



## **Salaried Taxpayers' Internal States and Assessment Performance Under Self-Assessment System: A Quasi-Experimental Evaluation**

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**Abstract:** Malaysian individual tax system had evolved notably since its introduction in 1967. The first reform that impact all taxpayers was the implementation of self-assessment system (SAS) to replace the old assessment system in 2004. This is because SAS had entirely changed the taxpayers' responsibilities from being assessed by the tax authority to a person who is responsible for assessing own income tax liability. This had triggered debates on whether taxpayers can perform their responsibilities that were previously handled by trained tax personnel. In conjunction with this issue, this paper reports the findings of a quasi-experimental evaluation of salaried individual taxpayers' in the early stage of SAS implementation. The findings of this study are still relevant to date because even though SAS had been implemented for more than a decade, the problem of taxpayer performance is continuing due to the dynamic nature of taxation in reality. Specifically, this paper reports the influence of taxpayer's internal states and taxpayer assistance on assessment performance of the individual salaried taxpayers. The data was collected using a quasi-experimental method known as posttest-only no-treatment control group design. The sample comprised post-graduate students, who were actual taxpayers. Among the elements of the taxpayer's internal states considered in this study, tax knowledge was found to have a significant relationship with assessment performance. Further analysis was conducted which showed that the majority of tax knowledge dimensions had a significant relationship with taxpayer assessment performance.

**Keywords:** Salaried Taxpayer, Assessment Performance, Internal States, Tax Knowledge, Experiment

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## 1. INTRODUCTION

Malaysian individual tax system had evolved notably since its introduction in 1967. The main reform that impact all taxpayers was the implementation of self-assessment system (SAS) to replace the old assessment system in 2004 (Kaur, 2016). This is because SAS demands taxpayers to perform the primary tasks previously completed by trained and professional tax personnel (Loo, McKerchar, & Hansford, 2005). As a result, SAS implementation had triggered debates on the ability of taxpayers with the new responsibility particularly during the early phase of its enforcement. Even though SAS runs for more than a decade, the issues about individual taxpayers are persistent especially related to the tax assessment responsibilities. This is evidenced by the Inland Revenue Board of Malaysia (IRBM)'s recent media release on overdue taxes and bankruptcy cases involving individual taxpayers as reported in its official portal. Indeed, fulfilling the responsibility of a taxpayer is not an easy task as the taxpaying process involves a series of decisions and actions relating to economics transactions, records keeping and filing of forms (Carroll, 1987). These tasks demand taxpayers be up to date with current procedures and matters of taxation. They are further complicated by the dynamic nature of taxation itself of which existing knowledge become obsolete within a short period due to frequent changes in the tax law to suit the Government's agenda and policy. Abdul Wahab (2017) explained that there are five features of non-compliance which indicate the aspects that the taxpayer needs to fulfil and comply with the tax laws. The features are: (i) failure to register as a taxpayer when fulfilling or meeting specific criteria; (ii) failure to submit a tax return within the stipulated period, and late submission; (iii) failure to report tax liability correctly: incorrect declaration of income; (iv) failure to claim expenditure, and tax relief or tax deduction duly and adequately; and (v) failure to pay tax liability by or before the due date or other advance arrangement schedules. Thus, complying with the tax laws is not easy for lay taxpayers.

This paper focuses on assessment performance of taxpayers which specifically related to feature three and four of non-compliance highlighted by Abdul Wahab (2017). Therefore, in this study, assessment performance is referred to like the performance of income assessment task by the salaried individual taxpayer which resulted in the incorrect amount of tax liability. Determining correct tax liability is crucial as it reflects the amount of revenue collected by the Government. On top of that, failure to perform the required tasks is non-compliance which is an offence under the tax law and subject to various penalties (Baldry & Kasipillai, 1996). In line with the introduction of SAS, the role of the IRBM has also changed, i.e. to focus on disseminating information to taxpayers using various means to ensure that the taxpayers could easily access such information when needed. Singh (2005) stressed that the administration of SAS should be based on providing assistance and education to support taxpayers and enhance their assessment performance. In addition, to perform their responsibilities successfully, it is believed that taxpayers must achieve and possess certain states which intrinsically developed.

