

THE INFLUENCE OF PERSONAL AND PROFESSIONAL ETHICS OF TAX AGENTS ON THEIR PERCEPTION OF TAX EVASION

MAGDALENE CHRISTIE ANAK JOHNES ABIT¹
ZURAEDA IBRAHIM^{2*}
ZAFIRUDDIN BAHARUM²

Received: 31 January 2023 / Revised: 4 May 2023 / Accepted: 17 August 2023
©2023 Faculty of Business and Economics, Universiti Malaya. All rights reserved.

ABSTRACT

Research aim: This study seeks to identify the relationship between the personal and professional ethics of tax agents and their perception of tax evasion.

Design/ Methodology/ Approach: A four-section survey questionnaire was used to collect data from primary sources. A total of 349 questionnaires were collected via online distribution.

Research finding: The results suggest a strong positive significant relationship ($p < 0.001$) between personal ethics and tax agents' perception of tax evasion. As for professional ethics, the findings show a moderate positive significant relationship ($p < 0.001$) between professional ethics and tax agents' perception of tax evasion.

Theoretical contribution/ Originality: Considering that this study focuses on tax agents' perception of tax evasion, the theory pinned to this study is utilitarianism. The theory is used to predict and understand tax agents' behaviours based on two factors: their perception of tax evasion with the influence of personal and professional ethics.

Practitioner/ Policy implication: In the context of this study, government and tax authorities should provide a clear framework to guide the ethical conduct of the tax agents because of the complex nature of the tax planning environment. The framework is important to ensure that tax agents are not trapped between tax minimisation arrangements, aggressive tax planning, and tax evasion. Additionally, tax authorities, the Malaysian Association of Tax Accountants, and the Chartered Tax Institute of Malaysia can continuously organise professional development programmes addressing ethical issues and tax planning arrangements covering different jurisdictions.

Research limitation: This study focuses only on tax agents' perception of tax evasion. Future studies should include accountants, auditors, and company secretaries to gauge their perception of tax evasion because they are also actively involved with taxpayer activities.

Keywords: Tax evasion, Personal ethics, Professional ethics

Type of article: Research paper

JEL Classification: G21

1. Introduction

Theoretical physicist Albert Einstein once said that understanding the concept of taxation is the hardest thing in the world (Bătrâncea, Nichita & Batrancea, 2013). Nevertheless, taxation is the most vital source of revenue for each country, imposed upon citizens to collect funds to help raise living standards and foster economic growth. Its collection brings forth a sustainable resource of funding,

¹ Limar Management Services Sdn Bhd, Bintulu, Sarawak, Malaysia

² Faculty of Accountancy, Universiti Teknologi MARA, Shah Alam, Selangor, Malaysia;

*Corresponding author. Email: zurae229@uitm.edu.my

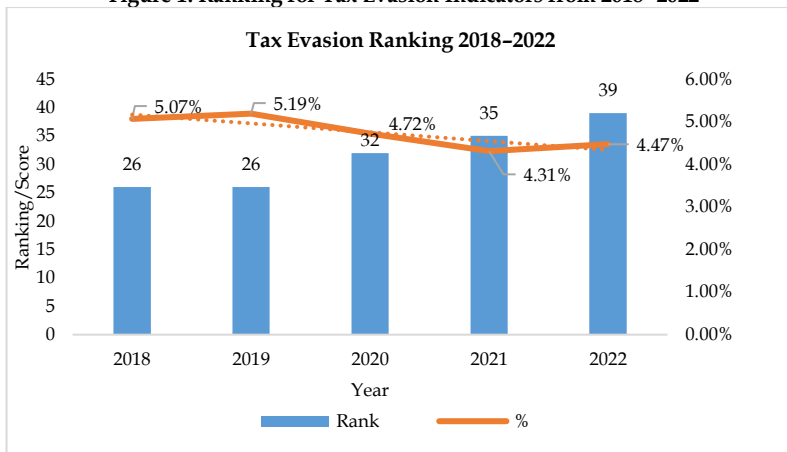
which the government segregates for public investment and social programmes, such as providing health, education, infrastructure and other services (Palil, Malek & Jaguli, 2016).

Nonetheless, the number of tax evasion-related cases has increased over time. According to Kemme, Parikh and Steigner (2020), ‘tax evasion’ is defined as an illegal evasion of taxes conducted by an individual, corporation or trust by way of deliberately misrepresenting the true state of affairs in tax return forms from the knowledge of the authorities to reduce evaders’ tax obligations. It includes dishonest tax reporting, such as deliberately declaring less income, profits or assets in their tax return, as opposed to the amounts they earn or overstating their expenses to reduce their tax liability.

In the wake of the unprecedented Covid-19 crisis, Garde and Manatta (2020) state that tax systems should be reformed and tax evasion should be reduced to ensure that everyone contributes their share to assure economic recovery. Tax revenue plummeted when businesses shut down, and millions lost their jobs due to the movement control orders (MCO) imposed on citizens globally. Therefore, tax evasion would surely lead the country to experience a further drop in tax collection.

In Malaysia, there are numerous cases of tax evasion involving billions of ringgit arising from the collection of additional taxes and penalties. The Inland Revenue Board of Malaysia’s (LHDN) reports for 2013 until 2017 show that there was almost a 190,000 increase in cases of tax non-compliance in that period (LHDN 2014, 2015, 2016, 2017, 2018). Based on LHDN’s annual reports, it seems that tax evasion is severe in Malaysia since it involves substantial amounts of ringgit. Additionally, based on the indicators in the Institute for Management Development’s (IMD) *World Competitiveness Yearbook* from 2018 to 2022, as presented in Figure 1 below, Malaysia was ranked 26th in 2018 and 2019 in the Tax Evasion Survey Index. In 2022, it fell to 39th, the lowest in five years. Therefore, tax evasion should be monitored closely.

Figure 1. Ranking for Tax Evasion Indicators from 2018 -2022



Source: IMD World Competitiveness Yearbook 2018-2022

Previous studies show how creative some individuals and companies can be when it comes to evading taxes, which indirectly affects the respective countries' source of revenue. As mentioned earlier, several severe tax evasion and aggressive tax planning activities by multinationals have been reported (Frecknall-Hughes, Moizer, Doyle & Summers, 2017; Lenz, 2020; Khong, 2021). These activities could be mitigated if tax agents practise ethical and professional conduct, as they are often qualified enough to detect signs of tax evasion. As many as 942,182 taxpayers used tax agents when submitting their tax return forms for the 2019 assessment year (LHDN, 2021). If all those tax agents understood the influence of their personal and professional ethics on their perception of tax evasion as unethical, they could assist authorities in reducing its occurrence. If agents perceive tax evasion as ethical, however, initiatives to combat evasion could be difficult. In the worst-case scenario, this would increase tax evasion cases over time.

The findings from this study can assist in building a resilient world economy given that countless arguments have been made over the centuries relating to justifications for tax evasion (Cleary, 2013). Additionally, the findings could assist in seeing how authorities and tax agents can collaborate to reduce the occurrence of tax evasion, which could help build a better economy in the future.

This paper presents the findings on the relationship between tax agents' personal and professional ethics and their perception of tax evasion. The following sections of this article describe the influence of their personal and professional ethics in relation to their perception of tax evasion. They also describe the development of the hypotheses, the research method, and findings, and finally, provide a general conclusion to the present study.

2. Literature Review

2.1 Tax agents

This present study focuses on tax agents. In Malaysia, Section 153(3) of the Income Tax Act (ITA) 1967 defines a 'tax agent' as a professional accountant authorised by or under any written law to be an auditor of companies, any other professional accountant approved by the minister, or any other person approved by the minister on the recommendation of the director-general of LHDN. Bidin, Jabbar and Marimuthu (2012) describe a 'tax agent' as an important person linking the taxpayer and tax authorities – agents act on behalf of their clients, i.e., taxpayers, in preparing and submitting returns to authorities. Therefore, a tax agent should possess adequate and up-to-date knowledge, competencies, skills, and expertise in tax legislation or regulatory frameworks. As such, a tax agent is classified as a higher-skill occupation. They are the best people to advise taxpayers on the right practices, rules, and procedures of taxation (Ahmad, Ibrahim & Shaffee, 2022). They are expected to guide their clients based on the latest guidelines to avoid any issue of non-compliance, such as incorrect returns, incorrect payment, or aggressive tax avoidance. They are prohibited from advising taxpayers on tax evasion (LHDN 2023).

