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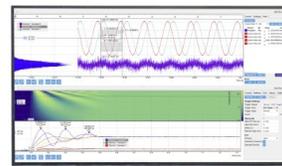
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Administrative Related Factors Affecting the Assessment Tax Arrears

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Abstract. Local government (LG) is an agency that has been empowered through legal provisions to impose the assessment tax. Thus, it directly causes the affairs of tax administration to be parked under the scope and jurisdiction of the LGs. Assessment tax arrear is a long-standing issue that has been faced by the LGs. From time to time, the crisis of assessment tax arrears is considered as getting worse and it requires various proactive actions to be taken including re-evaluating the current administrative process of assessment tax as it is practising by the LGs. The main purpose of this study is to identify the factors which related to tax administration that has influenced the existence of assessment tax arrears based on the perspective of taxpayers. This study also aims to assess the strength of the relationship between each of the factors involved. The required data were collected through a survey method and a set of related questionnaire form was used as a research instrument. The respondents of this study are consisting of property owners who are subject to pay the assessment tax. In overall, this study has involved 261 respondents. The data collected were analyzed using descriptive and correlation methods. The findings of the study show that there are 8 administrative related factors that have influenced the existence of assessment tax arrears, namely taxation equality and justice, tax beliefs, tax expertise, staff adequacy, payment facility, transparency of services, tax incentives and tax communication. Through this study as well, it was found all the factors have a significant relationship with most of other factors.

INTRODUCTION

Tax is generally understood as a form of compulsory payment imposed by certain individuals or organizations in a country. Tax is a mandatory charge imposed by the government without any expectation of quid pro quo [1]. In other words, tax could be defined as a compulsory payment made by the people to the government agencies with no direct return to the taxpayers. In Malaysia, assessment tax or also referred as property tax is one form of tax imposed directly by the local governments (LGs) on property owners or administratively referred to as holding owners. Provisions under Section 2, Local Government Act 1976 have clarified that the assessment tax is a form of local tax imposed on individual based on their real estate or property ownership including residential, agricultural, business, industrial and vacant lands within the district area administered by the LGs.

Generally, the revenue from assessment tax is the main income for LGs which are used to pay for services and maintenance in the LGs administrative areas [2] or it also considered as a main financial resource to LGs in providing urbanisation services toward community [3]. Based on the the studies executed by Pawi et al. [2] and others [4-7], it was found the issue regarding to tax assessment arrear is a scenario that has long been faced by most of LGs in Malaysia. In fact, most of the findings or discussions through the studies have made it clear that the problem of assessment tax arrears is getting more serious over the time. The level of compliance of property owners greatly affects the amount of collection or arrears of assessment tax which experienced by LGs.

In addition, based on the aspect of compliance, the study or discussion for example by Abdul Razak et al. [4] and Gayer and Mourre [8] have discussed that the issue of assessment tax arrears is also related to the administrative aspect of assessment tax itself. It is because there are certain elements in the context of tax administration that can be a causal factor or obstacle for taxpayers to settle down the assessment tax imposed on them. Therefore, the existence of tax

administration factors that affect the continuity of assessment tax arrears need to be given due attention. Therefore, the main purpose of this study is to identify the administrative related factors that have influenced the existence of the issue of assessment tax arrears and further to assess the strength of the relationship between each factor involved.

LITERATURE REVIEW

Referring to the general scenario of taxation, the presence of the of tax arrears issue is usually referred to a situation where the tax revenue is not fully settled by a number of taxpayers within a specified period of time. It means the government or the tax collector entity involved will not get the actual tax revenue. Lack of revenue from this situation is usually referred to several components of the main causes which related to tax compliance, tax administration, tax evasion, tax moral and others. Nevertheless, the tax compliance and administration components are more frequently discussed in the context of tax arrears. This is because these two main components are actually interrelated each others since the performance of the tax administration can actually affect the achievement in terms of tax compliance. This has been explained by Alm and Martinez-Vazquez [9] that tax administration exists to ensure tax compliance and discourage non compliance. Strong tax administration is a requisite for ensuring high compliance effectively and administering tax policies efficiently [10].

