A STUDY ON THE DETERMINANTS OF TAXPAYER'S INTENTION TOWARDS MANUAL TAX SYSTEM, CASE STUDY IN KLANG VALLEY

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ABSTRACT

This main objective of this research is to determine the factors affecting the taxpayers' intention towards manual tax system. We would like to bridge the gap between manual taxpayers and Inland Revenue Board of Malaysia (IRBM). The target respondents are specifically manual tax system users in Klang Valley. Klang Valley is chosen because the location has the majority of taxpayers that used manual tax system compared to any places. The population of the manual taxpayers in Klang Valley is 446, 265. From this population, our sample is 384 and we managed to collect 141 answered questionnaire. From these collected questionnaires, we had analyze four major analysis which are descriptive analysis, reliability analysis, normality analysis and correlation analysis. From the results, we had determined that all four independent variables, perceived usefulness, perceived ease of use, perceived risk and facilitating condition did gave taxpayers' intention toward manual tax system. These findings, however only gathered at one specific place, thus we hope that the further research can be carried out to wider samples. We also hope that this research will provide better understanding to Inland Revenue Board of Malaysia (IRBM) to understand the reasons of manual taxpayers' preference towards manual tax system.

Keyword: Manual tax System, Tax payer intention.

Introduction

The federal government income mostly comes from the wage assessment of individual and company. In Malaysia, the Inland Revenue Board (IRBM) will collect the tax regardless of the individual or company. Taxes will be charged based on their annual income. For individual tax, the individual taxpayer will file their tax return before April 30th while for company is before June 30th. IRBM offers two ways to make payments. Firstly is a manual system that uses forms such as form BE and Form C & R. They need to fill the form by column, one by one manually. Manual tax system remains as traditional method but still widely used by taxpayers (Hwang, 2000). The second way is E-Filing system. Electronic services have been introduced by the government over the last five years and this innovation is the core of the government efforts in improving the quality of service delivery. The introduction of e-filing system was established to give benefits to the taxpayer in terms of effectiveness. Therefore, the society were recommended to use an electronic services in filing their tax return to generates revenue, saving operational costs and indirectly support electronic government agenda. As the country had established a tax system as one of the profit for development of the country for the manual system, the taxpayers need to fill out form BE and C&R. Registrants must state their annual income and annual expenses in computing their tax return. Then the form BE will be submitted to the IRB office to get a verification stamp. For the existing system, taxpayers must enter data into a taxcomp superior software to simplify tax calculations and store data on the server.

Problem statement

Based on the annual reports of Inland Revenue Board (IRB) from 2006 until 2011, researchers found that the number of taxpayers who use e-filing is very minimal and the overall consumer e-filing include individuals and companies have so far amounted to 2, 134, 337 million or equivalent to 34% of all taxpayers who registered (Negeri, 2011). Researchers also had obtained a statistical data from Department of Data Integrity which from total of 1,739,213 taxpayers in Klang Valley, 25.66% of them belong to manual taxpayers. Although there is increasing number of e-filing users, the number of taxpayers using e-filing system is far below

the expectation in spite of after seven years implementation. Quoted from E-government policy: ground issues in the e-filing syst em, (Ambali, 2009) the researched had identified the major issues was related to 16-digit PIN number that an e-filer must obtain directly from the income tax office. According to Motivators, Barrier and Concern in Adoption of Electronic Filing System (Lai & Choong, 2010) said the user discomfort about e-filing technology and perceived insecurity of e-filing as well as lack of interne t self-efficiency and skills. Normally people who age over than 40 years old are not preferred to using the technology matters and the fact that people who paid the tax every year are from that majority (Lai & Choong, 2010). Furthermore, from Perceived Risk and the Adoption of Tax E-filing (Azmi, Kamarulzaman, & Hamid, 2012) said e-participation index (e-filers) dropped from 0.66 (in 2010) to 0.5 (in 2012) because Malaysia should focus on improving the acceptance of the system among its taxpayers. These things can happen due to a lack of Malaysia community to the exposure of technology usage. Besides that, a source from (Lean, 2008), Factors Influencing Intention to Use E-Government Services among Citizens in Malaysia, stated that most of people just u se e-government service website to check their summonses instead of fully utilize the online. In order to pay the taxes every year, there are citizens who prefer to continue to submit their annual income tax by filing up the hard copy form instead of using e-fili ng system, which was introduced to public and ready for their usage. In addition, in a research by (Israel & Tiwari, 2011), their r esult stated that 60.6% of their respondents use manual method when return their tax income. Therefore, this research study will examine the factors that affect the taxpayers' intention to use the manual tax system.