2.2 The utilitarianism theory of ethics

A utilitarian theory of ethics perspective is applied throughout this study. The theory asserts that right and wrong are best determined by focusing on the outcomes of actions and choices. Velez (2019) emphasises that utilitarianism is an ethical theory, which relates to human dignity, and which will reflect an individual's behaviour. According to Frecknall-Hughes et al. (2017), the theory has been subdivided into two variants: act utilitarianism and rule utilitarianism.

Act utilitarianism explains an individual's attitude and belief toward a specific outcome, with she or he choosing the one that could lead to the greatest overall utility. When tax agents provide their tax planning services, they have many options – especially when incentivised by the unclear guidelines from the government and tax authorities. When they have a choice between courses of action, the right act would be that which produces the most happiness (Frecknall-Hughes et al., 2017), not just for themselves but to all who are in any way affected. Whether tax evasion is unethical is based on their belief regarding the consequence of said attitude and behaviour.

Rule utilitarianism considers the utility of rule for various types of action. This variant focus on complying with rules rather than the tax agent's perception of how others (tax officers, tax consultants, friends, or family) would view her or his behaviour. It becomes more straightforward – once tax agents have clear guidelines, the whole process of tax planning will be faster and less complicated.

Therefore, when viewed through a utilitarian lens, tax agents' perception of tax evasion is constructed based on the influence of their personal and professional ethics. In this study, personal ethics represent act utilitarianism, while professional ethics represent rule utilitarianism.

2.3 Dependent variable: Perception of tax evasion

Tax evasion is a crime because reducing tax liability by concealing or deceitfully reporting income is illegal. Individual taxpayers evade taxes by not declaring their other incomes, such as rental or business income, because they have permanent jobs with fixed monthly salaries. Besides that, taxpayers tend to evade tax by using the reliefs given by the government even though they do not deserve it. In legal terms, Pereira (2016) defines 'tax evasion' as an illegal activity where taxpayers intentionally evade paying taxes to reduce their tax liabilities or obligations illegally. He adds that the most common forms of evasion are underreporting incomes, sales revenue, and wealth; overstating expenses, deductions and exemptions; or purposely failing to file appropriate returns to the tax administration.

According to McGee, Ho and Li (2014), and McGee and Benk (2011), there are basically three major views on the ethics of tax evasion that have evolved over the past 500 years. The first view is that tax evasion is always or almost always unethical, considering that paying taxes is viewed as a duty to God, the community or society. The second view is that tax evasion is always or almost always ethical, since there is never or roughly never a duty to pay taxes, considering that the government has no right to expropriate or take over people's wealth, and since there is no ethical duty to contribute any wealth to a corrupt government. In the third view, tax evasion is perceived as partly or sometimes

ethical behaviour. This is when citizens are perceived to have an ethical obligation to support their own government and contribute funds to the country in which they reside, but that that obligation is not absolute.

There is a consistent argument made to justify tax evasion to a certain extent, even though it has not always been justified from a religious point of view. One of the strongest arguments made by an Orthodox Jewish sect to justify tax evasion was when Adolf Hitler was the tax collector (Mcgee & Shopovski, 2018). Some studies illustrated that most citizens in certain countries perceived tax evasion as ethical conduct. A study conducted in Macedonia by Mcgee and Shopovski (2018) found that a significant number of their respondents supported tax evasion, and viewed it as ethical. Maji (2017) states that there are four reasons to justify tax evasion for doing so: an unfair tax system, inefficient use of taxes, taxes being used to fund activities that respondents disapproved of, and high tax rates.

Saragih and Putra (2021) also provide an interesting finding. They state that even the respondents in their study – 291 students, lecturers, professionals, and business owners – may not clearly understand how tax evasion could harm others. However, the respondents perceived tax evasion as unethical if it violates the law. The authors further emphasise that people who are idealists consider tax evasion as unethical.

In Malaysia, when LHDN introduced the Special Voluntary Disclosure Programme (SVDP) in 2018, it was reported that nearly 490,000 taxpayers had undeclared income (Tay, 2019). Through that initiative, the government collected an additional RM7.88 billion in the form of taxes, extra taxes and penalties (Tan, 2023). The data indirectly pointed to the overarching and worrying issue of illegal activities that may be related to tax evasion in the country. Tax agents were the intermediaries between these non-compliant taxpayers and tax authorities. Hence, the main concern here is the tax agents' ethical standing. Seeing the various scandals arising from government corruption, the majority of society perceives tax evasion as ethical due to poor bureaucracy and lack of the taxpayers' legal awareness against such deeds (Rantelangi & Majid, 2018). Nonetheless, citizens should consider the main purpose of taxation, which is to accumulate funds for the functioning of the government machinery and the good of society, such as for infrastructure, and for medical and educational aid.

2.4 Independent variables

2.4.1 Personal ethics

Personal ethics is an individual's philosophy that reflects her or his belief in the morality of right and wrong. Rantelangi and Majid (2018) state that there is a strong correlation between taxpayers' personal ethics and tax evasion. They further explain that a high level of personal ethics would reduce the level of tax evasion. The taxpayers' attitude in fulfilling their tax obligation arises from the level of desire or the will of the taxpayers to perform tax compliance.

From the analysis of Pazarskis et al. (2020) on the ethics of tax professionals in the collection of public revenue from business activity during a period of economic crisis in Greece, they show that pressure from clients, client-retention concerns and misunderstanding with clients are the main causes of their ethical dilemmas.

A number of previous studies relate personal ethics to religion in relation to personal attitude, behaviour, or belief regarding tax evasion (e.g., McGee & Shopovski, 2018; Kemme et al., 2020; Belmonte, Dell'Anno & Teobaldelli, 2017). The authors note that respondents are instilled with a religious belief associated with moral values that display right and wrong from childhood. Therefore, the those with firmer religious beliefs would have higher personal ethics, which would cause them to avoid being involved in tax evasion. Based on their discussion in Jewish literature concerning tax evasion, McGee and Gupta (2011) state that God commands people to pay taxes since it is their duty. Besides, they also highlight a few other religious points of view about tax evasion, including personal tax ethics from a Muslim perspective. The focal point of this argument is not solely the relationship between personal perceptions of Muslim teachings and tax evasion, but also Muslims focusing on their obligation to pay *zakat* to help those in need. McGee and Shopovski (2018) support this view by stating that in Islam, tax evasion is considered stealing from Allah, indicating its contrast to one's personal ethics.

2.4.2 Professional ethics

Theoretically, 'professional ethics' refers to the personal and corporate standard behaviour expected by professionals, usually institutionalised into a written code of ethics (Visockaitė & Birškytė, 2013). Therefore, it is expected that professional ethics would lead to lower tax evasion since that is what is expected of a professional. However, according to Bogenschneider (2020), the higher the expectation of the taxpayers' professional ethics, the higher their desire to evade taxation laws. Taxpayers perceive that the very meaning of a line in the tax law states that they might intentionally go as close to evading tax as possible so long as they do not break the law.

Sunani (2016) examines the views of public accountants in Indonesia on the ethics of tax evasion, and reveals that public accountants generally view tax evasion as ethically justified, depending on the circumstances. She further suggests that in order to reduce tax evasion, the government should identify and implement proper measures to remove the underlying reasons. On the other hand, Lang, Karmanska and Jarvis (2016) imply that an individual's professional ethics should be based on the fundamental values or professional responsibilities contained in codes of ethics, including integrity, objectivity, justice, impartiality, respect, fairness, loyalty, and accountability, among others. However, based on the increased cases of tax evasion over time, the authors believe people often deviate from these values in real life, as most taxpayers do not comply with those values. This statement is supported by views stating that most taxpayers comprise employees who should adhere to their company's code of conduct, which reflects their professional ethics. Some influential taxpayers do, however, clearly abide by their own professional ethics to show a positive attitude toward the public since they are public figures.

Scholars on tax ethics further argue that taxpayers with professional ethics mostly practise aggressive tax planning in their tax submissions. This refers to taxpayers actively pushing the limits of what is allowed in terms of the law (Loretz, Sellner & Brandl, 2017).

2.5 Hypotheses development

2.5.1 Relationship between personal ethics and perception of tax evasion

'Personal ethics' refer to the moral choices that a person makes in her or his daily life that consist of a set of principles of right conduct. Personal ethics determines the code of conduct to which one adheres. Hence, following a personal code of ethics leads to accountability and responsibility in life. Pereira (2016) expresses that taxpayers' personal ethics are related to their beliefs and normative behaviours in relation to their tax obligations, and is linked to tax ethics. He also points out a direct relationship between taxpayers' personal ethics and their tax compliance behaviour, suggesting that taxpayers with high personal ethics most likely comply. In contrast, those with low personal ethics most likely disagree with tax rules. A taxpayer with high personal ethics would perceive tax evasion as unethical conduct, leading to opposition to tax evasion.

