FACTORs INFLUENCING CONSUMERS’ LEVEL OF ACCEPTANCE OF GOODS AND SERVICES TAX: A CASE OF MBA STUDENTS

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ABSTRACT

This study examines the factors that influence consumers’ level of acceptance of Goods and Services tax (GST) using the Theory of Planned Behaviour. A total of 228 questionnaires from online survey amongst MBA students from four selected universities, was analysed to achieve the research objectives. The finding reveals that the level of acceptance of GST was low among MBA students, and their attitude towards accepting GST and perceived behavioural control have a significant relationship with the level of acceptance of GST. Further, rule observance behaviour and perception of GST fairness were significant antecedents to attitude and self-efficacy and level of GST knowledge were significant antecedents to perceived behavioural control. The relevant authorities need to draw new mechanisms to enable the public to understand and accept GST.

Keywords: Goods & Services Tax, GST, Theory of Planned Behaviour

INTRODUCTION

Malaysian taxation system is divided into two; direct and indirect taxes. Indirect taxes are controlled by the Royal Malaysian Customs Department (RMCD) whilst direct taxes are administered by the Inland Revenue Board of Malaysia (IRBM). Since the Sales and Service tax had inherent weaknesses in its system in terms of generating stable revenue, Malaysia was forced to look into the implementation of Goods and Services Tax (GST). GST is a broader consumption-based tax which is proven to be able to generate stable revenue for the nation's financial needs. GST is levied on all goods and services except for essential ones which are exempted from tax, or those which are at zero-rated tax for now (Palil & Ibrahim, 2011). The GST will replace both these taxes at a rate of 6%. It is also categorized into standard-rated, zero-rated and tax-exempt items. It is mandatory and involves all Malaysians nationwide as it is a consumption based tax.