Objective of the study

Many countries, like India had introduced e-filing of tax returns to help their citizens fulfilled their responsibilities toward the government (Israel & Tiwari, 2011). However, despite the presence of such e-services, researchers argued that e-filing of taxes is not popular among the public compare to manual system. The primary purpose of this research is to examine the determination of taxpayers' intention toward manual system. The other objective of this research is to bridge the gap between manual taxpayers and government (IRBM) in order to give understanding to IRBM, the reason of manual taxpayers' still use manual tax system. In order to examine the taxpayer preferences, the objective of this study is also to know the incentive that IRBM could offer in order to motivate manual user to use e-filing system. Lastly, this study will give a descriptive information which factors (perceived usefulness, perceived ease of use, perceived risk and facilitating condition) that determine the taxpayers' intention towards the usage of manual system. Based on the study objective, researchers will use two types of theories which are Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh, G.Morris, B.Davis, & D.Davis, 2003), Theory of Acceptance Model (TAM) developed by Fred Davis and Richard Bagozzi and perceived risk

Literature Review

Unified Theory of Acceptance and Use of Technology (UTAUT)

UTAUT model have 2 dependent variables which are intention and use of behavior (Venkatesh, G.Morris, B.Davis, & D.Davis, 2003). This model explained the intention of users toward information system and the usage behavior. There are four main components which are performance expectancy, effort expectancy, social influence and facilitating conditions. Performance expectancy denotes how individual believes that by using the system, it will help him/her gain benefits such as save money, time and effort. Expectancy effort is a degree of ease related with the use of system. The complexity of the system became one of determinants for the reluctance of manual user to use e-filing. In this study, researchers excluded the social influence components as this research are more towards taxpayers' intention. Lastly, the facilitating condition denotes the degree of user to access the resource (computer, internet) to use technology. Effort expectancy did not have significant influence towards the intention of users to use e-filing (Schaupp, Carter, & Hobbs, 2010).

Facilitating condition

Facilitating condition as stated above is a degree of user to access the resource such as computer or internet to use technology (Schaupp, Carter, & Hobbs, 2010). Facilitating condition comprises of two types which are resources and technology factors (Lu, Yu, Liu, & Yao, 2003). Resource factors includes money and time allocated for the usage of technology. Meanwhile technology factors are the availability of the technology itself that will eventually influence the intention of user towards the usage of technology/system. Since this research will collect the data in area of Klang Valley, researcher assumed that the facilitating condition should have a negative relationship with the intention of taxpayers towards manual system in terms of technology resources, but the resources that the study define would be in term of cost and resources provided by IRBM to guide taxpayers file their tax return. Illiterate and poor people often classified as non-adopters to the e-government services. Since they are unfamiliar with the technology and the unavailability of the resources towards the technology, the adoption of e-government services will then need to be reconsider as facilitating condition have positive influence in e-government usage (Weerakkody, El-haddadeh, Al-Sobhi, Shareef, & K.Dwivedi, 2013). As stated above, this study cannot fully utilize the statement because the area of our study would be in Klang Valley where it is the place with highly technology availability.

Theory of Acceptance Model (TAM)

Theory of acceptance model denotes how the user accepts the technology and user's usage behavior towards the technology. This theory had been used widely by previous researchers to understand the user's acceptance towards the implementation of new system introduced by the government and technology adoption. The research will be used to evaluate the success of technology adoption. By using TAM, this research study will explain whether the user favors the technology or not (Ambali, 2009). There would be two variables that will be discussed and will be used to be the indicators for our research.