However, in the context of tax administration as well, there are various statements have mentioned that the weakness of tax administration will have a negative impact on the management and operation of the tax itself and vice versa. Inefficient tax administration would not provide quality services to the taxpayers, and hence, there will be a high cost of running the system and problems for voluntary tax compliance [11]. Further, Bird et al. [12] state that the subject of tax administration is extremely important both to those concerned with the key role increased tax yields can play in restoring macroeconomic balance and those concerned with tax policy and its effects on the economy in general. Furthermore, Gill [13] has mentioned that weaknesses in tax administration lead to inadequate tax collections, hence shrinking the budgetary resource envelope, and affecting the government's ability to implement its policies and programs and provide public services. On the other hand, the efficiency of tax administration will produce a lot of positive impacts on the tax performance itself. Improvement in tax administration seeks to secure maximum tax revenue effectively and efficiently given tax rates [14]. In fact, according to Araki and Claus [15] a robust and sustainable tax system requires good tax administration. In property tax context, Ahmad et al. [16] has discussed the local governments had made an attempt to raise tax revenues through more effective administration. While, fair and efficient property tax administration is critically important to both individual and business taxpayers around the world [17].

“Tax administration is a complex phenomenon which is embedded in a country’s legal system and forms part of the country’s public administration. It is institutionalized by various sets of rules which vest the powers of administration in the tax authority, establish ‘checks and balances’ for the execution of these powers, and formalize the relationship between taxpayer and tax authority. The way how tax administration is institutionalized, is influenced by a country’s legal traditions, social norms and values, as well as by the dynamics in the relationship between government and citizens. A better understanding of tax administration requires therefore a holistic view and a comprehensive approach [18]”. Tax administration is generally understood with a variety of distinctive meanings and scopes and has been viewed from a variety of perspectives. However, the term of tax administration is commonly used in order to highlight a routine of tax process; from the beginning of the tax imposition until to the use of the tax revenue by the tax agency. The discussions of the process components contained in tax administration is also tend to be viewed and explained in different contexts. For example, Abdul Aziz and Al-Harethi [11] have referred to the tax administration component which is generally referred directly to the entity or organization that has been empowered by the relevant laws to manage the governance of related tax affairs. Meanwhile, Araki and Claus [15] have explained the process components by discussing that the mandate of tax administrations which is to assess and collect tax according to the national tax laws. This statement clearly shows that the assessment and collection of tax revenue is a major process that needs to take place in the aspect of tax administration. Further, Lam et al. [19] have pointed out that there are 6 groups of key variables that have been discussed as the components of tax administration namely policy and legal framework, taxpayer population, organization, tax administration processes, human resources and information systems. This view directly indicates a wide scope of tax administration as it involves various components. While, a study by Alink and Kommer [20] have listed the core functions of a tax administration include a. registration of taxpayers, including detection of non-registration and false registration; b. processing of tax returns, withholdings and third-party information; c. verification or examination of the correctness and completeness of received information (including audit activities); d. process of enforced debt collection; and d. handling of administrative appeals and

complaints. In the context of property taxation, Plimmer and McCluskey [21] explained that tax administration covers assessment, appeals, billing, collection and enforcement.

Referring to the previous studies, there are various discussions that explain the impact of tax administration on the performance of property taxation. A study by Nicely et al. [17] have evaluated the fair and efficient property tax administration using a scorecard approach where the level of fair and efficient is measured based on the three main components namely transparency, simplicity & consistency and procedural fairness. The transparency component is briefly referred to the capabilities or facilities provided to the taxpayers to get know on some important basics of tax enforcement such as legal provisions, valuation methods, calculation of tax rate, objections and appeals and others. Meanwhile, the simplicity and consistency component are referred to the ability of the taxpayers to understand the important terms and instructions of the related tax and the uniformity of implementation without discriminating against any party except for reasons that have been rationally explained. The last component is about the procedural fairness where it is referred to the steps of implementation or operations that can be followed and complied by the taxpayers. In most African countries, Ali et al. [22] have explained some specific features of the tax administration involved which shows its own weaknesses. The first feature is the narrow tax base where “this is due to a large proportion of informally owned properties and a range of legal exemptions and preferential treatment to different types of properties or different groups of society [22].” The second characteristic is called as exemptions where it is referred to the tax exemption granted to certain property owners without a clear basis. Next, ineffective assessment the value of properties is also considered as one of the characteristic where it is referred to the ability of related party to evaluate an accurate tax value by using a uniform and comprehensive method. The next characteristic is low tax rates, where this characteristic is referred to the imposition of improper tax rates due to several reasons, especially concerns to face negative reactions from the community. Finally, the feature is also referred to the flat rates. It is referred to the equated tax rate without giving consideration to several other factors that can affect the tax rate differences such as location factors, accessibility, zoning and others. Moreover, the study by Gerger et al. [23] have included fairness, trust, taxpayers’ rights, resistance, respect, technology use, consultation, and outcomes favorability as the variables on taxpayers’ perspectives on evaluating the effectiveness of tax administration. The result from this study has indicated that fairness and trust in the administration have a significant impact on taxpayers’ perspectives.