On the other hand, based on previous studies, Ishak and Ali (2020) highlight several views on personal ethics related to tax evasion. One of these is that those with higher personal ethics would oppose tax evasion less. These taxpayers believe that by evading tax obligations, they assist their country in reducing corruption in the government and contribute to lowering the wastage of tax funds in providing service they do not need.

Based on the above, the hypothesis developed for this study is as follows:

- H1 There is a significant positive relationship between the influence of personal ethics and the tax agents' perception of tax evasion

2.5.2 Relationship between professional ethics and the perception of tax evasion

'Professional ethics' refer to an individual's adherence to the values and principles of a code of professional ethics, and using these values and principles as the basis of professional judgment. According to Visockaitė and Birškytė (2013), since professional ethics have theoretically been described as positive and tax evasion is perceived as negative, both variables are expected to have a negative relationship. In other words, the greater the professional ethics of the taxpayers, the more they perceive tax evasion as unethical, or the more they will oppose tax evasion. Furthermore, Visockaitė and Birškytė (2013) indicate a significant negative relationship between professional ethics and the perception of tax evasion.

However, according to Bogenschneider (2020), the higher the professional tax ethics of the taxpayers, the higher their desire to evade tax laws. In other words, the higher the taxpayers' professional ethics, the less they oppose tax evasion, as they view tax evasion as ethical conduct. Taxpayers perceive that the very meaning of a line in the law allows them to go closer to evading tax if they do not break the law. Therefore, there is a significant positive relationship between professional ethics and the perception of tax evasion.

Devos and Kenny (2017) and McKinstry (n.d) also support the positive relationship between professional ethics and the perception of tax evasion. The authors indicate that the roles and influence of tax practitioners, particularly tax agents, have a significant impact upon taxpayers' attitudes and behaviour

concerning tax evasion, considering that they prepare the tax returns and act as the providers of professional tax advice. Their findings on professional ethics and tax evasion illustrate that only the severity of tax law violations is considered an important factor to be avoided. This clearly implies that those with high professional ethics would oppose tax evasion less, as they have the sensitivity to read between the lines regarding tax rules and regulations.

Thus, the following hypothesis is developed:

- H2 There is a significant positive relationship between the influence of professional ethics and tax agents' perception of tax evasion

3. Methodology

The main objective of this study is to investigate the relationship between the personal and professional ethics of tax agents and their perception of tax evasion. One of the most common methods to study this topic is through survey research to examine the perception of tax evasion (Pereira, 2016). The present study focuses on tax agents as they are the advisors and preparers of tax returns on behalf of their clients.

For this study, a structured questionnaire was developed based on previous empirical studies to ensure that the results are significant. The questionnaire was divided into four parts to collect data on the influence of personal and professional ethics of tax agents on their perception of tax evasion. Section A of the questionnaire focuses on tax agents' demographics. The questionnaire was constructed such that this section had specific close-ended items developed based on Ross and McGee (2011). Section B investigates tax agents' ethical perception of tax evasion, and were developed based on Azemi et al. (2020), McGee and Aljaaidi (2012), Fagbemi et al. (2010), McGee and Benk (2011), and McGee and Shopovski (2018). Section C focuses on tax agents' personal attitudes and beliefs towards tax evasion, while Section D is directed to their professional behaviour regarding tax evasion. The items in Section C were adopted from McGee and Aljaaidi (2012), while the items in Section D were adapted from Hamid (2013) and Bobek and Radtke (2007). Sections B, C, and D were designed with five-point Likert scale options to assist participants in ranking the levels of their personal and professional ethics regarding their perception of tax evasion.

Table 1 provides a summary of the operationalisation of the dependent and independent variables selected, as well as their source of information and reference.

Table 1. Summary of the Operationalisation of Independent Variables

Independent variables	Operationalisation/definition
Perception towards tax evasion (TPEV)	<ol style="list-style-type: none"> 1. Tax evasion is ethical if the tax rates are too high 2. Tax evasion is ethical even if the tax rates are not too high because the government is not entitled to take as much as it is taking from me 3. Tax evasion is ethical if the tax system is unfair 4. Tax evasion is ethical if a large portion of the money collected is wasted 5. Tax evasion is ethical even if most of the money collected is spent wisely 6. Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of 7. Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects 8. Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me 9. Tax evasion is ethical even if a large portion of the money collected is spent on projects that benefit me 10. Tax evasion is ethical if everyone is doing it 11. Tax evasion is ethical if the probability of getting caught is low 12. Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends 13. Tax evasion is ethical if I cannot afford to pay taxes 14. Tax evasion is ethical even if it means that I have to pay less taxes, while others will have to pay more
Personal ethics (PER)	<ol style="list-style-type: none"> 1. I will cheat on tax if I have the chance 2. It is right if a taxpayer does not report at all his or her income to pay less income tax 3. We cannot blame taxpayers that evade tax 4. If in doubt about whether to report or not to report a certain source of income, I would not report it 5. Taxes are so heavy that tax evasion is an economic necessity for many to survive 6. I will pay less taxes if I know that I would not be penalised 7. I will pay less taxes voluntarily due to public coercion 8. Since everybody evades taxes, one can hardly be blamed for doing it 9. The benefits that we, as a society, could enjoy from the amount of tax collected is not important to me 10. I do not care whether or not society benefits from the amount of tax collected as long as I can enjoy tax benefits 11. I do not consider the long-term effects to society when dealing with a case of tax evasion
Professional ethics (PROF)	<ol style="list-style-type: none"> 1. I have no confidence in the legal system 2. I think that the present tax system benefits the rich and is unfair to the ordinary working man or woman 3. I consider the amount of federal income tax I have to pay too high 4. I think that the government wastes a lot of money 5. I think that the government is untrustworthy 6. I think that the government does not care much about public opinion

-
7. I have low confidence in the government
 8. I agree paying a relatively small fine would not deter people from evading tax if LHDN detects tax evasion
 9. I agree that tax evaders being audited in more detail would not deter people from evading tax if LHDN detects tax evasion
 10. I agree that prosecution of tax evaders in court would not deter people from evading tax if LHDN detects tax evasion
 11. A junior staffer should not follow the instructions of her/his superior in dealing with cases of tax evasion
 12. Most of the time, a superior is not expected to tell her/his junior staffer on what to do when dealing with tax evasion
 13. I prefer to challenge tax authorities' decisions in regards to tax evasion rather than negotiate with them
 14. When complying with tax laws, I only consider the effect to my client
 15. I do not mind having differences in tax judgement with tax authorities
-

The population for this study is tax agents in public practice. There were a total of 2,751 listed tax agents approved by the Ministry of Finance (MOF) in 2021. As for the sampling design, this study uses probability sampling to ensure that the units in the sampling frame have equal chances of being selected as the sample unit. The appropriate sample size for this study is calculated as follows (Sekaran & Bougie, 2016):

$$\begin{aligned} n &= \frac{N}{1 + N(e)^2} \\ &= \frac{2751}{1 + 2751(0.05)^2} \\ &= \frac{2751}{7.8775} \\ &= 349 \end{aligned}$$

Consequently, 349 tax agents, representing 12% of the population, were used as the sample size for this study.

The survey was conducted using online questionnaires. The link to the questionnaire was distributed to the listed MOF-approved tax agents familiar to the researchers. They would then share the questions with their acquaintances who work as tax agents. A total of 350 sets of responses were received. However, one of the respondents is an accountant. Therefore, the response was eliminated from the study, resulting in 349 valid responses.

The respondent could ask any questions regarding the survey. They could approach the researcher personally through the online survey platform if they had any doubts. There was no way of knowing which participant had responded to the survey since the responses did not identify the specific respondent. Although the tax agents' emails listed by MOF were more than the intended sample size (349), the number of responses matched the required sample size. Therefore, no questionnaires were resent to avoid taking up more of the respondents' time.

4. Empirical Analysis

Descriptive, relative importance index (RII), correlation, and multiple regression analyses were conducted to investigate the most important attributes or items in the current situation, test the hypotheses, and answer the research objectives.

