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RESEARCH ARTICLE

The Acceptance of Digital Tax Administration among SMEs in Malaysia: The Application of UTAUT Model

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ABSTRACT

To improve the tax system in Malaysia, the government is implementing electronic invoicing. Transparency will be promoted, and the Inland Revenue Board of Malaysia (IRBM) will receive a more precise compliance risk assessment due to this initiative. The Twelfth Malaysia Plan, which intends to enhance digital services infrastructure and digitise tax administration, is in line with the use of e-invoicing. SMEs have an enormous opportunity for growth as a result of this digitisation. Small businesses, however, are still trailing behind in this transformational initiative. In order to comprehend the acceptance of digital tax administration in Malaysian SMEs, this study will examine and apply existing models of technology adoption, particularly the Unified Theory of Acceptance and Use of Technology (UTAUT). The goal of this study is finding the elements that affect taxpayers' acceptance of digital tax administration. Data were collected from 102 SME taxpayers. The study adopts a quantitative approach and distributed questionnaires to all SMEs' top management. PLS 4.0 was used to analyse the data, and the study found that taxpayers' tendency to embrace digital tax administration is determined by social influence, facilitating conditions, performance expectancy, and effort expectancy. Furthermore, according to Importance-Performance Map Analysis (IPMA), the most significant factor influencing SME adoption of digital tax administration is performance expectancy. By determining the elements that influence Malaysian SMEs' support for tax administration, the study strengthens the theory. It further contributes to practicality by giving policymakers evidence, which guarantees that all SMEs in Malaysia will embrace digital tax administration.

INTRODUCTION

In many countries, especially the developing ones, taxes are an essential source of revenue. It provides funding for a number of projects, including the construction of hospitals, schools, and other physical infrastructure as well as social and economic welfare activities.

It is anticipated that the Malaysian government will earn RM312.159 billion in 2024. The tax policies detailed in Budget 2024, which are anticipated to improve tax revenue collection and spur economic growth, are to blame for this increase. The ministry claims that tax revenue, which accounts for 79.5 percent of total revenue and 12.57 percent of Gross Domestic Product (GDP), is the main source of funding for the federal government (Bernama, 2024). In order to regulate the economy and guarantee the welfare of the Malaysian people, this increase in tax revenue is necessary (Mohamad et al., 2016). The Ministry of Finance uses the *Lembaga Hasil Dalam Negeri* (LHDN) as its agent to collect taxes from both the Malaysian people and corporations.

With reference to Nazarov (2016), the tax system can be described as a social category that is considered an open system. It encompasses political, economic, and legal provisions and is designed

to ensure the implementation of the tax mechanism. An effective tax system should aim to balance the interests of both taxpayers and the government.

According to Gherghina et al. (2020), SMEs are vital in promoting economic growth. However, due to a lack of knowledge and resources, these enterprises frequently struggle to fulfil their tax requirements. In the next three to five years, tax departments are anticipated to face new objectives and challenges, according to the Deloitte 2023 Tax Transformation Trend Survey (Deloitte, 2023). The survey emphasises the need for accurate and timely tax-related data integrated within the organisation and the need of complying to a dynamic tax environment.

Malaysia's economy and growth are positively impacted by an increase in the number of SMEs in the entire country (Sana et al, 2020). This is due to SME business owners paying greater taxes. Assessing taxes on SME companies that do not register with the tax office, however, can be problematic. According to Aziz et al. (2022), tax revenue is important because it can encourage wealth creation and economic development while assisting in the reduction of budget deficits. The country will undoubtedly suffer from tax noncompliance (Aziz et al., 2024).

Globally, many countries' current taxation systems are now heavily focused on administering digital taxes (Fjord & Schmidt, 2023). This entails promoting digital taxes to taxpayers, updating tax legislation, offering digital infrastructure, and providing information and consultation service (Fjord & Schmidt, 2023; Manzhura et al., 2022). The experience of taxpayers has been greatly enhanced by the implementation of digital tax systems. Tax authorities' use of technology, including digital tax systems, improves compliance strategies in the digital economy, according to a number of studies (Hendriyetty et al., 2023; Lubua, 2014; Malima, 2020; Night & Bananuka, 2020). In particular, the government of Malaysia recently unveiled its 2024 budget, placing a high priority on the digitalisation of SMEs and the growth of the digital economy. Bank Negara Malaysia has set aside RM900 million in soft loans to finance SME automation and digitisation initiatives (Chuah, 2023).