Among the elements of the taxpayer's internal states considered in this study, tax knowledge was found to have a significant relationship with assessment performance. As tax knowledge had been identified to consist of four dimensions thus, further analysis was carried out to examine the effects of these dimensions on assessment performance. Multivariate analysis showed that majority of tax knowledge dimensions had a significant relationship with taxpayer assessment performance. The findings of this study have contributed to the body of knowledge because there is a general dearth of published research, particularly in Malaysia that investigates taxpayer assessment performance

especially using an experimental approach. This paper continues with a literature discussion on the dependent and independent variables of this study in section two and three. It is followed by an overview of the research design in section four. The findings are outlined in section five while conclusions, limitation and recommendation are drawn in the final section, i.e. section six.

## **2. TAXPAYER ASSESSMENT PERFORMANCE**

Performance of individual taxpayers in the taxpaying context had received little attention as compared to individual performance in the context of employees, auditors, tax professionals and students (see Campbell, Gasser, & Oswald, 1996; Libby & Luft, 1993; Sonnentag & Frese, 2005). Whereas in taxpaying context, the performance of individuals to assess their income accurately is important because it would affect the successful implementation of SAS and also the amount of Government revenue collection. There is a dearth of a published study that examines specifically the performance of individual taxpayers. However, the concern on whether the taxpayers could handle their tax matters appropriately had been highlighted in a few studies. Enrick (1963) is the first traceable study that surveyed to assess how accurate individuals estimate their tax liabilities. The findings showed that the respondents did not know the correct amount of income tax they paid. This situation had led to errors and underestimation of their tax burdens. Jackson and Milliron (1986) viewed their concern about the ability of taxpayers to perform their responsibilities. They stated that "most research is concerned with intentional non-compliance, but there are many grey areas in the distinction between intentional and unintentional non-compliance. Furthermore, a major concern is whether taxpayers are technically able to determine their correct liability" (Jackson & Milliron, 1986, p. 130). However, Jackson and Milliron's (1986) concern had not explicitly been investigated by researchers. There were some researchers who indirectly examined the problems existed about this issue. For instance, Sakurai and Braithwaite (2003) posted a question to their respondents regarding their competence and diligence in preparing income tax return forms. They found that more than 36 per cent of taxpayers were not competent to carry out their income assessment task. A similar notion was also reported by Marshall, Smith and Armstrong (1997). They indicated that taxpayers are hardly able to perform their duties by themselves, specifically under SAS. This could also be the reason why about 70 per cent of Australian taxpayers had placed heavy reliance on tax agents to handle their tax matters (Sakurai & Braithwaite, 2003). In Malaysia, Loo and Ho (2005) carried out a study on white-collar salaried individuals in 2003, just before the implementation of SAS in on individual taxpayers in 2004. The findings revealed that with the level of knowledge possessed by taxpayers at that time, it was doubtful whether they could competently carry out their responsibilities under SAS.

In carrying out the income assessment tasks, taxpayers need to make decisions which would involve a judgmental and evaluative process. In addition, income assessment involves a step-by-step process that requires knowledge and understanding of the procedure and up-to-date information on income tax law and regulations. It is believed that in dealing with tax matters, even tax officers, tax academics and tax practitioners also faced difficulties to keep abreast with tax law changes, let alone the lay taxpayers (Lai & Choong, 2009). Furthermore, these processes are influenced by various factors either internal or external (Sonnentag and Frese, 2005).

In the Malaysian tax system, the process of income assessment is specified under the Income Tax Act 1967 (ITA 1967). The process involves various steps with four main

calculations: (i) the calculation of total income; (ii) the calculation of total allowable deductions i.e. personal relief; (iii) the calculation of chargeable income by subtracting step (ii) from step (i); and (iv) the calculation of tax liability. Explicitly, this process is specified under Section 5 of ITA 1967. Section 5 lists all the calculation steps to be followed to ascertain the chargeable income, beginning with the determination of basis year or basis period for each class of income, the calculation of gross income, adjusted income, statutory income, aggregate income and total income. For each step in Section 5, the explanations are provided under different chapters in the act as listed in Table 1.

**Table 1.** Calculation Steps and Explanatory Sections

<b>Calculation steps</b>	<b>Sections in ITA 1967</b>
Basis Year and Basis Period	Chapter 2 (Section 20 – 21A)
Gross Income	Chapter 3 (Section 22 – 32)
Adjusted Income/Loss	Chapter 4 (Section 33 – 41)
Statutory Income	Chapter 5 (Section 42)
Aggregate Income and Total Income	Chapter 6 (Section 43 – 44)
Chargeable Income	Chapter 7 (Section 45 – 51)

Studies showed that more than 60 per cent of employment income earners completed their tax return forms (Mohd Hanefah, 1998; Loo & Ho, 2005; Sapiei & Abdullah, 2008). Furthermore, the IRBM emphasises that under SAS, the Board will ensure that taxpayers can perform their responsibilities by themselves with minimum help from tax agents (Inland Revenue Board, 2001). After a few years of SAS implementation, Palil (2010) still showed concerns to ensure that taxpayers can provide the correct information and calculate the amount of income to be adequately paid in order to increase voluntary compliance among taxpayers (Palil, 2010).