Next, referring to the study aimed on determining the critical success factor on tax administration, Shagaria and Saad [24] have discussed several factors involved which include autonomy of the State Board of Internal Revenue (SBIR), use of information and communications technology, public enlightenment, strong auditing practice, motivation and incentives and perceived corruption on tax administration efficiency in Nigeria. In addition, Umar and Tusubira [25] have suggested that improvement on tax administration could be made specifically on several aspects including i) ineffective and incomplete databases of taxpayers and their financial activities; ii) tax system complexity, knowledge and awareness; iii) audit ineffectiveness; iv) corruption, distrust in relation to authorities; inadequate supply of public goods; and v) strained power and fiscal relationship between central and subnational governments. Based on the above discussion, it can be understood that the existence of certain factors related to tax administration could be considered as the main reasons which caused the tax revenue can not be collected in the actual amount or in other words the occurrence of tax arrears. Based on the related information gained from literatur review, in general there are 14 items that already have been determined as the factors influenced the assessment tax arrears in the context of tax administration. The factors are as listed in Table 1 as follows:

TABLE 1. The factors influencing assessment tax arrears in the context of tax administration

No.	List of Factors	Description	Source
1.	Tax Foundation	Refers to the components of legal basis, autonomy, rationale and objectives of assessment tax has been introduced and imposed on the property owners/ taxpayers.	[19], [22], [24] & [25]
2.	Tax Structure	Refers to the existence of the basic assessment tax implementation framework and procedures such as the tax calculation, tax rate, valuation method, appeal, exemption and others that can be known and understood by the taxpayers.	[22], [24] & [26]
3.	Tax Complexity Level	Refers to the existence of tax structures and procedures that are not too complex and easy to be understood and followed by the taxpayers.	[24], [25] & [27]
4.	Taxation Equality and Justice	Refers to the existence of a tax system that does and uniformity of implementation process without discriminating any party except for the reasons that have been reasonably explained by the related rules and regulations.	[17], [19], [21] & [23]

TABLE 1. The factors influencing assessment tax arrears in the context of tax administration (Continued...)

No.	List of Factors	Description	Source
5.	Tax Beliefs	Refers to the existence of a tax administration system that is able to create the belief or trust among taxpayers that all of tax activities and processes occur consistently and effectively.	[8], [19], [23] & [28].
6.	Tax Expertise	Refers to the knowledge, ability and attitude of the LG staffs in handling or conducting the taxation process as allocated by the act.	[22], [26] & [27]
7.	Staff Adequacy	Refers to the sufficient number of the LG staff in handling the taxation process.	[19]
8.	Information Technology	Refers to the existence of computerized information technology system which has created specifically for the purpose of operating and managing assessment tax in a LG organization.	[19], [23], [24] & [25]
9.	Payment Facility	Refers to the existence of various payment methods that can facilitate the tax payment process.	[27], [29]
10.	Transparency of Services	Refers to the implementation of certain programs or actions that are able to explain the efficiency of expenditure and financial management as well as the actual service performance of a LG as a tax agency.	[8], [25] & [26]
11.	Strategic Taxation Approach	Refers to the implementation of various specific programmes presented by LG organizations to achieve objectively a specific taxation target, including the development of specific strategies and action plans.	[11], [24]
12.	Tax Incentives	Refers to the existence of various programs that offer additional benefits to the taxpayers who pay their tax as required.	[24]
13.	Tax Audit	Refers to the audit programme that has been carried out on LGs taxation program and system.	[24] & [25]
14.	Tax Communication	Refers to the presence of any programme that has been implemented with the aim of creating or providing an opportunity for taxpayers to consult or negotiate with LGs as the tax agencies.	[23], [29], [30]

Referring to the overall discussions as mentioned above, the hypotheses of this study is explained as follows:

Ho: Assessment tax arrears is influenced by the certain factors related to aspects of tax administration which are namely as tax foundation, tax structure, tax complexity, taxation equality and justice, tax beliefs, tax expertise, staff adequacy, information technology, payment facility, transparency of services, strategic taxation approach, tax incentives, tax audit and tax communication.