The term "digital transformation" describes how the use of digital technologies within an organisation or its operating environment has revolutionised working methods, roles, and business processes. Digitalisation is now influencing business environments and work practices, assert Parviainen et al. (2017). A company may struggle in a less competitive market if digitalisation is neglected. Both internal procedures and the overall working environment of a business can be affected by digitalisation. By eliminating traditional supply chain middlemen and adding new ones, it might open up new business opportunities. Globally, SMEs are increasingly embracing digital technology to strengthen their resilience, competitiveness, and capacity to create new sources of value. Digitalisation and digital tools are beneficial to SMEs, claims Abanmai (2020). According to the OECD (2021), digitalisation provides SMEs the opportunity to boost efficiency, innovate, perform better, and more successfully compete with larger businesses. Smaller businesses, meanwhile, are still lagging behind in the digital transformation process.

According to the UTAUT, behavioural intention has an impact on the adoption of technology. This concept states that four important factors – performance expectancy, effort expectancy, social influence, and conducive conditions – determine the probability of adopting technology. This model is particularly beneficial in determining how widely accepted modern technology is, especially when it comes to digital tax administration.

Few studies have been done on the use of this new technology in relation to SMEs in Malaysia because digital tax administration is still a relatively new application. Using the technological-organisational-environmental (TOE) framework, Anna Azmi et al. (2016) investigated the factors influencing SMEs' adoption of a tax-compliant accounting system. They paid particular attention to how tax compliance costs promote the use of such a system. Their study attempts to establish a connection between the costs of tax compliance and the existing literature on the adoption of information technology (IT).

Aziz et al. (2022a) investigated the factors influencing tax compliance among Malaysian SME business owners in another study. They looked at how tax compliance was impacted by tax morale, tax complexity, and tax knowledge. Furthermore, the UTAUT Model was applied to SMEs by Aziz et al. (2022b), who focused on digital platform usage generally rather than digital tax administration in particular. In the meantime, Saruji and Hamid (2021) investigated how prepared tax agents were for

digitalisation. Another study by Zakaria et al. (2024) looked at the readiness of tax practitioners in implementing tax digitalisation. This investigation is motivated by the gaps found in these studies. Thus, the objective of this research is to investigate the acceptance of taxpayers in Malaysian SMEs in adopting digital tax administration.

The next chapter proceeds with literature reviews, research methodologies, results and discussion. The study sums up with conclusion and recommendations.

LITERATURE REVIEW

SMEs in Malaysia

SME Corp (2020) states that there are three (3) approaches to define an SME. Table 1 presents the definition of an SME from the perspectives of the Ministry of Human Resources, Bank Negara Malaysia, and IRBM (tax authority). In a notice published on December 27, 2017, Bank Negara Malaysia (Central Bank of Malaysia) updated the definition of SMEs: manufacturing sales turnover not exceeding RM50 million, full-time employees not exceeding 200 workers; and services and other sector-sale turnover not exceeding RM20 million or full-time employees not exceeding 75 workers.

Table 1: Definition of SMEs in Malaysia by Bank Negara, Ministry of Human Resource and IRBM.

<table>
<tr><th>Organisation</th><th colspan="3">Criteria</th></tr>
<tr><td rowspan="3">Bank Negara</td><td>Sector</td><td>Sales turnover</td><td>Employee count</td></tr>
<tr><td>Manufacturing</td><td><RM50 million</td><td><200</td></tr>
<tr><td>Services and Others</td><td><RM20 million</td><td><75</td></tr>
<tr><td rowspan="4">Ministry of Human Resource</td><td colspan="3">Number of Employees</td></tr>
<tr><td>Micro</td><td colspan="2" rowspan="3"><75
76-200
>200</td></tr>
<tr><td>Small</td></tr>
<tr><td>Medium</td></tr>
<tr><td>LHDN</td><td colspan="3">Paid up capital of <RM 2.5 million</td></tr>
<tr><td></td><td colspan="3">Annual sales turnover <RM5 million</td></tr>
</table>

A boost in domestic growth and SME expansion could be fostered by the effective implementation of the National Energy Transition Roadmap and the New Industrial Master Plan (NIMP) 2030. The National Energy Transition Roadmap seeks to expedite Malaysia's agenda for green and sustainable growth, while the NIMP 2030 establishes the country's economic development goals for the next ten years.