Perceived Usefulness (PeU)

Perceived usefulness (PeU) is related to the job productivity, performance and effectiveness. It is the degree to which when the users use the system they will increase the job performance and productivity (Society, 2013). The hypothesis of perceived usefulness will give a positive effect towards the e-government system. It was validated and supported by previous research

(Suki & Ramayah, 2010). In perceived usefulness, this study highlighted on four characteristics which are the performance, productivity, effectiveness and usefulness of manual system to the user.

Perceived Ease of Use (PeOU)

Perceived ease of use indicates how system will make the users free from effort when they use the system. The users need to evaluate all the expenses that he or she will need to spend when using the particular system and any effort required. Perceived ease of use is not only concern with the expenditure in terms of money but also with time required and expertise when using the system. Specifically, researchers are going to understand how perceived ease of use affects the manual system since for the e-filing system, perceived ease of use does have positive effect towards the e-government system (Suki & Ramayah, 2010). If the previous research showed that perceived ease of use do affect the taxpayers to use e-filing, this study is going to investigate how perceived ease of use affect the manual system users and how significant the effect is. This study would like to determine whether it is easy for the taxpayer to learn using manual system, to use it, to input data and to get the service.

Perceived Risk (PeR)

Perceived risk had became one of the biggest reason why taxpayers refuse to use e-filing. Eventhough, e-filing perceived to be usefulness and ease of use, but the taxpayers perceived that e-filing system is risky (Azmi & Bee, 2010). Perceived risk indicates how users perceived that the system will be risky and bring harm to oneself. Previous researches showed that perceived risk of e-filing system comes from the security and confidentiality of the information. Non e-filers reluctance to e-file because of the security of the system and they did not trust the system (Lai & Choong, 2010). Services that are perceived to be risky will be evaluated as highly risk and will continually effect to the higher switching cost, complexity and hard to adopt and used (Featherman & Fuller, 2003). Perceived risk will give a negative impact to the perceived ease of use and usefulness (Li & Huang, 2009). According to (Ambali, 2009), the overall level of users in using e-filing is still low despite the numerous campaign held by IRBM. It is also proven in his research that there is likelihood that the security aspect will affect the e-filer to discontinue using the e-filing system in future. In other words, this study would like to determine whether the taxpayers are strongly confidence in their privacy information being protected when using manual system. Our study will be correlated to the research done by (T.Ramayah, Ramoo, & Ibrahim, 2008). Their research had resulted that manual filers paid more concern in security and privacy of the information compared those who used e-filing.

Taxpayers' intention

This study will measure the taxpayer intention to use manual system for this year and for the future. The intention of taxpayers will be unpredictable and not decisive. Thus, intention become the study's dependent variable. Based on (T.Ramayah, Ramoo, & Ibrahim, 2008), 37% of their respondents show the sign of using e-filing in the future. Additionally, the reasons why they still using manual tax system are due to the security concern of e-filing system and their lack of trust towards the system (Lai & Choong, 2010). In Malaysia, after seven years e-filing had been adopted, only 34% of total taxpayers use e-filing (Negeri, 2011). Some of the manual users had attempted to use e-filing but when they are unable to e-file, they choose to manually file their tax return (Lai & Choong, 2010). The study would like to investigate whether the manual taxpayers have intention to keep using manual system in the future

Hypothesis Development

The taxpayer's intention to use a manual tax system was affected by many reasons which this research specified to be the perceived usefulness (PeU), perceived ease-of-use (PeOU), perceived risk (PeR), and facilitating conditions (FaC). In this research study, researchers will investigate the determinants that affect the taxpayers to use a manual tax system to file their tax return instead of moving on to a new technology that was introduced by the IRBM to file the tax return. Every taxpayers may have different reasons to use a manual tax system in order to file their tax returns. Therefore, the first hypothesis that been carried out in this research study is:

H1: Perceived usefulness (PeU) will have a significant positive effect on taxpayers' intention to use manual tax system.