RESEARCH METHODOLOGY

Based on the cost and time constraints, this study was conducted in the operating area of the Penang City Council where it is divided into two main districts in the island, namely Southwest and Northeast, Penang. The respondents of this study are taxpayers or property holders who possess the residential unit. This scope is made in order to enable the results of this study become more specific by referring to the feedback of residential property owners only. This study focuses on the perspective of assessment taxpayers. Taxpayers' perspectives on tax administration are important to ensure tax compliance [23]. While, James et al. [30] have stressed many developed countries and researchers have conducted surveys of taxpayers to evaluate their perspective and to develop better tax systems. Moreover, the theoretical and empirical studies of taxpayers' perspectives on tax administration have been conducted in the international area [23]. With the support described here, then to improve the tax administration system carried out by LGs, appropriate feedback also should be obtained from the taxpayers and not just focus on feedback from tax agencies alone.

This study has been conducted based on the quantitative approach where the survey method has been designed in a specific way in order to collect the required data. Questionnaire form has been developed as a research instrument and then has been distributed to the respondents through door to door data collection exercise. According to the information gathered from the Valuation and Property Management Department, Penang City Council in year 2016,

the total number of residential property owners which eligible for taxation is 241,697 people. Based on this figure, the total population for study has been considered as more than 100,000 people and the determination of the sample size was made using Cohen's table [31]. The table has set the sample size for this study is around 384 residential property owners. Therefore, a total of 384 questionnaires were printed and distributed to the related property owners. These respondents have been selected randomly based on the simple random sampling techniques where the populations that were categorized as the owners of residential property have the same probability of being selected as a respondent. Further, the data obtained were validated using Cronbach's Alpha coefficient analysis. Afterthat, the data involved was analyzed through a descriptive method consisting of frequency analysis, percentage, mean, mode and standard deviation. In general, this descriptive analysis is implemented to explain the basic features of the data used in this study in order to meet the research objective. Descriptive analysis deals with describing a phenomenon that how we think something is [32] and it attempts to examine the situations in order to describe the norm [33]. In addition, the relevant data has been analyzed with correlation analysis. This analysis is used for the purpose of identifying the strength of the relationship that occurs between the variables of this study, especially between the factors related to administration which influenced the issue of assessment tax arrears.

ANALYSIS OUTPUTS

Response Rate and Demographics

Referring to the 384 questionnaires that have been distributed for this study, only 261 questionnaires have been returned to the researchers. The results of the descriptive analysis on the respondent demographics are as shown in table 2 below:

TABLE 2. Demographic result of respondents

Respondent Attributes							
a.	Age	Frequency	%	b.	Education Level	Frequency	%
	< 30 year old	14	5.4		Primary	2	0.8
	30 – 40 year old	161	61.7		Secondary	64	24.5
	41 – 50 year old	53	20.3		Diploma	71	27.2
	51 - 60 year old	29	11.1		Bachelor Degree	85	32.6
	> 60 year old	4	1.5		Post-graduate	39	14.9
c.	Gender	Frequency	%	d.	Employment Type	Frequency	%
	Male	128	49.0		Government	123	47.1
	Female	133	51.0		Private	109	41.8
					Self-employed	19	7.3
					Unemployed	10	3.8
e.	Race	Frequency	%	f.	Income Level (per month)	Frequency	%
	Malay	198	75.9		< RM 1,500	19	7.3
	Chinese	46	17.6		RM1,500–RM3,000	52	19.9
	Indian	13	5.0		RM3,001-RM5,000	97	37.2
	Others	4	1.5		RM5,001-RM10,000	72	27.6
					>RM10,000	21	8.0
g.	Marital Status	Frequency	%	h.	Residential Ownership	Frequency	%
	Single	53	20.3		1 unit	223	85.4
	Married	192	73.6		2 units	27	10.4
	Divorced	10	3.8		3 units	7	2.7
	Widowed	6	2.3		More than 3 units	4	1.5
i.	Tax Arrears Status	Frequency	%	j.	Arrear Rate	Frequency	%
	Yes	161	61.7		≤ RM500.00	16	9.9
	No.	100	38.3		RM501 – RM1000	60	37.3
					RM1001 – RM1500	36	22.4
					RM1501 – RM2000	33	20.5
					≥RM2000.00	16	9.9