By emphasising the importance of SMEs as key catalysts of economic growth, the NIMP 2030 significantly contributes to the Madani Economy framework. Within seven years, it aims to double SME exports to 25%. With about half of the workforce employed and 38% of the GDP coming from SMEs, SMEs account for about 97% of the Malaysian economy. Acknowledging the need for support, the government has made initiatives to assist SMEs a priority in Budget 2023. These initiatives include tax incentives, funding options, and a Digitalisation Grant Scheme (Yap, 2023).

Digital tax in Malaysia

SMEs and micro-SMEs (MSMEs) have been embracing digital technology at a remarkable pace since the COVID-19 epidemic. They are adopting online trade platforms, digital QR codes for menus, digital wallets like TnG and GrabPay, and even robotic waiters. The government has pledged an additional RM100 million in matching digitalisation grants to assist MSMEs in their digital transformation, as they make up around 79% of all MSMEs. However, in terms of digital transformation, a lot more work needs to be done. Regardless of the challenges involved, SMEs have a lot of opportunities to completely digitise their company operations. This would enable widespread digital collaboration throughout the value chain and establish an environment that is conducive for the expansion of SMEs.

On January 1, 2020, Malaysia introduced its tax system for supplies from international digital service providers. After Singapore, Malaysia was the second nation in South-East Asia to impose such a tax. It revised the regulations governing business-to-business (B2B) supplies in January 2019 and mandated businesses to disclose and pay service tax. Foreign suppliers must now pay service tax to all consumers including B2B transactions, as of January 1, 2020, and service tax will be applied to any digital service that a foreign registered person (FRP) offers to a Malaysian consumer. The

introduction of the digital service tax (DST) on January 1, 2020, will mark the start of Malaysia's tax digitalisation. All digital services imported by Malaysian consumers under the Business-to-Consumer (B2C) framework will be subjected to this tax. The goal of the government is to level the playing field for Malaysian domestic and international suppliers.

During the 2019 Budget announcement, Malaysia's digital service tax was made public. This action supports fair competition and is consistent with other countries that have imposed taxes on digital economy. With the implementation of Malaysia's digital service tax, every service that a foreign or local registered person offers to a consumer via the internet or other equivalent electronic networks will now be taxable.

Any foreign service provider registered with the Royal Malaysian Customs (RMC) is referred to as an FRP. This includes individuals and companies that are based outside of Malaysia that provide consumers with digital services, like online platforms for purchasing or selling goods or offering a range of services. At the moment, Malaysia imposes a projected 6% digital service tax. If the total value of digital services offered to consumers surpasses the RM500,000 level, foreign service providers who want to offer these services in Malaysia must register. All foreign service providers will need to submit an online application for services tax registration as of October 1, 2019.

UTAUT model and digital tax administration

According to the UTAUT theoretical model, behavioural intention has an impact on technology use (Chao, 2019). According to this theory, four key factors – performance expectancy, effort expectancy, social influence, and facilitating conditions – determine the likelihood of adopting technology. The most significant predictor of technology usage intention is performance expectancy, which can be applied in both mandatory and voluntary situations (Chao, 2019; Venkatesh, Thong & Xu, 2016).

An individual's belief that utilising a system will enhance their job performance is known as performance expectancy (Marikyan & Papagiannidis, 2023). The Technology Acceptance Model (TAM), TAM2, the Combined TAM and the Theory of Planned Behaviour (CTAMTPB), the Motivational Model (MM), the model of PC utilisation (MPCU), Innovation Diffusion Theory (IDT), and Social Cognitive Theory (SCT) are some of the models that have influenced it. These constructs include relative advantage, job-fit, perceived usefulness, extrinsic motivation, and outcome expectations. In both mandatory and voluntary situations performance expectancy is the most reliable indicator of intention to use a system (Maruping et al., 2017; Venkatesh et al., 2016).

