans due for repayment under any written law.

**Corporate Culture of IRBM**

The Inland Revenue Board of Malaysia has been known to be the foremost tax administration agency and the best government income tax representative body in the Malaysia. The overall corporate culture of IRB can be envisaged from creation of a just, transparent and respectable tax management system. The vision of the board includes sensitivity to the welfare of its employees, career advancement opportunities for each employee and recognition of individual excellence. It is part of the Board’s corporate culture to be committed towards excellence achievements and/or efficient client service provider. It also committed to a high degree of fairness of the country’s tax system. IRB also focuses on continued improvements through development of appropriate skills and efficient workforce that is equipped with the high level of professionalism. Board vows to constantly upgrading income tax administration to become easier while simultaneously simplifying tax laws. The agent believes in offering fair and transparent service to people in the country at all time and always strive to encourage voluntary compliance of the taxpayers (see: www.hasil.gov.my).

**Taxation Policy in Malaysia**

Under the Malaysian tax policies, income tax is a fact of life and compulsory for resident that is due for its payment. However, Malaysian taxation policy is quite brightening and exciting for many reasons. First there is no capital gains-tax in the country. Second, there is no gift, inheritance nor estate taxes in Malaysia as well. Third, even the only capital gains tax in Malaysia related to the Real Property Gains Tax has been withdrawn for disposals made on 1 April 2007 (see: Budget Commentary & Tax Information 2009, PWC Tax Booklet 2007-2009).

Income tax in Malaysia is ‘territorial’ in nature because only income accruing in or derived from Malaysia is taxed. In other word, other form of incomes such
Ensuring Continued Usage of an E-Government Service in Malaysia: The Role of Perceived Usefulness and User Satisfaction