Perceived usefulness is the primary determinant for the taxpayers to use the manual tax system (Davis, 1989). PeU also has a direct effect on the taxpayer's intention to use a manual tax system and the taxpayers also believed that by using manual tax system to file their tax returns, it can help them to enhance their job performance (Mahadeo & Devi, 2009). This study will measure the perceived usefulness in terms of performance, productivity, effectiveness and the usefulness of manual tax system. Therefore, perceived usefulness can be said to have a positive effect on taxpayer's intention to use the manual tax system.

H2: Perceived ease-of-use (PeOU) will have a significant positive effect towards the taxpayer's intention to use manual tax system.

According to (Davis, 1989), perceived ease of use is shown as a secondary determinant for the taxpayers to choose either to use a technology that is e-filing system or to use a manual tax system. From the previous research by (Azmi & Bee, 2010), the research stated that perceived ease of use had an influence to the taxpayers' intention. But, in (Azmi, Kamarulzaman, & Hamid, 2012), perceived ease of use does not have significant relationship with tax adoption. Thus, this study would like to clarify further the importance of perceived ease of use to the intention of taxpayers. In this research study, it can be said that the taxpayer's intention to use a manual tax system is affected by the way they perceived the use of the manual tax system to file their tax return. Perceived ease of use will be categorized into the how easy for manual users to learn manual system, to use it, to input and modify data, and to get services when they use manual tax system. Therefore, it was suggested that perceived ease of

use (PeOU) will have a positive effect towards taxpayer's intention to use the manual tax system since the manual tax system is easy to use.

H3: Perceived risk (PeR) will have a positive effect on taxpayer's intention to use manual tax system.

Perceived risk has significant influence to the taxpayer's intention who file their tax returns by using manual tax system (Azmi & Bee, 2010). Most of the taxpayers preferred to use manual tax system to file their tax returns in order to protect their personal information from being spread through the internet because if they choose to use e-filing system they will face a probability of their personal information being hacked. Based on (Lai & Choong, 2010), the results of the research showed that 25% of 75.2% of non e-filers concerned with the security of e-filing system. Meanwhile in (Schaupp, Carter, & Hobbs, 2010), the result of the research showed that the higher level of perceived risk reduced the intention of taxpayers to use e-filing. This study will measure the perceived risk in term of confidentiality of tax information, a well maintained privacy, not easy to be logged by any unauthorized third parties and correctly processed. Therefore, it can be concluded that perceived risk will have a positive effect on taxpayer's intention to use the manual tax system.

H4: Facilitating conditions (FaC) will have significant positive effect on taxpayer's intention to use manual tax system.

According to (Suki & Ramayah, 2010), individual's facilitating resources are possible barriers for user to e-Government services. Meanwhile in research by (Ambali, 2009), the results showed that facilitating condition was in the lower rank in taxpayers' intention to continue using e-filing. Therefore, this study concluded that the taxpayers prefer to use a manual tax system instead of e-filing system in order to file their tax returns. The facilitating conditions that been stated in this research study included hardware, software, knowledge, time, data, finance, and documentation, was said to be affected the taxpayer's intention to use a manual tax system. In other word, this study will measure the facilitating condition by the resources provided by IRBM, cost incur, unavailability of network access, and assistance provided by IRBM. Therefore, the conclusion that can be made is facilitating conditions will have a significant positive effect on taxpayer's intention to use a manual tax system to file their tax returns.