According to previous research, the most important factor influencing a consumer's belief in and intention to adopt new technology is performance expectancy (Venkatesh et al., 2012). The adoption of mobile payment systems is favourably and significantly impacted by perceived usefulness and customer attitude, according to studies conducted in the United States and Germany by Bailey et al. (2017) and Schierz et al. (2010). The adoption of online tax return reporting is also significantly influenced by performance expectancy, according to a number of other research on the subject (Aziz & Idris, 2015; Carter et al., 2011; Chaouali et al., 2016; Mas'ud & Umar, 2019; Prawati & Dewi, 2018). Thus, the following hypothesis is formulated:

H1. Performance expectancy positively influences taxpayers' attitudes towards adopting digital tax administration

The perceived ease of use of a system is known as effort expectancy (Marikyan & Papagiannidis, 2023). Constructs like perceived complexity and ease of use, which are derived from TAM, MPCU, and IDT, have an influence on it. However, after extended use of technology, the impact of effort expectancy decreases (Gupta et al., 2008; Chauhan & Jaiswal, 2016).

According to research, attitude and behavioural intention are significantly affected by effort expectancy (Bailey et al., 2017; Patil et al., 2020; Schierz et al., 2010). In particular, effort expectancy is a significant factor in determining taxpayers' attitudes towards online tax return reporting (Aziz & Idris, 2016; Carter et al., 2011; Chaouali et al., 2016; Mas'ud & Umar, 2019; Perveen & Ahmad, 2022). Thus, the following hypothesis is formulated:

H2. Effort expectancy will positively and significantly impact taxpayers' attitudes towards adopting digital tax administration

According to Venkatesh et al. (2003), social influence is the notion that influential individuals expect a person's adoption of a new system. Subjective norms, social factors, and image constructs utilised in TRA, TAM2, TPB, CTAMTPB, MPCU, and IDT are comparable to this concept in that they all imply that behaviour of individuals is influenced by the opinions of others. Social influence has a particularly significant impact when the use of technology is required. In these situations, individuals might use technology more for compliance purposes than for personal reasons (Venkatesh & Davis, 2000). This could explain why many research that validate the model have produced conflicting results about the impact of social influence (Zhou et al., 2010; Chauhan & Jaiswal, 2016).

Aziz and Idris (2016), Carter et al. (2011), Carter and Schaupp (2009), Chaouali et al. (2016), Hussein et al. (2011), Mas'ud and Umar (2019), and Schaupp et al. (2010) are just a few of the scholars that have studied online tax return reporting. Self-efficacy was repeatedly demonstrated to have a positive and significant effect on taxpayers' intentions to use online platforms for tax reporting. Thus, the following hypothesis is formulated:

H3. Social influence will have a positive and significant impact on taxpayers' intentions to adopt digital tax administration.

The assumption that there is organisational and technical infrastructure that supports the use of a system is referred to as a "facilitating condition" (Venkatesh et al., 2003). Compatibility, perceived behavioural control, and facilitating conditions from TPB, CTAMTPB, MPCU, and IDT are some of the structures from which this construct is derived. Although facilitating conditions directly increase intention to use at first, this effect diminishes after the initial use. Accordingly, the model implies that use behaviour is directly and significantly influenced by facilitating conditions (Venkatesh et al., 2003).

According to a number of studies (Ambali, 2009; Chaouali et al., 2016; Hung et al., 2006), FC has a strong influence on taxpayers' intentions to employ online tax return reporting. Thus, the following hypothesis is formulated:

H4. Facilitating conditions will positively and significantly impact taxpayer intention to adopt digital tax administration.