### **3. TAXPAYER’S INTERNAL STATES**

In accounting behavioural studies, the definition of internal states is insufficient. However, in the psychological field, internal states refer to factors that influence the relationship between stimuli, sensations and post-stimuli perceptions of which the factors neither rooted outside the factors nor the time variable related to the factor (Elugardo, 1988). Applying these to the taxation context, internal states can be referred as factors which are innate in an individual taxpayer that contribute to the performance of the required responsibilities. However, internal states of an individual cannot be directly observed, but their existence usually is inferred from the accuracy and speed of psychometric tests (Libby, 1995). In this study, individual taxpayer’s internal states include tax knowledge, perceived complexity of the tax law, attitude towards paying tax, general problem-solving ability and experience. Among these five elements of internal states, tax knowledge is the primary condition emphasised by researchers before the implementation of SAS in Malaysia (see Bardai, 1992; Mohd Hanefah, 1998; Loo and Ho, 2005; Mat Udin, 2015). This is because researchers believed that taxpayers who did not possess adequate knowledge on personal tax matters lacked the competency to file own tax return forms (Loo & Ho, 2005; Saad, 2014). In other words, taxpayers were unable to perform their responsibilities unless they possessed relevant knowledge in taxation ( Martinez-Vazquez, Hardwood & Larkins, 1992; Palil, 2010). The function of tax knowledge is crucial as it leads to taxpayer awareness and sensitivity to tax legislation (Oladipupo, 2016).

Besides tax knowledge, due to the shift of responsibility from the tax authority to the taxpayers, perceived complexity of the tax law has become more critical (James, Sawyer & Wallschutzky, 1998) as complexity would frustrate the taxpayers in their efforts to

comply with the tax law (Carroll, 1987; Song & Yarbrough, 1978). In general, complexity is the situation when a taxpayer reported any difficulty in completing tax return form (McKerchar, 2003). Saad, Mat Udin and Derashid (2014) reported that Malaysian tax legislation is complex and difficult to be comprehended by average taxpayers. The complexity of the tax law also led to the increase in taxpayer uncertainty (Carroll, 1987). The perception of tax complexity has been increasing mostly due to the adoption of SAS in many countries (Loo, McKerchar, & Hansford, 2009). Generally, studies had reported a negative relationship between complexity and performance (Chang, Ho & Liao, 1997; Karlinsky & Koch, 1987; O'Donnell, Koch & Boone, 2005). Further, Saad and Mat Udin (2016) reported that public rulings which act as supplementary materials to the ITA 1967 fall in the problematic category and require taxpayers to possess tertiary education to understand the materials.

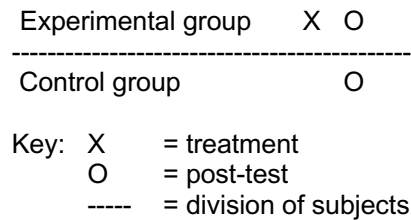
The attitude of a person is another factor that influences the individual's decision making (Mueller, 1986). Therefore, in the individual taxpaying context, taxpayer's attitude towards paying tax is viewed to have an impact on his decision to perform the necessary tasks relating to the taxpaying process. Furthermore, Eagly and Chaiken (1993) suggested that people with positive attitudes would engage in behaviours that approach, support or enhance the attitude object, whereas people with negative attitudes would engage in behaviours that avoid, oppose or hinder the object. Besides attitude, the general problem-solving ability of an individual also believed to contribute towards the individual's performance in the taxpaying contexts such as on the performance of tax professionals (Barrick & Spilker, 2003; Cloyd, 1997). Since SAS emphasises on the performance of taxpayers in fulfilling their responsibilities, there are opportunities to examine the general problem-solving ability, as the nature of the taxpayer's responsibilities deals with the problem-solving type of activity (Carroll, 1987). Libby and Luft (1993) suggested that the strength of the effects of ability on performance depends on the nature of the tasks, or mainly on the environment where the tasks are performed.