Research Methodology

Based on the information that researchers got from Department Tax Operations, the total population of manual taxpayers in Klang Valley in 2013 are 446,265 (DEPARTMENT). Klang Valley was chosen as the study target sample place because the area is among the area that has the most abundant number of employees in the manufacturing sector, the private sector and non-governmental departments that pay income tax. The data for the study was collected using questionnaires. Because of that, this study will use Table 10.3 provided in (Sekaran & Bougie, 2009) based on Krejcie and Morgan (1970) which is a useful principle having wide application to be followed by the population of a place. Based on Table 10.3 (Sekaran & Bougie, 2009), when the population reached 1,000,000 the sample would be 384. Researchers had distributed 384 samples equally to the area in Klang Valley especially at IRB office where researchers were able to find the exact manual tax users as they obtained the tax form. The wellspring of data for this study is the primary data and was gathered by using a questionnaire. The questionnaires are adopted and adapted from (Suki & Ramayah, 2010) and (Ramoo, Ramayah, Lo, & Ping, 2013). The questionnaires had been distributed by hand from 05 April 2014 until 30 April 2014. Researchers had selected this period because this is the peak period for all manual taxpayers to acquire Form BE (individual) from nearby IRBM office in area of Klang Valley. Before the respondents fill up the questionnaire, researchers gave them instructions as guidance and some information regarding this research. After 3 weeks of distribution, the total questionnaires that researchers had collected are 141. Researchers managed to collect 36.7% of total distributed questionnaire. According to (Sekaran & Bougie, 2009), a 30% response rate from the collected questionnaires are acceptable.

Measurement of variable

All instruments will be adopted from various sources for the purpose of understanding the usage of manual tax system in Malaysia. The independent variables are variables that influence the dependent variable and accounts for (explains) its variance. Where dependent variable are variable of primary interest of study (Sekaran & Bougis, 2009). The questionnaires comprise of three parts which are Part A, Part B, and Part C.

Firstly, in Part A, this study highlighted on the demographic profile of respondents. The questions include gender, age, marital status, do they have children or not, race, level of education, do they pay tax or not and employment sectors. All questions in Part A are measured using nominal scale. Nominal scale is a measurement that assigning items into categories (Kumar, Talib, & T.Ramayah, 2013). This study used nominal scale because it is a suitable measurement to indicate categories and it does not refer to any numerical significance (Kumar, Talib, & T.Ramayah, 2013).

Meanwhile, in Part B, this study used Likert Scale. Likert Scale shows a degree of agreement or disagreement, which clarify five types of scale that is 1 represents strongly disagree, 2 represents disagree, 3 represents not sure, 4 represents agree and 5 represents strongly agree (Kumar, Talib, & T.Ramayah, 2013). Part B mainly consists of all four independent variables and one dependent variable. Each variables comes out with four questions.

Lastly is Part C. Part C is the vital question regarding the main reason manual taxpayers used manual tax system. In this part, the study used nominal scale to assign the items into the categories of independent variables which are perceived usefulness, perceive ease of use, perceived risk and facilitating condition (Kumar, Talib, & T.Ramayah, 2013).

Table 1: Demographic analysis

1) Gender:	Frequency	Percentage (%)
Male	77	54.6
Female	64	45.4
2) Age		
18-29	24	19.9
30-55	108	76.6
Above 55	5	3.5
3) Marital status:		
Single	39	27.7
Marriage	91	64.5
Window	5	3.5
Divorce	6	4.3
4) Do you have any children:		
Yes	90	63.8
No	51	36.2
5) Races		
Malay	100	70.9
Indian	16	11.3
Chinese	20	14.2
Other	5	3.5
6) Level of education		
Secondary school	9	6.4
Diploma	28	19.9
Professional	18	12.8
Bachelor	56	39.7
Master	25	17.7
Ph.D	3	3.5
Total	141	100
7) Do you pay tax		
Yes	138	97.9
No	3	2.1
8) Employment sector		
Government	24	17.0
Private	114	80.9
Others	3	2.1
9) Level income per month		
RM 2125- RM 3124	22	15.6
RM3125-RM4124	57	40.4
RM4125-RM4125	49	34.8
Above RM5125	13	9.2
Main reasons of manual tax system		
Perceived usefulness	21	14.9
Perceived ease	48	34
Perceived risk	31	22
Facilitating condition	41	29.1

Reliability Results

This study had conducted the reliability test that come out with the value of Cronbach's Alpha. Below is the result of Cronbach's Alpha for all the independent and dependents instruments.