METHODOLOGIES

This research used a quantitative methodology and employed a purposive sample technique to select respondents from Malaysian SMEs. A structured, self-administered survey questionnaire was used to collect data which was adapted to accommodate the needs of this area based on other studies (Alshira'h et al., 2021; Bani-Khalid et al., 2022; Mbise & Baseka, 2022). Using a five-point Likert scale, respondents were asked to rate how much they agreed with statements regarding digital tax elements. The highest degree of agreement was represented by a score of 5, while the lowest level was denoted by a score of 1. This research tool had a pre-test to guarantee reliability.

Kline (2011) states that sufficient questionnaire item reliability is indicated by a Cronbach's Alpha value larger than 0.6. From SMEs in Malaysia, 102 completed questionnaires were collected. Using correlation analysis and partial least square structural equation modelling (PLS-SEM) techniques, two rounds of analysis – the item measurement model and the structural measurement model – were carried out. 102 data points were kept for additional analysis following a number of data cleaning procedures, including outlier detection tests. While Smart PLS 3.3.3 (Ringle et al., 2015) was utilised for the measurement model and the structural measurement model, SPSS 23.0 was employed for descriptive analysis.

FINDINGS

Measurement model: The results of the reliability and convergent construct validity tests are shown in Table 2. Convergent validity is the extent to which two scales within the same construct have positive relationships with one another (Malhotra, 2002). The measures are considered reliable if

the composite reliability (CR) is larger than 0.7, and the value is considered valid if the average variance extracted (AVE) is greater than 0.5, as suggested by Hair et al. (2021). Research findings indicate that all items had sufficient extracted average variance (AVE), composite reliability (CR), and high internal consistency (Nunnally & Bernstein, 1994; Chin, 1998) confirming convergent validity in all items (Hair et al., 2021).

Table 2: Convergent validity test

Construct	Item	Loading	Cronbach	CR	AVE
DT	DT1	0.668	0.949	0.956	0.625
	DT2	0.665			
	DT3	0.816			
	DT4	0.871			
	DT5	0.711			
	DT6	0.719			
	DT7	0.849			
	DT8	0.856			
	DT9	0.790			
	DT10	0.813			
	DT11	0.805			
	DT12	0.822			
	DT13	0.855			
FC	FC1	0.963	0.953	0.97	0.914
	FC2	0.965			
	FC3	0.939			
PEOU	PEOU1	0.807	0.883	0.92	0.744
	PEOU2	0.948			
	PEOU3	0.891			
	PEOU4	0.796			
PU	PU1	0.920	0.883	0.921	0.748
	PU2	0.932			
	PU3	0.902			
	PU4	0.680			
SI	SI1	0.702	0.856	0.903	0.703
	SI2	0.878			
	SI3	0.909			
	SI4	0.848			

DT: Digital Tax, FC: Facilitative Condition, PEOU: Perceived Ease of Use, PU: Perceived Usefulness, SI: Social, CR: Composite Reliability, AVE: Average Variance Extracted

Discriminant validity was previously evaluated according to the standards proposed by Fornell-Larcker (1981). However, this approach has been criticised since it fails to identify discriminant validity problems in typical research environments (Henseler et al., 2015). As an alternative to the previous approach, the HTMT values will be examined. According to Henseler et al. (2015), PLS 4 uses the HTMT ratio to assess discriminant validity. Table 3 explains why the discriminant validity of the research constructs is below the required 0.90 threshold. Gold et al. (2001) said that if the HTMT value is 0.90 or higher, discriminant validity poses a problem. The successful achievement of discriminant validity was demonstrated by the highest possible value (0.895), which was below the HTMT 0.90 threshold (Gold et al., 2001). The HTMT ratio is described in Table 3 below.

Table 3: Heterotrait-Monotrait (HTMT) ratio

	DT	FC	PEOU	PU	SI
DT					
FC	0.766				
PEOU	0.886	0.719			
PU	0.891	0.562	0.792		
SI	0.879	0.895	0.842	0.767	

DT: Digital Tax, FC: Facilitative Condition, PEOU: Perceived Ease of Use, PU: Perceived Usefulness, SI: Social

The findings of the HTMT ratio analysis demonstrated that there is no issue with multicollinearity and that all the study items were verified to measure the intended construct. Once the measurement model assessment meets the predetermined requirements, the next step in the analysis process is to test the structural model and the study hypotheses.