Besides tax knowledge, perceived complexity of the tax law, attitude towards paying tax and general problem-solving ability, the experience is another element of taxpayers' internal states considered in this study. Christensen, Weihrich and Gerbing Newman (1994) urged future researchers to examine the effects of individuals' amount of prior tax filling experience, that is, some years and type of tax experience and specific forms and schedules included with the return on individuals tax education. Researchers distinguished experienced from the less experienced individuals whereby individuals who are less experienced lacked the basic organisational knowledge structures that are fundamental to the learning and retention process as compared to experienced individuals (Gibbins, 1984; Waller and Felix, 1984).

Wilt and Perng (1990) suggested that assisting the taxpayers might improve the accuracy of their tax return forms. Alm, Cherry, Jones and McKee (2010) also agreed that the provision of information by the tax authority helps to reduce uncertainty situations faced by taxpayers and consequently assists the taxpayers to perform their responsibilities. Mohd Shukor (1994) stated that the objectives of providing taxpayer assistance are to provide all citizens with accurate and relevant information and to assist them in complying with the tax law. Reading tax pamphlets and printed materials were the most popular way used by taxpayers to update information on tax matters during the early stage of SAS implementation (Madi, Kamaluddin, Janggu, Aba-Ibrahim, Abu-Samah & Jusoff, 2010).

#### 4. EXPERIMENT OVERVIEW

As this study attempts to examine the interaction between variables of internal states in nature and task, i.e. assessment performance, therefore, the experimental method was chosen as it was more suitable for this type of study (Libby and Luft, 1993; Libby, 1995). Precisely, the design is known as the posttest-only no-treatment control group design which is a type of quasi-experimental design (Thyer, 2010) consisting of the experimental and control groups. The experimental group was exposed to treatment, and the results were tested while the control group was not exposed to the treatment, but the results were similarly tested. This design is also called static group design (Zikmund, 2003) as diagrammed and presented in Figure 1.



**Figure 1.** Diagram of Posttest-Only No-Treatment Control Group Design  
 Source: Thyer (2010: 196)

The design allowed for an unequal number of subjects in the experimental and control groups. The experimental sessions were carried out in February 2008. The subjects were assigned to the experimental and control groups based on their scores in the pre-test knowledge. This situation reflected the actual setting whereby, in reality, it is impossible to achieve a balance population with an equal number of people with high and low knowledge. However, even though the number of subjects was not equal but the background of subjects of this study was identical regarding educational level of which they were postgraduate students of Universiti Utara Malaysia earning income from a similar source, that is, salary and they were actual taxpayers. 132 subjects who earned non-business income qualified for the experiment. However, only 111 subjects turned-up for the second session. Apart from carrying out the pilot test, the experimental procedures were emailed to an expert in the experimental design study to seek his opinion and comments. Based on the feedback received, it was reasonable to proceed with the actual experimental session.

The experiment was carried out in two sessions. After the introductory briefing, each subject received a white envelope containing the relevant materials. The subjects were required to answer the pre-knowledge test followed by the ability test and to fill in the demographic information. The time taken to administer the questionnaire was approximately 40 minutes, as estimated in the pilot test. Upon completion of all the tasks, the subjects were asked to submit the materials to the experimenter. In the second session, the subjects were again reminded to attempt the questions independently, and that no discussion was allowed. The allocated time was also approximately 40 minutes. Each subject received the same white envelope that was submitted by each of them in the previous session, bearing their respective code number. The subjects were separated into two groups based on their scores in the knowledge test administered in the first session. The median of the knowledge test was taken as the cut-off value. Therefore, if a subject scored lower than the median, he/she was considered as possessing low tax knowledge and was assigned to the experimental group. A subject who scored above the median was

placed in the control group, i.e. high tax knowledge group. The materials received by subjects in the experimental group were similar to the control group, but with an additional document, (i.e., Explanatory Note to BE form) which is the treatment. Firstly, the subjects completed the BE form based on the information provided in the hypothetical case. Secondly, they were to indicate the level of complexity they perceived about the items in the scenario case while completing the BE form. Thirdly, the subjects completed the questionnaire on attitudes towards paying tax. This was then followed by a tax knowledge quiz of which the subjects were asked to provide their answers on the answer sheet. Eventually, the subjects submitted all the completed materials to the experimenter.