Table 2: Results of Cronbach's Alpha Coefficient

.934	20

Based on the table 4.2 above, the Cronbach's Alpha for all the 20 items of instruments which included all the questions of independent and dependent variable is 0.934. This indicates that the items of instruments have a good internal consistency. As based on (Sekaran & Bougie, 2009), the reliability of scale is good. In other word, there are consistency among all 20 questions of independent and dependent variables.

Normality Results

Table 3: Results of Test of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
PeU	.230	141	.000	.903	141	.000
PeOU	.194	141	.000	.841	141	.000
PeR	.216	141	.000	.866	141	.000
FaC	.241	141	.000	.845	141	.000
InT	.174	141	.000	.948	141	.000

In the research study, researchers used a method of Kolmogorov Smirnov since the study collected questionnaire are 141 questionnaires which is more than 50 samples. Based on the table 4.3 above, the study statistical data analysis shows that the data is not normal distribute since independent variable and dependent variable that is Perceived Usefulness (PeU), Perceived-Ease of Use (PeOU), Perceived Risk (PeR), Facilitating Condition (FaC) and Intention (InT) showed the significant value (p) less than 0.05. Therefore, a non-parametric test will be used to correlate the determination of the taxpayer's intention towards a manual tax system.

Correlation Analysis
Spearman Rho Correlations is a non-parametric measurement which study the relationship between two variables that is perceived ease of use, perceived usefulness, perceived risk and facilitating conditions towards the taxpayer's intention. The conventional correlation coefficient, r, Spearman's rho can have any value between −1 and +1. A value of 0 indicates no relationship and values of +1 or 1indicate a one-to-one relationship between the variables or perfect correlation. The difference is that Spearman's rho refers to the ranked values rather than the original measurements.

Table 4: Results of Spearman Rho Correlations

		INTENTION
PERCEIVED USEFULNESS	Correlation Coefficient Sig (2tailed) N	.469** .000 141
PERCEIVED EASE OF USE	Correlation Coefficient Sig (2tailed) N	.485** .000 141

PERCEIVED RISK	Correlation Coefficient	.282**
	Sig (2tailed)	.001
	N	141
FACILITATING CONDITION	Correlation Coefficient	.344**
	Sig (2tailed)	.000
	N	141

**. Correlation is significant at the 0.01 level (2 tailed)

The table 4.4 above shows the illustration of the result of Spearman's Rho Correlations between two variables which is to study the determination of taxpayer's intention towards manual tax system. Based on the table above, it shows that there is a significant positive relationship between perceived usefulness and the taxpayer's intention towards manual tax system since the correlation coefficient is significant at 0.469 (p > 0.01). Thus, it can be conclude that most of the taxpayers still used a manual tax system because they believed that it can help them enhance their job performance. Moreover, the table above also shows that there is a significant positive relationship between the perceived ease-of-use and the taxpayer's intention towards the use of manual tax system in filing their tax return. It shows that the significant value is significant at 0.485 which is p > 0.01. Therefore, this study shows that the taxpayer's intention to use a manual tax system in filing their tax return is affected by the way the taxpayers perceived the use of the system.Additionally, there are also a significant positive relationship between perceived risk and the taxpayer's intention to use a manual tax system since the p value is significant at 0.282 which is more than 0.01. Thus, it can be concluded that the taxpayer's believe that the manual tax system is less risky to be used when in filing their tax return manually. Lastly, the table also shows that there is a significant positive relationship between facilitating condition and the taxpayer's intention to use a manual tax system since the p value is more than 0.01 which is 0.344.

In conclusion, the table indicates that there is a significant relationship between independent variables that are perceived usefulness, perceived ease of use, perceived risk, and facilitating conditions towards the dependent variable that is the taxpayer's intention towards manual tax system in filing their tax return. It can be concluded that most of the taxpayers still use the manual tax system in filing their tax return rather than using e-filing method because of the way they perceived the risk taken by using the manual tax system. It was believed that manual tax system is less risky since perceived risk variable affect the taxpayer's intention to use a manual tax system in filing their tax return.