Structural model

The model's quality will be determined by reporting beta (β), R-squared (R2), effect size (f2), and predictive relevance (Q2) values prior to the structural model assessment. A bootstrap analysis with 5000 samples was used to address the study hypotheses (Hair et al., 2021). The results of the analysis are displayed below in Table 4 and Figure 1.

Table 4: Path coefficient test

Hypothesis	Relationship	Std. Beta	Std. Error	t-value	p-value	BCI LL	BCI UL	f^2
H1	FC -> DT	0.210	0.082	2.542	0.006	0.072	0.339	0.098
H2	PEOU -> DT	0.268	0.059	4.528	p<.001	0.157	0.355	0.175
H3	PU -> DT	0.423	0.051	8.297	p<.001	0.352	0.518	0.558
H4	SI -> DT	0.158	0.093	1.699	0.045	-0.007	0.304	0.040

DT: Digital Tax, FC: Facilitative Condition, PEOU: Perceived Ease of Use, PU: Perceived Usefulness, SI: Social Influence.

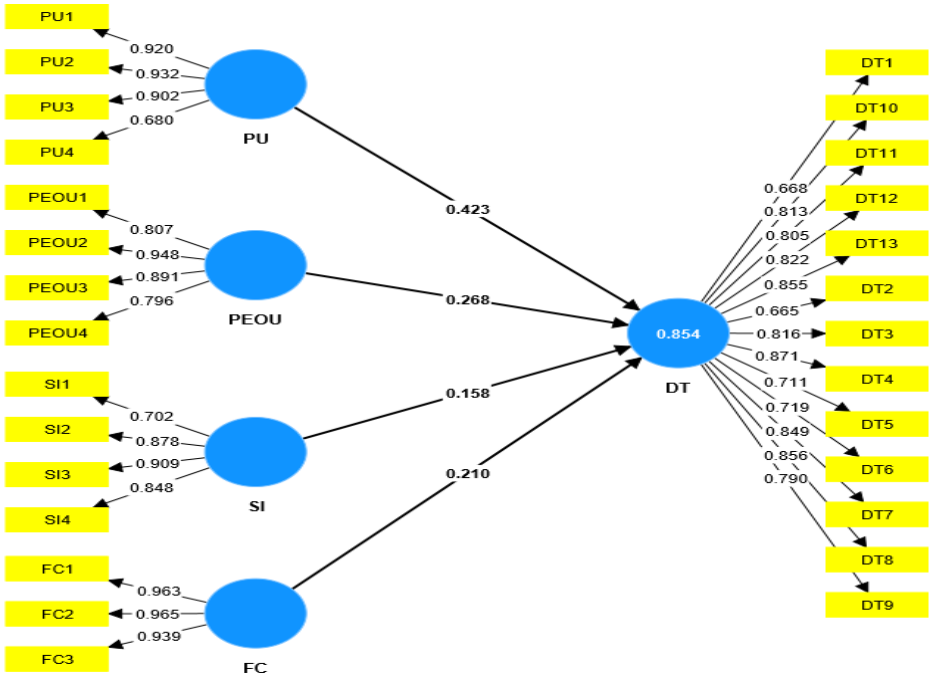

Figure 1: Results of measurement model analysis

The t-values, confidence intervals, and p-values were obtained by a bootstrapping analysis with 5,000 resamples, as recommended by Hair et al. (2021). The results are shown in Table 5. The modelled variables justify 85.4% of the variation in Digital Tax. With an R2 value of 0.854, DT was able to account for 85.4% of the variance in DT, placing this result in the high range as defined by Chin (1998), which also includes 0.67 (high), 0.33 (moderate), and 0.19 (low).

Cohen's (1988) guidelines stated that an effect size (f2) between 0.161 and 0.342 was deemed moderate. The range of values were 0.02 (small), 0.15 (moderate), and 0.35 (large). According to Hair et al. (2021), because the predictive relevance value (Q2) of PU, PEOU, SI, and FC was more than 0 (0.500), these predictor variables were able to predict DT. Digital Tax (DT) (β = 0. 423, p<.001), Perceived Ease of Use (PEOU) (β = 0. 268, p<.001), Facilitative Condition (FC) (β = 0. 210, p = 0.006), and Social Influence (SI) (β = 0. 158, p = 0.045) are all positively correlated with Perceived Usefulness (PU), supporting H1, H2, H3, and H4.

