Chapter 19

E–Government Services Online: An Exploratory Study on Tax E–Filing in Malaysia

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ABSTRACT

E-filing is a new service launched in the year 2005 by the Malaysian Inland Revenue Board. This is in line with the government’s vision to leverage on the Internet technology in extending its services to the citizens and to further embrace the cutting-edge technology of the information age. Via this system, the citizens or taxpayers are able to complete an electronic application form and the necessary payment details with a few keystrokes; therefore completing their revenue declaration within minutes. The purpose of the e-filing service is to encourage every taxpayer to submit their income tax returns through an online system, thus reducing the manual paper-based submission method. This paper examines taxpayers’ intention to use the e-filing system in Malaysia. This paper analyses the factors that contribute towards adoption of such system in Malaysia based on three models: the Technology Acceptance Model (TAM), Diffusion of Innovation (DOI), and Technology Readiness Index (TRI). The authors’ findings suggest that taxpayers have intentions to use the e-filing systems as they perceive that tax submission method via the internet is more convenient and that perceived readiness towards using this technology is paramount to their belief for using e-filing systems.

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INTRODUCTION

Tax filing whether done manually or via digital means is an important phenomenon for most income earners and business entities. Governments worldwide are moving towards utilizing the power of information, communication and technology (ICT) by embarking into the new dimension which is electronic filing (henceforth referred to as e-filing). Governments worldwide are leveraging ICT in many ways to tap the potential cost saving and efficiency in providing online services to the citizens (Sahu & Gupta, 2007). Malaysia too is in this bandwagon. However, low system acceptance by the end-users is one of the major hurdles to the proliferation of e-government projects (Sahu & Gupta, 2007).

This paper discusses the relationship between four major factors that are affecting the behavioural intention of tax e-filing systems users in Malaysia in adopting this method in contrary to the manual submission method. Using three of the important theories on assessing users’ behaviour against ICT system usage, Technology Acceptance Model (TAM), Technology Readiness Index (TRI) and Diffusion of Innovation (DOI), this study analyses and discusses the relationship between perceived ease of use, perceived usefulness, perceived readiness, and complexity in using the e-filing system in Malaysia.

The academic nature of this paper stresses on how (ICT), manifesting itself in the form of e-filing system, can enhance e-government efforts in providing fast and efficient service to its citizens. The paper is written based on our involvement with prior work that pertains to the use of e-government services. Understanding how and why people accept or reject an information system has proven to be one of the most challenging issues in information system research (Delone & McLean, 1992). Having invested huge amount of capital in ICT for better info-structure and infrastructure, governments will benefit from this nature of study to assess the intention to use and factors affecting the usage of such systems.

Scope of Study

In Malaysia, the government’s Multimedia Super Corridor (MSC) project has been instrumental in providing necessary platform for change or transformation. As one of the seven MSC flagships, E-government will contribute to the nation’s rapid development. E-filing in this context, is expected to be widely used by the Malaysian citizens. However, despite all the efforts aimed at developing better and efficient tax filing system, the e-filing system remained unnoticed by many citizens and still seriously underused in spite of their availability (Wang, 2002). There is very little research done on this area due to infancy of e-filing in Malaysia. This is due to insufficient evidence to date pertaining e-filing system associated to Malaysian tax settings (Lai, Sheikh Obid, & Meera, 2005). In fact, there was lack of ability to obtain certain information relevance on these studies in Malaysia. In addition, there is still ambiguity on whether Malaysian tax practitioners are prepared to embrace the e-filing system (Lai et al., 2005). Lai et al. (2005) examined the level of technology readiness and intention to use among Malaysian tax practitioners. This research reveals what and how Malaysians are in relation with the e-filing systems adoption.

This study makes an attempt to examine the determinants of behavioural intention to the use of e-filing systems in the case of tax submission in Malaysia. The significance of this study is two-fold. First, this study provides vital information for government to identify factors influencing taxpayers towards e-filing systems adoption. Malaysian government will be able to use the result of this study as a guide to plan its strategies to improve the usage level of e-filing systems. Since usage of e-filing systems is at present completely voluntary, the challenge that Malaysian government has to face is to encourage the tax payers to use