4.1 Demographic analysis

All 349 responses were filtered using SPSS software. The following sections consist of an overview of the respondents' demographic information, including gender, marital status, age, occupation, working experience as a tax professional, current position, and monthly personal expenses.

Table 2. Demographic Information

Variable	Description	Frequency (n = 349)	(%)
Gender	Female	135	38.7
	Male	213	61.0
	Missing	1	0.3
Marital status	Married	313	89.7
	Single	36	10.3
Working experience	Over 10 years	348	99.7
	Missing	1	0.3
Age	35-39	4	1.1
	40-44	17	4.9
	45-49	38	10.9
	50-54	127	36.4
	55-59	134	38.4
	60	29	8.3
Current position	Advisor	95	27.2
	Consultant	2	0.6
	Director	1	0.3
	Manager	2	0.6
	Partner	248	71.1
	Senior	1	0.3
Monthly personal spending	RM1,251–RM1,500	2	0.6
	RM1,501–RM1,750	30	8.6
	RM1,751–RM2,000	74	21.2
	RM2,001 and above	242	69.3
	Missing	1	0.3

The demographic characteristics were surveyed to observe whether there would be any differences in the outcome of the data collected. As shown in Table 2, 38.7% of the respondents are female (135 respondents), and 61% are male (213 respondents). 89.7% of the respondents (313) are married, and 10.3% (36) are single. Most of the respondents (38.4%) are between 55 and 59 years old. Regarding their working experience, 99.7% of the respondents (348) have more than ten years of working experience as tax professionals. Remarkably, 248 respondents (71.1%) are working as tax partners of their firms, followed by 95 (27.2%) holding the position of tax advisor. The rest of the respondents are tax consultants (two respondents, 0.6%), managers of tax firms (two respondents, 0.6%), one tax senior (0.3%), and one director of a tax firm (0.3%).

As this study examines the influence of the tax agents' personal and professional ethics on their perception of tax evasion, their monthly personal expenses were relevant to observe whether the expenses would affect their ethics that influence their perception of tax evasion. According to Table 2, most respondents (242, 69.3%) spend more than RM2,001 monthly (RM24,012 annually) on personal expenses.

4.2 Relative importance index (RII)

As mentioned earlier, RII analysis was conducted to investigate the most important attributes with regard to tax agents' perception of tax evasion, tax agents' perception of tax evasion with the influence of personal ethics, and tax agents' perception of tax evasion with the influence of professional ethics. The attribute with the highest value is the most important (Jarkas & Bitar, 2012). The formula for RII analysis is based on the frequency of the opinion chosen by the respondents.

$$RII = \frac{1 \times (n1) + 2 \times (n2) + 3 \times (n3) + 4 \times (n4) + 5 \times (n5)}{5 \times (n1 + n2 + n3 + n4 + n5)}$$

Where, RII (%) = the percentage of the RII of each attribute for each group of respondents; and n1, n2, n3, n4, and n5 = the number of each group of respondents who selected the Likert-scale options, which are 1 through 5.

The tax agents in the sample were required to give a score ranging from 1 to 5 (1 = 'strongly agree' to 5 = 'strongly disagree') to each item to indicate their perception of tax evasion. Accordingly, Tables 4, 5, and 6 below report the findings from the RII analyses.

4.2.1 Tax agents' perception of tax evasion (TPEV)

The response frequencies for each item are shown in Table 3 below and Appendix 1. It was found that item 13 has the highest score of disagreement among the tax agents. The respondents strongly disagree that 'Tax evasion is ethical if they are unable to pay the tax' with a score of 90.8%. The second item with the highest rating in their disagreement is item 10, 'Tax evasion is ethical if everyone is evading the tax,' with a score of 90.6%. Lastly, the third most disagreed statement by the tax agents in their perception of tax evasion is item 14, with a score of 89.9%, where they believe that tax evasion is unethical even when others have to pay more tax.

On the other hand, the findings also show that item 12 has the lowest score (64.9%), where about 33% of the respondents strongly agreed with the statement that tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends. The second lowest is the item 4, where 49.3% of the respondents strongly disagreed with the statement, 'Tax evasion is ethical if a large portion of the money collected is wasted.' The third lowest score is for item 3, where 53.7% of the respondents strongly disagreed with the statement, 'Tax evasion is ethical if the tax system is unfair.' This outcome means that tax evasion is unethical even when the collected money is wasted, and the tax system is unfair.

Table 3. Tax Agents' Perception of Tax Evasion (TPVE)

Items	Frequency: n (%)					SD	RII (%)	Rank
	1	2	3	4	5			
TPVE1	8 (2.29)	15 (4.30)	19 (5.44)	105 (30.09)	202 (57.88)	0.831	87.4	9
TPVE2	6 (1.70)	5 (1.4)	19 (5.4)	151 (43.3)	168 (48.1)	0.793	86.9	11
TPVE3	3 (0.9)	23 (6.6)	13 (3.7)	123 (35.1)	187 (53.7)	0.896	86.8	12
TPVE4	7 (2)	21 (6)	21 (6)	128 (36.7)	172 (49.3)	0.956	85.1	13
TPVE5	4 (1.1)	6 (1.70)	16 (4.6)	124 (35.6)	199 (56.9)	0.763	89.0	7
TPVE6	7 (2)	7 (2)	23 (6.6)	118 (33.7)	194 (55.6)	0.858	87.7	8
TPVE7	3 (0.9)	7 (2)	22 (6.3)	112 (32.1)	205 (58.7)	0.774	89.1	6
TPVE8	6 (1.70)	9 (2.6)	25 (7.2)	119 (34.1)	190 (54.4)	0.860	87.4	10
TPVE9	5 (1.4)	3 (0.9)	25 (7.2)	110 (31.4)	206 (59.1)	0.787	89.2	4
TPVE10	5 (1.4)	2 (0.6)	10 (2.9)	118 (33.9)	214 (61.2)	0.718	90.6	2
TPVE11	5 (1.4)	4 (1.1)	12 (3.4)	131 (37.5)	197 (56.4)	0.748	89.2	5
TPVE12	114 (32.7)	21 (6)	17 (4.9)	59 (16.9)	138 (39.5)	1.751	64.9	14
TPVE13	3 (0.9)	7 (2)	16 (4.6)	97 (27.8)	226 (64.8)	0.752	90.8	1
TPVE14	2 (0.6)	6 (1.70)	11 (3.2)	129 (37)	201 (57.6)	0.697	89.9	3

4.2.2 Tax agents' perception of tax evasion with the influence of personal ethics (PER)

Like the previous section, tax agents were requested to give a score of 1 to 5 to indicate their perception of tax evasion with the influence of their personal ethics. The response frequencies for each item are shown in Table 4 and Appendix 2. Ultimately, with the influence of personal ethics, item 1 has the highest score of disagreement related to tax evasion being perceived as ethical, with a score of 90.3%. The tax agents disagree that they would cheat on taxes even if they had the chance to do so. Next, the second highest score for disagreement is for item 6, where the tax agents disagree that they would only pay the tax willingly due to public coercion, with a score of 90.1%. Lastly, the third most disagreed statement is item 9, where the tax agents disagree that they would not consider the long-term effect on society in relation to tax evasion, with a score of 90.0%. Items 3 and 8 scored the lowest (84.4%), which reveals that more than 65% of the respondents disagreed with the statements that they cannot blame taxpayers who evade tax and the benefits that society could enjoy from the amount of tax collected are not important to them. It means that we should condemn tax evaders, and the benefits that the public could have from the collected tax are important.

