THE TAX SYSTEM AWARENESS: THE CASEOF SELF-ASSESSMENT IN MALAYSIA

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Abstract: This study seeks to explore the taxpayers' acceptability towards a self-assessment system and also to investigate taxpayers' perception on the present tax system. A survey was undertaken in KL, involving 195 individual salaried taxpayers. Results of the study revealed that the Malaysian taxpayers are satisfied with the present tax system. They see it as a simple and easy system. However, the study also revealed that the taxpayers welcome the change from the present system to the self-assessment system. They perceive that they are ready for it. Despite the taxpayer's readiness toward a self-assessment system, most of the taxpayers did not know their responsibility under the new system. Moreover, they are unable to compute their own tax. However, most of them are interested in learning more about the Malaysian Income Tax System if they have the opportunity to do so. The taxpayers surveyed had a poor understanding of the tax laws. Thus, recommendations have been made to Inland Revenue Board, Malaysia (IRBM) to increase the taxpayers' knowledge and understanding of their obligation and rights as a taxpayer. The use of effective ways of communication and promotion of the self-assessment system has also been suggested.

Keywords: Taxpayers, Self-Assessment, Responsibility, Tax Laws, Malaysia.