## 5. ANALYSIS AND FINDINGS

Out of the total usable questionnaires, 27 represent the experimental group while the remaining 40 represent the control group. Sixty per cent of the subjects were male while the balance was female. Regarding ethnicity, the majority of the samples (60 per cent) consist of Malays while the rest are Chinese, Indians and others. Almost about two-thirds to four-fifths of the subjects in the sample fill in their tax return forms while the others seek assistance from a spouse, tax agent or friend. This situation is in line with the aim of the IRBM to encourage taxpayers to fill their tax return forms under SAS. Regarding annual gross income, in the experimental group the highest number of subjects earned between RM24,000 to RM48,000, while in the control group the highest number earned between RM48,001 to RM72,000. Half of the subjects in the sample are from the age group of around 26 to 35 years old while around 33 to 35 per cent of the subjects falls under the age group of 36 to 45 years old. The remaining subjects are either under 26 years old or over 46 years old. Taxpayer's characteristics, that is, gender, ethnicity and income level are treated as control variables in this study. The results of the regression analysis that predicted the relationships between the taxpayer's internal states, taxpayer assistance and assessment performance are shown in Table 2.

**Table 2.** Taxpayer's Internal States and Assessment Performance (n=67)

Independent Variables	Model 1
TK	0.4350 (5.08)***
COMPLEX	-0.0095 (-0.11)
ATT	0.0823 (1.00)
ABILITY	0.0770 (1.17)
EXP	-0.0995 (-0.48)
ASSIST	-2.0187 (-0.74)
GEN	0.1320 (0.05)
ETHC	-2.5870 (-1.07)
INC	2.0474 (1.19)
Cons	26.8380 (2.85)***
R <sup>2</sup>	0.5163
Adjusted R <sup>2</sup>	0.4399
F-value	6.76***

Figures in parentheses represent t-statistics.

\*\*\* indicates significant at 1% level.

The results revealed that tax knowledge is significantly and positively related to assessment performance. It can be interpreted that taxpayers with higher tax knowledge exhibit higher assessment performance. If taxpayers are not equipped with the relevant and adequate tax knowledge, they would lack the competency to perform the required tasks (Loo & Ho, 2005). Hence, this finding consistently supported prior contentions relating to tax knowledge and SAS, whereby tax knowledge is a requirement for taxpayers to file correct tax return forms (Martinez-Vazquez, Hardwood & Larkins, 1992; Palil, 2010). These finding also consistent with previous evidence reported by prior researchers on the importance of tax knowledge in the SAS context (Bardai, 1992; Mohd Hanefah, 1998). However, the results of the analysis are found not to be supportive of other hypotheses relating to other elements of the taxpayer's internal states and assessment performance. This may be because this study took place at the early stage of SAS implementation whereby taxpayers might still be at the initial stage of the process of adapting themselves to their new responsibilities. These variables may have relationships with assessment performance at the later stage of SAS implementation when taxpayers are involved in tax planning processes (Carroll, 1987).

In addition to the above analyses, this study also carried out an investigation relating to the moderating effect of taxpayer assistance on the relationship between the taxpayer's internal states and assessment performance.

**Table 3.** Moderating Effect of Taxpayer Assistance (n=67)

Independent Variables	Model 2
TK	0.4098 (3.68)***
TK_ASSIST	0.0884 (0.47)
COMPLEX	-0.0309 (-0.25)
COMPLEX_ASSIST	0.0380 (0.21)
ATT	0.0486 (0.46)
ATT_ASSIST	0.0984 (0.53)
ABILITY	0.0612 (0.60)
ABILITY_ASSIST	0.0230 (0.15)
EXP	-0.1268 (-0.47)
EXP_ASSIST	0.0335 (0.10)
ASSIST	-15.1457 (-0.79)
GEN	-0.0108 (-0.00)
ETHC	-2.8629 (-1.07)
INC	2.2938 (1.20)
Cons	32.0814 (2.46)**
R <sup>2</sup>	0.5221
Adjusted R <sup>2</sup>	0.3935
F-value	4.06***

Figures in parentheses represent t-statistics.

\*\*\* and \*\* indicate significant at 1% and 5% level respectively.



The results in Table 3 implied that taxpayer assistance is not a moderator of the relationship between the taxpayer's internal states and assessment performance. In addition, it also may indicate that the taxpayer assistance was not tailored to the needs of the taxpayers in the performance of the assessment tasks.

In this study, tax knowledge was identified as having four dimensions: (i) deductions and tax liability computations (DTK1); (ii) income assessment principles (DTK2); (iii) rulings, records keeping and offences (DTK3); and (iv) due dates (DTK4). Further analysis was conducted to examine the effects of these dimensions on assessment performance.