Table 4. Tax Agents’ Perception of Tax Evasion with the Influence of Personal Ethics (PER)

Items	Frequency: n (%)					SD	RII (%)	Rank
	1	2	3	4	5			
PER1	3 (0.9%)	3 (0.9%)	2 (0.6%)	145 (41.5%)	196 (56.2%)	0.646	90.3	1
PER2	3 (0.9%)	5 (1.4%)	7 (2%)	147 (42.1%)	187 (53.6%)	0.692	89.2	4
PER3	7 (2%)	15 (4.3%)	35 (10%)	130 (37.2%)	162 (46.4%)	0.934	84.4	8
PER4	2 (0.6%)	7 (2%)	24 (6.9%)	132 (37.8%)	184 (52.7%)	0.754	88.0	6
PER5	3 (0.9%)	8 (2.3%)	33 (9.5%)	128 (36.7%)	177 (50.7%)	0.810	86.8	7
PER6	1 (0.3%)	8 (2.3%)	15 (4.3%)	115 (33%)	210 (60.2%)	0.714	90.1	2
PER7	3 (0.9%)	6 (1.7%)	21 (6%)	124 (35.5%)	195 (55.9%)	0.758	88.8	5
PER8	2 (0.6%)	10 (2.9%)	42 (12%)	151 (43.3%)	144 (41.3%)	0.808	84.4	9
PER9	4 (1.1%)	4 (1.1%)	18 (5.2%)	110 (31.5%)	213 (61%)	0.749	90.0	3

4.2.3 Tax agents’ perception of tax evasion with the influence of professional ethics (PROF)
 Similar to the previous two (2) sections, the tax agents were requested to give a score from 1 to 5 to indicate their perception of tax evasion with the influence of their professional ethics. The response frequencies for each item are shown in Table 5 and Appendix 3. Eventually, with the influence of professional ethics, item 9 has the highest score for disagreement related to the perception of tax evasion, with a score of 69.2%. The tax agents disagree that tax evaders being audited in more detail would not deter people from evading tax if LHDN detects tax evasion. The second highest disagreement by the tax agents is item 10, with a total score of 68.7%. The tax agents disagree with the tax agents is item 10, with a total score of 68.7%. The tax agents disagree with the statement that they would not agree that prosecution of tax evaders in court would not deter people from evading tax if the LHDN detected tax evasion. Finally, the third most disagreed statement is item 13, with a score of 66.2%, where the tax agents disagree that they would prefer to challenge tax authorities’ decisions regarding tax evasion rather than negotiate with them. Interestingly, the findings from the RII analysis revealed that almost 78% of the respondents agreed that government wastes a lot of money, as the lowest score was for item 4.

Table 5. Tax agents’ perception of tax evasion with the influence of professional ethics (PROF)

Items	Frequency: n (%)					SD	RII (%)	RANK
	1	2	3	4	5			
PROF1	109 (31.3%)	34 (9.8%)	77 (22.1%)	77 (22.1%)	51 (14.7%)	1.456	55.6	9
PROF2	115 (33%)	25 (7.2%)	17 (4.9%)	55 (15.8%)	137 (39.3%)	1.765	64.2	4
PROF3	107 (30.7%)	36 (10.3%)	53 (15.2%)	62 (17.8%)	91 (26.1%)	1.599	59.7	5
PROF4	142 (40.7%)	129 (37.2%)	51 (14.6%)	12 (3.4%)	14 (4%)	1.024	38.5	15
PROF5	106 (30.4%)	24 (6.9%)	89 (25.5%)	77 (22.1%)	53 (15.2%)	1.447	57.0	8
PROF6	91 (26.2%)	47 (13.5%)	104 (29.7%)	71 (20.2%)	36 (10.4%)	1.320	55.1	10
PROF7	97 (27.9%)	59 (17%)	42 (12.1%)	74 (21.3%)	76 (21.8%)	1.540	58.3	7
PROF8	96 (27.5%)	117 (33.5%)	85 (24.4%)	30 (8.6%)	21 (6%)	1.142	46.4	14
PROF9	40 (11.5%)	83 (23.9%)	43 (12.4%)	37 (10.6%)	145 (41.7%)	1.502	69.2	1
PROF10	42 (12%)	81 (23.2%)	43 (12.3%)	49 (14%)	134 (38.4%)	1.485	68.7	2
PROF11	98 (28.2%)	138 (39.4%)	44 (12.6%)	23 (6.6%)	46 (13.2%)	1.314	47.4	13
PROF12	45 (12.9%)	89 (25.5%)	102 (29.2%)	68 (19.5%)	45 (12.9%)	1.217	58.8	6
PROF13	45 (12.9%)	89 (25.5%)	41 (11.7%)	61 (17.5%)	113 (32.4%)	1.467	66.2	3
PROF14	77 (22.1%)	121 (34.7%)	51 (14.6%)	23 (6.6%)	77 (22.1%)	1.451	54.4	11
PROF15	59 (16.9%)	150 (43%)	87 (24.9%)	29 (8.3)	24(6.9%)	1.081	49.1	12

4.3 Relationship between variables

This study performed reliability, correlation and multiple regression analyses to answer the research objectives.

4.3.1 Reliability analysis

Prior to the multiple regression analysis, and consistent with Sekaran and Bougie’s (2016) recommendation, this study used Cronbach’s alpha reliability analysis to evaluate the reliability of the measurement scale for the relationship between the variables. The data were based on the actual respondents. No pilot study was conducted because the questionnaire had been validated by previous empirical studies.

Table 6: Reliability Statistics for the Influence of Personal Ethics and Professional Ethics on Tax Agents’ Perception of Tax Evasion

	Cronbach’s alpha	Cronbach’s alpha based on standardised items
Influence of personal ethics on tax agents’ perception of tax evasion	0.950	0.957
Influence of professional ethics on tax agents’ perception of tax evasion	0.933	0.937

Prior to extracting the final alpha values shown in Table 6, the corrected item-total correlation in item-total statistics was analysed to determine the correlation between each item of the questionnaire against the total score for all responses.

Sekaran and Bougie (2016) indicate that correlation values of 0.3 and above are considered acceptable correlations. Items that are less than 0.3 are not acceptable and should be dropped or considered for removal to reach a strong, reliable outcome for the research.

Regarding the influence of personal ethics on the tax agents’ perception of tax evasion, Table 6 shows the overall Cronbach’s alpha after two items, with 0.128 and 0.276 correlation values in the item-total statistics table, were removed (see Table 1, items 9 and 6). The final overall Cronbach’s alpha is 0.950, instead of 0.947 before removing the two items.

Like personal ethics, the items for professional ethics were scrutinised for the corrected item-total correlations values. According to the item-total statistics table, all items showed values of more than 0.3. Therefore, none of the items for the influence of tax agents’ professional ethics were removed. The overall Cronbach’s alpha in Table 6 shows a value of 0.933, indicating a good degree of reliability.

4.3.2 Correlation analysis

Correlation analyses were performed to determine the relationships between the tax agents’ perception of tax evasion (TPEV), tax agents’ perception of tax evasion with the influence of personal ethics (PER), and tax agents’ perception of tax evasion with the influence of professional ethics (PROF). The summary of the results is presented in Table 7 below. The results are discussed in the following sections.

Table 7. Pearson Correlation among Dependent and Independent Variables

	TPEV	PER	PROF
TPEV	1		
PER	0.757**	1	
PROF	0.426**	0.149**	1

Note: TPEV = tax agent’s perception on tax evasion, PER = personal ethics, PROF = professional ethics. * Correlation is significant at the 0.01 level (2-tailed), (P<0.01)

According to Table 7, the correlation coefficient for the influence of the tax agents’ personal ethics and their perception of tax evasion is 0.757, indicating a strong relationship between the two variables. The p-value is < 0.001, lower than 0.05, indicating that the relationship is significant. In other words, the tax agents’ personal ethics have a significant, strong, positive influence on their perception of tax evasion.

Table 7 also shows that the correlation coefficient for the influence of professional ethics and the tax agents’ perception of tax evasion is 0.426, indicating a moderate relationship between the variables. The results also show a p-value of less than 0.001, lower than 0.05, demonstrating that the relationship is significant. Therefore, based on Table 7, there is a significant, moderate, positive relationship between the influence of professional ethics and the tax agents’ perception of tax evasion. This outcome indicates that with the influence of professional ethics, the tax agents in Malaysia disagree that tax evasion is ethical. However, the results also indicate that they are more likely to perceive tax evasion as unethical under the influence of personal ethics rather than professional ethics.

4.3.3 Multiple regression analysis

Multiple regression analysis was also performed to predict the variance of the dependent variable due to the variations of the independent variables. Sekaran and Bougie (2016) emphasise that the model for multiple regression is linear, which causes the data to be summarised in a straight line. In other words, a negative gradient indicates a negative relationship, while a positive gradient indicates a positive relationship. Table 8 shows the results of the regression analysis. The model used in the multiple regression analysis for this study is as follows:

$$Perc_TE = \beta_0 + \beta_1 Per_Eth + \beta_2 Pro_Eth + \varepsilon$$

Where, *Perc_TE* = perception of tax evasion; β_0 = Y-intercept; *Per_Eth* = influence of personal ethics; *Pro_Eth* = influence of professional ethics; and ε = random error.