Based on the table 2.0, it shows the demographic results that have been generated for this study. Most of the respondents involved in this study are those aged between 30 to 40 years old which is 61.7%, followed by the respondents aged between 41 to 50 years with 20.3%. While, respondents aged between 51 to 60 years old were in third place with 11.1%, followed by respondents aged less than 30 years old by 5.4% and finally respondents aged 61 years old and above with 1.5%. The majority of the respondents held the bachelor degree or professional qualification (85 people or 32.6%), followed by respondents with diploma (71 or 27.2%), secondary level (64 or 24.5%), post-graduate level (Master or PhD) (39 or 14.9%) and finally primary school level (2 or 0.8%). The total number of female respondents were higher than male respondents with 51% or a total of 133 people, while the total number of male respondents were only 128 people (49%). In terms of employment type, 123 (47.1%) of them are working in government sector, 109 (41.8%) are working in private sector, 19 (7.3%) are self-employed and 10 (3.8%) of them are unemployed. A large number of respondents involved in this study consist of the Malay race with 75.9%, followed by 17.6% of the Chinese, Indian by 5.0% and other race with 1.5%.

Majority of the respondents (97 or 37.2%) for this study are gaining RM3,001.00 to RM5,000.00 per month as their income, followed by the respondents with monthly income RM5,001.00 to RM 10,000.00 (72 or 27.6%), monthly income around RM1,500.00 to RM3,000.00 (52 or 19.9%) at third place, 21 respondents (8.0%) with monthly income more than RM10,000.00 and 19 or 7.3% of them are only generating a monthly income less than RM1,500.00. Referring to marital status, the majority of respondents involved are categorised as married (73.6%), followed by the respondents who are still single with 53 people (20.3%), the divorced respondents (3.8%) and respondents with the status as widower/widow (2.3%). Most of the respondents in this survey are having 1 ownership of residential property (223 or 85.4%), followed by 2 ownership of residential properties (27 or 10.4%), 3 ownership of residential properties (7 or 2.7%) and more than 3 ownership of residential properties (4 or 1.5%). While, in term of tax arrears status, 161 or 61.7% of respondents are having an amount of tax arrears and only 100 or 38.3% of them are clear from tax arrears. Based on 161 respondents who are having the tax arrears, 16 or 9.9% of them are still having an arrears balance that is less than or equal to RM500.00 and the same percentage has been recorded for those who have an amount of RM2001.00 and above. In the majority, 60 or 37.3% percent of respondents have total arrears between RM501.00 - RM1000.00. A total of 36 or 22.4% of respondents have an arrears value between RM1001.00- RM1500.00 and the last is followed by respondents who have total arrears between RM1501.00 - RM2000.00 where it involves 33 or 20.5% respondents.

Validity and Reliability Results

According to Field [34], validity basically means as “measure what is intended to be measured”. Based on this definition, the validity test has been conducted in this research in order to ensure all the statements that have been listed in the related questionnaire form are suitable and capable to measure the need of study as guided by the research objective. There are many types of validity test such as face validity, content validity, construct validity, criterion validity and others. In this study, the content validity test has been used properly in ensuring that the content of the research instrument have been equipped with the actual variables. The implementation of this content validity did not involve any specific statistical procedures. The suitability and ability of the questionnaire content for this study has been fully reviewed by 2 categories of experts/panels, namely academic experts with the rank of professor in the field of property taxation and industry experts who are directly involved in managing property tax affairs in LG organization. Next, this study also performs a reliability test where it aims to test the stability and consistency of each administrative variable factor that has been formed and listed in the research instrument. Reliability test for this study were performed using the Cronbach’s Alpha coefficient test. According to Black and Porter [35] in using the Cronbach’s Alpha coefficient test, a value of 0.6 can be used as a cut-off value. It means the final value of the test is at least at the level of 0.6 to ensure that each item tested in the research instrument has a good level of reliability. The results obtained are shown in the table 3 below:

TABLE 3. Reliability analysis of the factors related to tax administration which affecting the existence of assessment tax arrears.