Hypothesis Testing

According to the four hypothesis that has been developed, it shows that all hypothesis have a significant positive effects towards the taxpayer's intention to use the manual tax system.

H1: Perceived usefulness (PeU) has a significant positive effect on taxpayer's intention to use the manual tax system.

Perceived usefulness is the first determinant for the taxpayers to use the manual tax system (Davis, 1989). PeU also has a direct effect on the taxpayer's intention to use a manual tax system and the taxpayers also believe that by using the manual tax system to file their tax returns, it can help them to enhance their job performance (Mahadeo & Devi, 2009). Therefore, the result shows that there is a significant effect between perceive usefulness and taxpayer's intention to use the manual tax system since the significant value is 0.469. Eventhough perceived usefulness is the lowest rank in the main reason for using manual tax system, perceived usefulness did have effect with the manual taxpayers' intention. This study also assumed that the respondents perception on the usefulness of manual system did affected the intention of manual taxpayers to use manual system. Thus, the hypothesis is supported.

H2: Perceived ease-of-use (PeOU) has a significant positive effect towards the taxpayer's intention to use the manual tax system.

According to (Azmi & Bee, 2010), perceived ease of use is shown as a determinant for the taxpayers to choose either to use a technology that is e-filing system or to use a manual tax system. As stated in hypothesis development in chapter two, the study would like to clarify whether perceived ease of use affects the intention of manual taxpayers. The study had clarified that manual taxpayers used manual tax system mainly because of perceived ease of use. This research had concluded that it is easy for manual taxpayers to use manual system compared to e-filing. It is easy for taxpayers to learn, to use, to modify and to get services from IRBM when the respondents used manual tax system. Based on the analysis above, it can be concluded that perceived ease-of-use has a significant positive effect towards the taxpayer's intention to use a manual tax system since the high level of perceived ease of use can reduce the effort of using the manual tax system. On the correlation test, the coefficient of correlation is 0.485 (more than p value 0.01) Thus, the hypothesis is supported.

H3: Perceived risk (PeR) has a significant positive effect on taxpayer's intention to use the manual tax system.

Perceived risk variable has significantly influence the taxpayer's intention who file their tax returns by using manual tax system (Azmi & Bee, 2010). Based on the results of correlations, it can be said that most of the taxpayers prefer to use the manual tax system to file their tax returns in order to protect their personal information from being spread through the internet since the

significant value 0.282 shows that perceived risk has a significant positive effect on taxpayer's intention to use the manual tax system in filing their tax return. The result also can be supported by (Schaupp, Carter, & Hobbs, 2010) that stated, when the perceived risk increased, the intention to use e-filing decrease. Therefore, this study assumed that when the respondents use manual tax system, they perceived and agreed that their tax information remain confidential, unable to be logged by unauthorized parties and the privacy well maintained. In conclusion, the hypothesis is supported.

H4: Facilitating condition (FaC) has a significant positive effect on taxpayer's intention to use a manual tax system.

According to (Suki & Ramayah, 2010), individual's facilitating resources are possible barriers for user to e-Government services. Facilitating conditions that are used in this study referred to the resources provided by IRBM when manual taxpayers filled the form, cost incurred and unavailability of network access. Most of the respondents agreed that there are resources provided by IRBM, manual tax system did incurred low cost but disagree that unavailability of network access internet make them use manual tax system. Therefore, most of the taxpayers prefer to use a manual tax system to file their tax returns. The study assumed that when manual taxpayers used manual tax system, they can easily obtained the form from any nearby IRBM office without incurred any cost of printing the form and did not required them to access the internet especially the pre-paid internet access. As the significant value of 0.344 from the correlation analysis, it showed that facilitating conditions has a significant positive effect on taxpayer's intention to use a manual tax system. The hypothesis is supported.