Table 8: Estimated Regression Equations

Factors	Tax agent's perception of tax evasion ^a	
	Coefficient	p-value
Influence of personal ethics	0.673	0.000
Influence of professional ethics	0.164	0.00
Constant		0.971
F-value		176.097
p-value for F-test		0.000
R ²		0.504
Adjusted R ²		0.502

Note: a = dependent variable: tax agents' perception of tax evasion

The R-square value of 0.504 in Table 8 indicates that the influence of the tax agents' personal and professional ethics accounts for 50.4% of the variation in their perception of tax evasion. According to the table, the F-value is 176.097, significant at p-value < 0.001, indicating that the multiple regression model is a good fit. Overall, the regression model predicts the tax agents' perception of tax evasion significantly.

Based on Table 8, the multiple regression model for this study can be defined as follows:

$$Perc_TE = 0.971 + 0.673(Per_Eth) + 0.164(Pro_Eth) + \varepsilon$$

The β values in Table 8 show that a relationship exists between the tax agents' perception of tax evasion with each predictor: the influence of personal ethics and the influence of professional ethics. The p-value of 0.000 for the influence of personal ethics indicates a significant positive relationship between the tax agents' personal ethics and their perception of tax evasion. The β_1 value of 0.673 indicates that as the score for the influence of personal ethics increases by 1 unit, the tax agents' perception of tax evasion increases by 0.673 units. Since the higher score on the Likert scale indicates a disagreement with the perception of tax evasion as

ethical, an increase of the score for the influence of personal ethics by 1 unit increases the tax agents' perception of tax evasion as unethical by 0.673 units.

Meanwhile, the p-value of 0.000 for the influence of professional ethics in Table 8 indicates a significant positive relationship between the influence of the tax agents' professional ethics and their perception of tax evasion. The β_2 value of 0.164 indicates that as the score for the influence of professional ethics increases by 1 unit, the tax agents' perception of tax evasion increases by 0.164 units. Similar to personal ethics, a higher score on the Likert scale indicates a disagreement with the perception of tax evasion as ethical. Therefore, an increase of the score for the influence of professional ethics by 1 unit increases the tax agents' perception of tax evasion as unethical by 0.164 units.

The overall conclusion is that the relationships between the tax agents' perception of tax evasion (TPEV), tax agents' perception of tax evasion with the influence of personal ethics (PER), and tax agents' perception of tax evasion with the influence of professional ethics (PROF) are statistically significant (as presented in Table 9). These results confirmed the hypotheses discussed and developed earlier.

Table 9. Summary of the Hypotheses Testing Results

No	Hypotheses	Results
H1	There is a significant positive relationship between the influence of personal ethics and the tax agents' perception of tax evasion	Supported
H2	There is a significant positive relationship between the influence of professional ethics and tax agents' perception of tax evasion	Supported

These findings revealed that when given a choice, tax agents' personal ethics will lead them to take the right action. Whether tax evasion is unethical is based on their own beliefs regarding the consequence of said attitude and behaviour, and this is consistent with the concept of utilitarianism and, as Velez (2019) states, relates to their dignity. The tax agents act ethically, where they follow both the letter and spirit of the law. Professional ethics focus more on the rules for various types of actions, but when personal ethics are good, they will follow the rules.

5. Conclusion

LHDN's annual reports have shown an increase in tax evasion cases in the country over the years. Therefore, it is crucial to understand the reason behind tax evasion among taxpayers. The first step in understanding this is determining the perception of tax evasion among tax agents, considering that they would mostly guide and help their clients prepare their tax returns. This study examines the influence of tax agents' personal and professional ethics on their perception of tax evasion.

This study's findings showed a significant, strong, positive relationship between the influence of tax agents' personal ethics and their perception of tax evasion. The findings also show a significant, moderate, positive relationship between the influence of professional ethics and tax agents' perception of tax evasion. In other words, tax agents' professional ethics have a lower influence on

their perception of tax evasion than their personal ethics. These findings are consistent with utilitarian theory.

Nevertheless, both independent variables show a positive relationship, illustrating that tax agents in Malaysia perceive tax evasion as unethical. The RII analysis conducted for each item for the perception of tax evasion in the questionnaire showed that the first three items with the lowest mean scores are the tax collected winds up in the pockets of corrupt politicians or their family and friends, a large portion of the money collected is wasted, and the tax system is unfair. The low mean scores indicate that the tax agents disagree with the items. In other words, tax evasion, if any, is not due to these factors.

These findings echoes the utilitarian theory of ethical behaviour, where the results explain that the tax agents' perception of tax evasion is based on their belief regarding the consequence of said behaviour, their perception of how others (tax officers, tax consultants, friends, or family) would view their behaviour, and their personal ability to perform that specific behaviour.

Other analyses showed that as tax professionals, most tax agents view tax evasion as somewhat ethical when the government is corrupt, thus wasting the tax collected. They believe that tax evasion could be avoided if the people trust the government, the government of the day utilises the revenue collected for the public, and the government is not corrupted. This belief can be evidenced by the ability of the government to collect taxes, extra taxes, and penalties amounting to RM7.88 billion through the Special Voluntary Disclosure Programme from 2018 to 2019 (Ahmad, 2021; Tay, 2020). This collection could be due to the trust the people have in the newly elected government. This finding is consistent with the second view stated by McGee, Ho and Li (2014), McGee and Benk (2011), and Saragih and Putra (2021), where tax evasion is perceived as always or almost always ethical, considering there is no ethical duty to contribute any wealth to a corrupt government by paying taxes. However, the citizens themselves also play a huge role in tax evasion cases.

Overall, the findings of this study contribute vital information to the government and the tax authority, such as LHDN. They could assist in decreasing the cases of tax evasion in the future by providing an understanding of the cognitive thinking or the reason behind the action of tax evasion.

A proper strategy of tax avoidance should be implemented instead of prolonging illegal tax evasion. In the context of this study, and due to the complex nature of the tax planning environment, the government and tax authorities should provide a clear framework to guide the ethical conduct of the tax agents. This is important to ensure that the tax agents are not trapped between tax minimisation arrangements, aggressive tax planning dan tax evasion activities. Additionally, tax authorities, the Malaysian Institute of Accountants, the Malaysian Association of Tax Accountants, and the Chartered Tax Institute of Malaysia can continuously organise professional development programmes, addressing ethical issues and tax planning arrangements covering different jurisdictions so that the tax agents can appreciate the differences, and all tax disputes can be discussed and resolved, hence contribute to reducing tax evasion.

Future studies can focus on analysing tax agents' perceptions of tax evasion together with those of accountants, company secretaries, and auditors to obtain

various perspectives from related professionals. By understanding which situations would be considered justifiable for evading taxes, LHDN and the government can provide the necessary information or education to clarify any misunderstandings and explain why tax evasion is harmful to the economy and the country.