Table 4. Regression Results: Tax Knowledge Dimensions, other Independent Variables and Assessment Performance (n=67)

Independent Variables	Model 3
DTK1	0.0600 (0.91)
DTK2	0.1741 (2.23)**
DTK3	0.1817 (2.77)***
DTK4	0.0902 (2.29)**
COMPLEX	-0.0350 (-0.41)
ATT	0.1023 (1.24)
ABILITY	0.0947 (1.44)
EXP	-0.0848 (-0.42)
ASSIST	-0.0833 (-0.03)
GEN	0.6612 (0.26)
ETHC	-2.2370 (-0.93)
INC	1.9878 (1.16)
Cons	21.2309 (2.22)**
R <sup>2</sup>	56.21%
Adjusted R <sup>2</sup>	46.48%
F-value	5.78

Figures in parentheses represent t-statistics.

\*\*\* and \*\* indicate significant at 1% and 5% levels.

The results showed that all tax knowledge dimensions have significant relationships with assessment performance except the first dimension (i.e. DTK1). The significant relationship between tax knowledge and assessment performance as found in the previous analyses of the estimation models also hold when tax knowledge was split into its dimensions. The relationship is captured through DTK2, DTK3 and DTK4, that is, income assessment principles, ruling, records keeping and offences and due dates dimensions, as shown in Table 4. Even though SAS has shifted onto the taxpayers the responsibility to assess income and to compute their tax liabilities, however, tax knowledge dimension relating to deductions and tax liability computation, that is, DTK1 are found not to be significantly related to assessment performance. In fact, tax knowledge dimension relating to rulings records keeping and offences show the significant relationship ( $p < 0.01$ ).

These situations can be explained based on the justifications that the tax filing process of salaried taxpayers is relatively less complicated as compared to those with business income (Loo & Ho, 2005). Usually, information on annual taxable income can be obtained from the employee's statement of annual remuneration for each year of assessment provided by the employer. Furthermore, the income and the deductions allowable to a salaried taxpayer do not defer much from one year of assessment to another as compared to taxpayers with other sources of income, mainly from business sources. This is because the deductions allowable to salaried taxpayers are restricted to professional subscription fees required to retain professional memberships and relief allowable to resident individual taxpayers, such as self-relief, child relief and premium on education / medical insurance (Choong, 2011).

From another aspect, the results can also be justified based on the reason that taxpayers are fearful of being punished and penalised. Therefore, knowledge relating to rulings records keeping and offences is considered highly and significantly associated with assessment performance. This finding is similar to that of Palil's (2010), whose study reported significant positive associations between taxpayer's knowledge of offences, penalties and fines with tax compliance.

## **6. CONCLUSION, LIMITATION AND RECOMMENDATION**

This study contributes to the existing knowledge by providing further evidence on the relationship between tax knowledge and assessment performance in SAS era. One of the aspects that differentiate this study from other studies in individual taxpaying context is the identification of tax knowledge in four dimensions as discussed above. The findings of this study are of relevance to current Malaysian tax setting as SAS is still in practice and tax knowledge is continue to be the concern of researchers in dealing with individual taxpaying behaviour (see Abdul Wahab, 2017; Oladipupo, 2016; Kaur, 2016). A common claim regarding the experimental design study is regarding the generalisability of the results. This is because even though the study is carefully planned and designed, but the fact is that the artificiality of the experimental research situations could prevent the results from the experimental study to be generalised to the population (Kerlinger, 1986).

Despite this limitation, the findings of this study provide some motivations and indications for future studies. This study has suggested the concept of the internal state in the salaried individual taxpaying framework. Thus, future studies could be carried out to incorporate and test this variable in other contexts, such as in the context of business taxpayers. Besides the above suggestions, since this study was conducted at the early stage of SAS implementation, i.e. in the third year of implementation on individual taxpayers, therefore, to further investigate the relationship between taxpayer's internal states and assessment performance of taxpayers, future research could be conducted at some later stage, such as after ten years of SAS implementation. The results might be different, as at the early stage taxpayers are still in the initial process of adapting themselves to the requirements of the new assessment system. Besides, taxpayers are trying to make themselves familiar with the responsibilities which they have just taken over from the tax authority. However, at some later stage, taxpayers might be more involved in decisions making and tax planning processes. In addition, new features of tax paying processes might also be carried out to accommodate taxpayers and overcome the weaknesses found in the early stage of SAS implementation.

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