Discussion And Conclusion

In conclusion, the research showed that all four independent variables, perceived usefulness, perceived ease of use, perceived risk and facilitating condition gave a significant positive effect on taxpayer intention towards manual tax system. This research is also reasonable in terms of result, as researcher only gave questionnaires to the manual taxpayers. Manual taxpayers perceived that manual system is useful because if they used manual system it will improve respondents' performance and productivity. It can also enhance taxpayers' effectiveness. This study found that manual taxpayers are perceived that manual tax system is useful. Hence, this study concluded that manual tax system is easy to use, easy to learn and easy for modification. This conclusion is made based on the significant positive relationship of perceived ease of use towards the usage of manual tax system. Besides, manual taxpayers perceived that manual tax system is less risky since most of the respondents agreed that manual tax system can provide secure confidentiality, maintained the privacy of tax information, is not easy to be logged by unauthorized parties and is correctly processed. This study also concluded that when the privacy of tax information was well maintained, the information can be remained confidential. This consequently related with respondents perception that manual tax system can not be easily logged by any unauthorized third parties.In addition, this research also concluded that a favorable facilitating condition gave effect to manual taxpayers to use manual tax system. For example, when respondents filled the forms, they can get guidelines and assistance directly from IRBM officers. They also perceived that when they use manual system, it will incur low cost. However, they did not agreed that unavailability of network access affects their intention to use manual tax system. In conclusion, this study had assumed that taxpayers will use manual tax system in the future when filling their tax income

Limitation

In this research, researchers had faced some limitations during this period of this research. First of all, when researchers distributed the questionnaires to the manual taxpayers, researchers need to ensure that the respondents are only those that use manual system. Thus, to ensure that researchers get the correct respondents, researchers went to the Inland Revenue office themselves. From there, researchers can identify manual tax system users and asked their cooperation to answer questionnaires for the purpose of accuracy and credibility of the results later.Secondly, not all potential respondents will cooperate since they are busy with their work. Most of them that used the manual tax system came from middle age respondents, so researchers need to take different approaches to attract them and get their cooperation. There were respondents that assumed that researchers were salesman before researchers could introduce themselves to the respondents. Since some of the respondents were reluctant to answer the questionnaires, researchers only managed to collect 36.71% from the sample.Besides that, researchers also faced some difficulties to gather the journals and previous works of research that based on the manual tax system. Researchers only grasped a few facts regarding the manual tax system in e-filing research especially from (Hwang, 2000), (Azmi, Kamarulzaman, & Hamid, 2012) (Lai & Choong, 2010) and (Israel & Tiwari, 2011) that provide this study an insight regarding how the opinion of manual taxpayers being neglected.

Recommendations

Based on this study analysis, researchers were able to specify that most of manual tax system's user come from middle age respondents and they are afraid to use internet or e-government services. Their confidence in the-government service was still at early stage and they preferred to use the manual method. They perceived that manual system was more secured and provide a physical documentation if anything happens in the future. In conclusion, researchers recommend IRBM to strategically approach middle age group to change their course to e-government services and provide the assurance regarding the security of e-filing system. Middle age people are those that significantly contribute to the tax payments. Thus, IRBM should focus towards this group.Secondly, IRBM can held seminars on the weekends at convenient places such as hotels to attract them to attend the seminars. The purpose of these seminars is not only to explain the advantages of e-filing but also to give them the real tutorial on how to use e-filing. Besides, IRBM can provide a hotline for those newcomers in e-filing system, in order to give them a crystal clear instructions about the first step towards e-filing system.Lastly, researchers would like to recommend to IRBM to identify those manual tax users and provide them some relief, rebates or gifts if they change their course from manual to e-filing system. This method is feasible as the total manual taxpayers in Klang Valley are below than 500,000. Consequently, our country will be an exemplary for those countries that still at their early stage of e-filing implementation. In conclusion, researchers hoped that

from the findings that had been provided by this study, it can give empirical justification to IRBM to develop strategies to encourage manual taxpayers to use e-filing.

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