References

- Ahmad, R., Ibrahim, Z., & Shaffee, N. (2022). Determinants of Corporate Tax Non-Compliance: Evidence from the Special Voluntary Disclosure Programme (SVDP). *e-Academia Journal of UiTM Cawangan Terengganu*, 11(2), 130-146. <https://doi.org/10.24191/e-aj.v11i2.20439>
- Ajzen, I. (1991). The Theory of Planned Behavior. *Organisational Behavior and Human Decision Processes*, 50(2), 179-211. [https://doi.org/10.1016/0749-5978\(91\)90020-T](https://doi.org/10.1016/0749-5978(91)90020-T)
- Azemi, A. B., Palil, M. R., Amir, A. M., & Said, S. M. (2020). Tax Fairness in a Developing Country: Perception of Malaysian Tax Agents. *Malaysian Accounting Review*, 19(1), 50-71. <https://doi.org/10.24191/mar.v19i01-03>
- Baker, A., Traub, J., Milis, P., & Young, C. (2020). *Recovery from the Covid-19 Crisis: What Role Will Tax Policy Play in Supporting Recovery?* Deloitte. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Tax/dttl-tax-recovery-from-covid-19-crisis-what-role-tax-policy-play-supporting-recovery-1.pdf>
- Bătrâncea, L., Nichita, R. A., & Bătrâncea, I. (2013). Tax Non-Compliance Behavior in the Light of Tax Law Complexity and the Relationship Between Authorities and Taxpayers. *Annals of the Alexandru Ioan Cuza University – Economics*, 59(1), 97-106. <https://doi.org/10.2478/v10316-012-0006-9>
- Baysir, M. (2020, August 26). Customs Detect RM812 Million Revenue Leakage in First Half of 2020. *New Straits Times*. <https://www.nst.com.my/news/crime-courts/2020/08/619543/customs-detect-rm812-million-revenue-leakage-first-half-2020>
- Belmonte, A., Dell'Anno, R., & Teobaldelli, D. (2017). Tax Morale, Aversion to Ethnic Diversity, and Decentralization. *European Journal of Political Economy*, 55, 204-223. <https://doi.org/10.1016/j.ejpoleco.2017.12.004>
- Benk, S., McGee, R. W., & Yuzbasi, B. (2015). How Religions Affect Attitudes Towards Ethics on Tax Evasion? A Comparative and Demographic Analysis. *Journal for the Study of Religions and Ideologies*, 14(41), 202-223. <https://www.proquest.com/openview/231aab739e4f9750f445140bfe78de0c/1?pq-origsite=gscholar&cbl=38343>
- Bidin, Z., Jabbar, H. A., & Marimuthu, M. (2012). *Perceptions of Tax Agents Towards the Proposed Goods and Services Tax in Malaysia* [Unpublished report]. Universiti Utara Malaysia, Malaysia.
- Bobek, D. D., & Radtke, R. R. (2007). An Experiential Investigation Of Tax Professionals' Ethical Environments. *Journal of the American Taxation Association*, 29(2), 63-84. <https://doi.org/10.2308/jata.2007.29.2.63>
- Bogensneider, B. N. (2020). Tax Ethics and Legal Indeterminacy. *Business, Entrepreneurship & Tax Law Review*, 4(1), 1-25. <https://scholarship.law.missouri.edu/betr/vol4/iss1/41>
- Cleary, D. (2013). *A Survey on Attitudes and Behaviour Towards Tax and Compliance: A Population Assessment for Ireland in 2008/2009*. Revenue Commissioners. <https://www.revenue.ie/en/corporate/documents/research/survey-attitudes-behaviours-dec2013.pdf>
- Devos, K. & Kenny, P., (2017). An Assessment of the Code of Professional Conduct Under the Tasa 2009 – Six Years On. *Australian Tax Forum*, 32(3). <https://ssrn.com/abstract=3054377>
- Devos, K. (McKinstry, K. (n.d.). *An Investigation into Ethical Issues Confronting Australian Tax Practitioners*. 1988, 1-34. <https://www.business.unsw.edu.au/About-Site/Schools-Site/Taxation-Business-Law-Site/Documents/17-Ken-Devos.pdf>
- Dusa, S., & Hafidiah, A. (2014). The Influence of Taxpayer's Awareness and Tax Morale Toward Tax Evasion. *International Journal of Business, Economics and Law*, 5(1), 60-68. <https://ijbel.com/wp-content/uploads/2014/12/ACC-32-The-Influence-of-taxpayers-awareness-and-tax-morelae-toward-tax-evasion.pdf>

- Esoimeme, E. E. (2016). Wealth Management, Tax Evasion, and Money Laundering: The Panama Papers Case Study. *Law Digest*, 11, 31-55. <https://doi.org/10.2139/ssrn.2790543>
- Fagbemi, T. O., Uadiale, O. M., & Noah, A. O. (2010). The Ethics of Tax Evasion: Perceptual Evidence from Nigeria. *European Journal of Social Sciences*, 17(3), 360-371. <https://bura.brunel.ac.uk/bitstream/2438/17963/1/FullText.pdf>
- Frecknall-Hughes, J., Moize, P., Doyle, E., & Summers, B. (2017). An Examination of Ethical Influences on the Work of Tax Practitioners. *Journal of Business Ethics*, 146, 729-745. <https://doi.org/10.1007/s10551-016-3037-6>
- Garde, M. J., & Manatta, Z. (2020). *Tax Transparency and Exchange of Information in Times of Covid-19*. Global Forum on Transparency and Exchange of Information for Tax Purposes. <https://www.oecd.org/tax/transparency/documents/global-forum-annual-report-2020.pdf>
- Hamid, S. A. (2013). *Tax Compliance Behaviour of Tax Agents: A Comparative Study of Malaysia and New Zealand* [Doctoral thesis]. University of Canterbury, New Zealand.
- International Institute for Management Development (IMD) (2018). *IMD World Competitiveness Yearbook 2018*.
- International Institute for Management Development (IMD) (2019). *IMD World Competitiveness Yearbook 2019*.
- International Institute for Management Development (IMD) (2020). *IMD World Competitiveness Yearbook 2020*.
- International Institute for Management Development (IMD) (2021). *IMD World Competitiveness Yearbook 2021*.
- International Institute for Management Development (IMD) (2022). *IMD World Competitiveness Yearbook 2022*.
- Inland Revenue Board of Malaysia (LHDN) (2015). *Annual Report 2014*.
- Inland Revenue Board of Malaysia (LHDN) (2016). *Annual Report 2015*.
- Inland Revenue Board of Malaysia (LHDN) (2017). *Annual Report 2016*.
- Inland Revenue Board of Malaysia (LHDN) (2018). *Annual Report 2017*.
- Inland Revenue Board of Malaysia (LHDN) (2019). *Annual Report 2018*.
- Inland Revenue Board of Malaysia (LHDN) (2023). HASiL Code of Ethics for Tax Agents (Revised 1/2023). <https://www.hasil.gov.my/en/tax-agent/profession-as-a-tax-agent/>
- Ishak, A. L., & Ali, M. M. (2020). Factors Influencing Intention to Participate in Tax Evasion: Individual Perspectives. *Universal Journal of Accounting and Finance*, 8(4), 103-114. <https://doi.org/10.13189/ujaf.2020.080403>
- Kemme, D. M., Parikh, B., & Steigner, T. (2020). Tax Morale and International Tax Evasion. *Journal of World Business*, 55(3), 101052. <https://doi.org/10.1016/j.jwb.2019.101052>
- Khong, S. S. (2021). Top 5 Tax Cases in Malaysia 2021. *The Malaysian Lawyer*. <https://themalaysianlawyer.com/2021/12/29/top-5-tax-cases-malaysia-2021/>
- Lang, M., Karmanska, A., & Jarvis, R. (2016). *Accounting and Ethics: Pressure Experienced by the Professional Accountant*. European Federation of Accountants and Auditors for SMEs. https://efaa.com/wp-content/uploads/2021/06/20161221_EFAA_Pressure_Survey.pdf
- Lenz, H. (2020). Aggressive Tax Avoidance by Managers of Multinational Companies as a Violation of Their Moral Duty to Obey the Law: A Kantian Rationale. *Journal of Business Ethics*, 165, 681-697. <https://ssrn.com/abstract=3773059>
- Loretz, S., Sellner, R., & Brandl, B. (2017). Aggressive Tax Planning Indicators. *Final Report 7565(71)*. <https://irihs.ihs.ac.at/id/eprint/4590/1/2017-loretz-sellner-brandl-aggressive-tax-planning-indicators.pdf>
- Maji, D. (2017). Can Tax Evasion be Justified?: A Behavioural Study. *SSRN Electronic Journal*, 1-18. <https://doi.org/10.2139/ssrn.3024959>
- Majid, N., Rantelangi, C., & Iskandar, M. (2018). Tax Evasion: Is It Ethical or Unethical? (From Samarinda Taxpayers Perception). *Proceedings of the Mulawarman International Conference on Economics and Business*, Mulawarman University, Indonesia. <https://doi.org/10.2991/miceb-17.2018.3>
- Mcgee, R., & Shopovski, J. (2018). The Ethics of Tax Evasion: A Survey of Law and Economics Students in the Republic of Macedonia. *International Journal of Economic Sciences*, 7(2), 57-69. <https://doi.org/10.20472/es.2018.7.2.003>

