Chapter 18

Assessing e-Government Services: The Case of e-Filing of Personal Income Tax in Malaysia

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ABSTRACT

Introduction of Electronic Government (e-Government) is seen as a tool to improve government service delivery to external and internal clients for the benefit of the government and the citizens and businesses that it serves. E-Government holds tremendous promise for improvements in the public service delivery as well to overcome many of the persistent public service problems. Successful delivery of online services has rapidly become an important measure of effective public sector management. The e-Government initiative in Malaysia was launched with the aim to improve the efficiency and effectiveness of government service delivery to its stakeholders, namely, citizens and businesses. The vision of e-Government is a vision for people in government, business and citizenry working together for the benefit of Malaysia and all of its citizens. The dual objectives of e-Government are to reinvent the government of Malaysia in terms of service delivery through the use of information technology and to catalyze the successful development of the Multimedia Super Corridor with IT as one of the leading sectors of the economy. One of the services that was launched as part of e-Government Flagship is on line tax filling or known as e-Filing by the Inland Revenue Board. Via this system, the taxpayers are able to complete an electronic application form and the necessary payment details within few keystrokes and hence complete their revenue declaration within minutes. The purpose of e-Filing service is to encourage every taxpayer to submit their income tax return through an online system, thus reducing the manual paper-based submission method. This system has received good response from the taxpayers. However, there is still a sizeable number who have yet to adopt e-Filing. An empirical assessment of
adoption of e-Filing system involving 200 taxpayers was carried out. The study aims to assess the extent of e-filing acceptance among the taxpayers who have filed their tax forms online. Beyond this, the chapter also analyses the factors that contribute towards adoption of such system in Malaysia. The findings revealed that taxpayers have positive attitude in using the e-Filing system as they perceive that tax submission method via internet is more convenient than submission by post or by hand and that perceived readiness towards using this technology is paramount to their belief for using e-Filing system.

INTRODUCTION

Tax filing whether it is 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 as e-Filing). In order to improve taxpayer service, governments are leveraging ICT in many ways to tap the potential cost saving and efficiency in providing online services to the citizens. 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 analysed and discussed the relationship of perceived ease of use, perceived usefulness, perceived readiness and complexity in using 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.

FOCUS OF THE 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 at