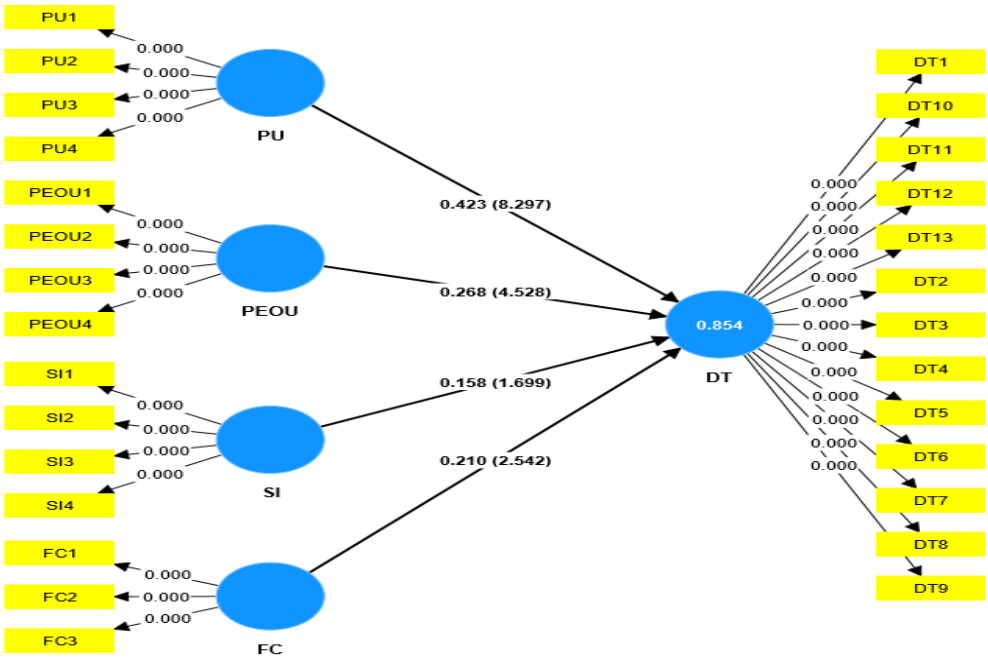

Figure 2: Results of bootstrapping analysis

Source: Author (2024)

The purpose of IPMA is to examine more closely which of the four elements are deemed significant and need attention. The focus of this analysis is to determine the model's diagnostic value (Martilla & James, 1977). In order to ascertain the relative importance of each construct or item in the study model, the average values of digital tax are compared with the perceived usefulness, perceived ease of use, facilitative condition, and social influence factors. The perceived usefulness is the most significant factor, according to Table 5 and Figure 3, with a performance score of 78.809 and an importance value of 0.423 and this is followed by the perceived ease of use (0.268; 73.405).

Table 5: Results of IPMA

Constructs	Important (Total Effect)	Performance (Index Values)
FC	0.210	71.660
PEOU	0.268	73.405
PU	0.423	78.809
SI	0.158	70.304

FC: Facilitative Condition, PEOU: Perceived Ease of Use, PU: Perceived Usefulness, SI: Social Influence.

Source: Author (2024)