- McGee, R. W., & Aljaaidi, K. (2012). The Ethics of Tax Evasion: A Survey of Administrative Sciences Students in Yemen. *International Journal of Business and Management*, 7(12), 1-12. <https://doi.org/10.5539/ijbm.v7n16p1>
- McGee, R. W., & Benk, S. (2011). The Ethics of Tax Evasion: A Study of Turkish Opinion. *Journal of Balkan and Near Eastern Studies*, 13(2), 249-262. <https://doi.org/10.1080/19448953.2011.578869>
- McGee, R. W., & Gupta, R. (2008). The Ethics of Tax Evasion—An Empirical Study of New Zealand Opinion. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1131346>
- McGee, R. W., Ho, S. S. M., & Li, A. Y. S. (2014). A Comparative Study on Perceived Ethics of Tax Evasion: Hong Kong vs the United States. *Journal of Business Ethics*, 77(2), 147-158. <https://doi.org/10.1007/s10551-006-9304-1>
- McGee, R. W., & Shopovski, J. (2018). The Ethics of Tax Evasion: An Empirical Study of New Zealand Opinion. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1131346>
- McGee, R. W., & Smith, S. R. (2006). The Ethics of Tax Evasion: An Empirical Study of Utah Opinion. *Andreas School of Business Working Paper*, 305, 15-24. <https://doi.org/10.2139/ssrn.934649>
- Nurwanah, A., Sutrisno, T., Rosidi, R., & Roekhudin, R. (2018). Determinants of Tax Compliance: Theory of Planned Behavior and Stakeholder Theory Perspective. *Problems and Perspectives in Management*, 16(4), 395-407. [https://doi.org/10.21511/ppm.16\(4\).2018.33](https://doi.org/10.21511/ppm.16(4).2018.33)
- Palil, M. R., Malek, M. M., & Jaguli, A. R. (2016). Issues, Challenges, and Problems with Tax Evasion: The Institutional Factors Approach. *Gadjah Mada International Journal of Business*, 18(2), 187-206. <https://doi.org/10.22146/gamaijb.12573>
- Pazarskis, M., Karakitsiou, A., Koutupis, A. & Sidiropoulou, D. (2020). Tax Professionals' Role and Ethics During a Period of Economic Crisis in a Small European Country. *Accounting and Management Information Systems*, 19(4), 734-758. <http://doi.org/10.24818/jamis.2020.04005>
- Pereira, D. (2016). *Attitudes on the Tax Ethics of Tax Evasion - A Survey of Banking Employees* [Doctoral thesis]. Lisbon School of Economics and Management, Portugal.
- Rantelangi, C., & Majid, N. (2018). Factors that Influence Taxpayers' Perception on Tax Evasion. *Advances in Economics, Business, and Management Research (AEBMR)*, 35, 219-225. <https://doi.org/10.2991/miceb-17.2018.34>
- Richardson, M., & Sawyer, A. J. (2001). A Taxonomy of Tax Compliance Literature: Further Findings, Problems, and Prospects. *Australian Tax Forum*, 16(2), 137.
- Ross, A. M., & McGee, R. W. (2011). Attitudes Toward Tax Evasion: A Demographic Study of Malaysia. *Asian Journal of Law and Economics*, 2(3), 1-51. <https://doi.org/10.2202/2154-4611.1028>
- Sekaran, U., & Bougie, R. (2016). *Research Methods for Business* (Seventh). John Wiley & Sons Ltd.
- Saragih, A. H., & Putra, D. N. S. (2021). Ethical Perception of Tax Evasion in Indonesia: Determinants and Consequences on Voluntary Tax Compliance. *Jurnal Akuntansi dan Keuangan*, 23(1), 1-14. <https://doi.org/10.9744/jak.23.1.1-14>
- Sunani, A. (2016). The Ethics of Tax Evasion: A Study of Public Accountants in Indonesia. *Media Mahardhika*. 15(1), 126-139.
- Tan, H. B. (2023). Special Voluntary Disclosure Program to Be Available from 1 June 2023 to 31 May 2024. *Deloitte Tax@Hand*. <https://www.taxathand.com/article/29733/Malaysia/2023/Special-voluntary-disclosure-program-to-be-available-from-1-June-2023-to-31-May-2024>
- Tay, C. (2019, July 9). Nearly 490,000 Taxpayers Reveal Undeclared Income. *The Edge Markets*. <https://theedgemaalaysia.com/article/nearly-490000-taxpayers-reveal-undeclared-income>
- Trautman, L. J. (2018). Following the Money: Lessons From the Panama Papers, Part 1: Tip of the Iceberg. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2783503>
- Velez, L. S. (2020). The Dignity of Persons: Kantian Ethics and Utilitarianism [Doctoral thesis]. University of St Andrews, United Kingdom.
- Visockaitė, A., & Birškytė, L. (2013). Ethics in Tax Administration. *Societal Studies*, 5(3), 735-750. <https://doi.org/10.13165/sms-13-5-3-04>

Appendix 1. Mean Score and RII Score for Perception on Tax Evasion

No	Items	Min	Max	Mean	SD	RII (%)	Rank
1	Tax evasion is ethical if the tax rates are too high	1	5	4.41	0.831	87.4	9
2	Tax evasion is ethical even if the tax rates are not too high because the government is not entitled to take as much as it is taking from me	1	5	4.35	0.793	86.9	11
3	Tax evasion is ethical if the tax system is unfair	1	5	4.34	0.896	86.8	12
4	Tax evasion is ethical if a large portion of the money collected is wasted	1	5	4.25	0.956	85.1	13
5	Tax evasion is ethical even if most of the money collected is spent wisely	1	5	4.45	0.763	89.0	7
6	Tax evasion is ethical if a large portion of the money collected is spent on projects that I morally disapprove of	1	5	4.39	0.858	87.7	8
7	Tax evasion is ethical even if a large portion of the money collected is spent on worthy projects	1	5	4.46	0.774	89.1	6
8	Tax evasion is ethical if a large portion of the money collected is spent on projects that do not benefit me	1	5	4.37	0.860	87.4	10
9	Tax evasion is ethical even if a large portion of the money collected is spent on projects that benefit me	1	5	4.46	0.787	89.2	4
10	Tax evasion is ethical if everyone is doing it	1	5	4.53	0.718	90.6	2
11	Tax evasion is ethical if the probability of getting caught is low	1	5	4.46	0.748	89.2	5
12	Tax evasion is ethical if a significant portion of the money collected winds up in the pockets of corrupt politicians or their families and friends	1	5	3.25	1.751	64.9	14
13	Tax evasion is ethical if I cannot afford to pay taxes	1	5	4.54	0.752	90.8	1
14	Tax evasion is ethical even if it means that I have to pay less taxes, while others will have to pay more	1	5	4.49	0.697	89.9	3

Appendix 2. Mean Score and RII Score for Influence of Personal Ethics

No	Items	Min	Max	Mean	SD	RII (%)	Rank
1	I will cheat on tax if I have the chance	1	5	451	0646	903	1
2	It is right if a taxpayer does not report at all his or her income to pay less income tax	1	5	446	0692	892	4
3	We cannot blame taxpayers that evade tax	1	5	422	0934	844	8
4	If in doubt about whether to report or not to report a certain source of income, I would not report it	1	5	440	0754	880	6
5	Taxes are so heavy that tax evasion is an economic necessity for many to survive	1	5	434	0810	868	7
6	I will only pay taxes voluntarily due to public coercion	1	5	450	0714	901	2
7	Since everybody evades taxes, one can hardly be blamed for doing it	1	5	444	0758	888	5
8	I do not care whether or not society benefits from the amount of tax collected as long as I can enjoy tax benefits	1	5	422	0808	844	9
9	I do not consider the long-term effects to society when dealing with a case of tax evasion	1	5	450	0749	900	3

Appendix 3 Mean Score and RII Score for Influence of Professional Ethics (PROF)

No	Items	Min	Max	Mean	SD	RII (%)	Rank
1	I have no confidence in the legal system	1	5	279	1456	556	9
2	I think that the present tax system benefits the rich and is unfair to the ordinary working man or woman	1	5	321	1765	642	4
3	I consider the amount of federal income tax I have to pay too high	1	5	298	1599	597	5
4	I think that the government wastes a lot of money	1	5	193	1024	385	15
5	I think that the government is untrustworthy	1	5	285	1447	570	8
6	I think that the government does not care much about public opinion	1	5	275	1320	551	10
7	I have low confidence in the government	1	5	292	1540	583	7
8	I agree paying a relatively small fine would not deter people from evading tax if LHDN detects tax evasion	1	5	232	1142	464	14
9	I agree that tax evaders being audited in more detail would not deter people from evading tax if LHDN detects tax evasion	1	5	347	1502	692	1
10	I agree that prosecution of tax evaders in court would not deter people from evading tax if LHDN detects tax evasion	1	5	344	1485	687	2
11	A junior staffer should not follow the instructions of her/his superior in dealing with cases of tax evasion	1	5	237	1314	474	13
12	Most of the time, a superior is not expected to tell her/his junior staffer on what to do when dealing with tax evasion	1	5	294	1217	588	6
13	I prefer to challenge tax authorities' decisions in regards to tax evasion rather than negotiate with them	1	5	331	1467	662	3
14	When complying with tax laws, I only consider the effect to my client	1	5	272	1451	544	11
15	I do not mind having differences in tax judgement with tax authorities	1	5	245	1081	491	12