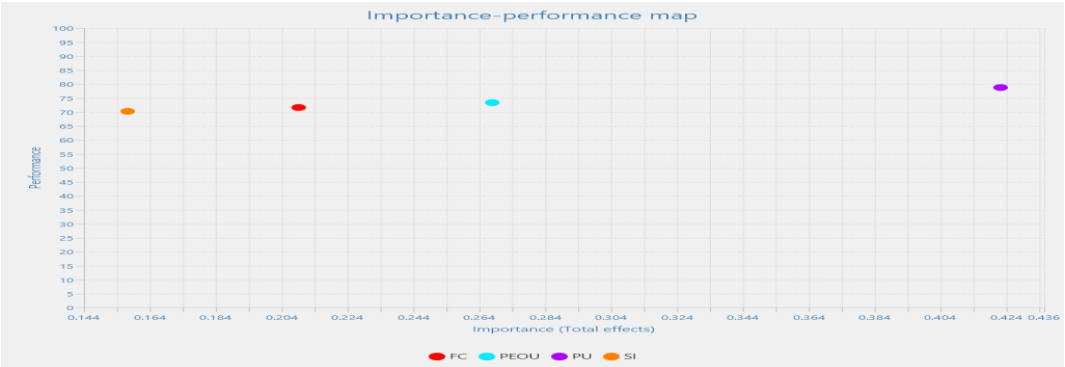

Figure 3: Results of IPMA

FC: Facilitative Condition, PEOU: Perceived Ease of Use, PU: Perceived Usefulness, SI: Social Influence.

Source: Author (2024)

DISCUSSION

Overall, there is a significant positive relationship between digital tax administration and the four components of the UTAUT Model: performance expectancy, effort expectancy, social influence, and facilitating condition. This outcome is consistent with earlier studies conducted by Zakaria et al. (2024). They consider how prepared tax practitioners are to embrace tax digitalisation. This study map is viewed from the perspective of the taxpayer. The UTAUT Model is supported by both findings.

The findings indicate a positive relationship between digital tax administration and performance expectancy ($\beta = 0.423$, $p<.001$). According to the study, Malaysian taxpayers are more likely to embrace digital tax administration if they have a stronger belief in its efficacy. Alternatively, taxpayers are more likely to accept digitalisation if they believe it will benefit their jobs. The first hypothesis (H1) is supported by this finding.

The second hypothesis (H2) of the study suggests that the adoption of digital tax administration among SME taxpayers is positively correlated with the ease of use of digital processes ($\beta = 0.268$, $p<.001$), and tax practitioners are more likely to adopt digital processes when they find them easy to use and integrate into their work (Zakaria et al., 2024).

This finding supports the study's third hypothesis (H3), which suggested that social influence has a positive effect on the adoption of tax digitalisation among Malaysian tax practitioners ($\beta = 0.210$, $p = 0.006$). Taxpayers are more likely to embrace these technologies themselves when they see that colleagues or social networks support them.

Lastly, the study's fourth objective looks at the relationship between digital tax administration and facilitating conditions. The findings reveal a positive correlation ($\beta = 0.158$, $p = 0.045$) between the adoption of tax digitalisation among SME taxpayers and facilitating conditions as internet infrastructure and user-friendly interfaces ($\beta4=0.227$, $t:2.081$, $p<0.001$). They contend that when taxpayers perceive a favourable internet infrastructure, such as dependable internet connections and user-friendly interfaces, they are more likely to adopt digital tax administration.

CONCLUSION

This paper examined the factors influencing taxpayers' adoption of digital tax administration. By analysing a number of variables, including social influence, performance and effort expectations, and facilitating conditions, the study identifies the aspects that contribute to businesses' adoption of digital taxes and will ultimately support tax compliance in Malaysia. This study explored the factors that influence taxpayers' acceptance of digital tax administration. Through the examination of various factors such as performance expectancy, effort expectancy, social influence, and facilitating conditions, the study highlights the reasons upon the acceptance of digital tax among companies that will ultimately support tax compliance in Malaysia.

Results show that the UTAUT model is a useful framework for comprehending how tax-related technologies are adopted and used in Malaysia. Taxpayers are more likely to comply when they believe that the tax system is favourable, effective, and easy to use. Important criteria including performance expectancy and effort expectancy have been found to be major predictors of tax compliance. Furthermore, since taxpayers are influenced by societal norms as well as the availability of resources and assistance while using tax technologies, social norms and resource availability also play crucial roles.

This study has important implications for policymakers since it indicates that increasing the perceived benefits and simplicity of use of tax systems, as well as strengthening social support and giving taxpayers access to adequate resources, may result in higher total tax compliance. The UTAUT model may be further improved in the tax context by future studies, especially in view of the dynamic shifts in digital tax systems and changing taxpayer expectations.

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