Crobbach's Alpha	Total Items
0.634	14
Items	Cronbach's Alpha if Item Deleted
Tax Foundation	.637
Tax Structure	.641
Tax Complexity Level	.685
Taxation Equality and Justice	.626
Tax Beliefs	.626
Tax Expertise	.561
Staff Adequacy	.554
Information Technology	.622
Payment Facility	.561
Transparency of Services	.628
Strategic Taxation Approach	.680
Tax Incentives	.562
Tax Audit	.642
Tax Communication	.561

Referring to the table above, the final result of the reliability test that has been conducted is 0.634. Since this value exceeds the predetermined value of 0.6, the result is used to conclude that there is an internal relationship that is interconnected with each other. Therefore, the level of reliability towards research instrument is considered good. Therefore, all 14 items involved in the study were advanced to the next stage of analysis.

Descriptive Result

Overall, the results from descriptive analysis are as shown in the table below:

TABLE 4. Descriptive results

Items	Frequency/ Percentage (%)					Percentage of Agree (4 + 5)	Mean	Mode	Standard Deviation
	1	2	3	4	5				
Tax Foundation	1	37	113	94	16	42.1	3.33	3.00	0.80861
	0.4	14.2	43.3	36.0	6.1				
Tax Structure	7	42	119	84	9	35.6	3.18	3.00	0.83641
	2.7	16.1	45.6	32.2	3.4				
Tax Complexity	-	23	109	114	15	49.4	3.46	3.00	0.73617
	-	8.8	41.8	43.7	5.7				
Taxation Equality and Justice	-	-	2	121	138	99.3	4.52	5.00	0.51566
	-	-	0.8	46.4	52.9				
Tax Beliefs	-	-	2	128	131	99.2	4.49	5.00	0.51606
	-	-	0.8	49.0	50.2				

TABLE 4. Descriptive results (Continued...)

Items	Frequency/ Percentage (%)					Percentage of Agree (4 + 5)	Mean	Mode	Standard Deviation
	1	2	3	4	5				
Tax Expertise	-	1	29	172	59	88.5	4.11	4.00	0.58506
	-	0.4	11.1	65.9	22.6				
Staff Adequacy	-	1	31	180	49	87.8	4.06	4.00	0.56507
	-	0.4	11.9	69.0	18.8				
Information Technology	2	23	110	114	12	48.3	3.42	3.00	0.74883
	0.8	8.8	42.1	43.7	4.6				
Payment Facilities	-	1	26	175	59	89.6	4.12	4.00	0.57284
	-	0.4	10.0	67.0	22.6				
Transparency of Services	-	-	9	161	91	96.6	4.31	4.00	0.53435
	-	-	3.4	61.7	34.9				
Strategic Taxation Approach	-	23	111	121	6	48.7	3.42	3.00	0.68399
	-	8.8	42.5	46.4	2.3				
Tax Incentives	-	1	24	182	54	90.4	4.11	4.00	0.55121
	-	0.4	9.2	69.7	20.7				
Tax Audit	-	22	101	134	4	52.8	3.46	4.00	0.67033
	-	8.4	38.7	51.3	1.5				
Tax Communication	-	1	35	173	52	86.2	4.06	4.00	0.58880
	-	0.4	13.4	66.3	19.9				

Referring to the Table 4, it can be seen that there are 9 items recorded a total percentage of agree exceeds than 50%. These items are taxation equality and justice (99.3%), tax beliefs (99.2%), transparency of services (96.6%), tax incentives (90.4%), payment facilities (89.6%), tax expertise (88.5%), staff adequacy (87.8), tax communication (86.2%), and tax audit 52.8%. While, four items have shown their percentage of agree bellow 50%. The items are tax complexity level (49.4%), strategic taxation approach (48.7), information technology (48.3%), tax foundation (42.1%) and tax structure (35.6%). Next, the mean score recorded by eight items are above the value of 4.0. These items are taxation equality and justice (4.52), tax beliefs (4.49), transparency of services (4.31), payment facilities (4.12), tax expertise (4.11), tax incentives (4.11), staff adequacy (4.06) and tax communication (4.06). While, six items have resulted score mean below 4.0. The items are tax complexity level (3.46), tax audit (3.46), strategic taxation approach (3.42), information technology (3.42), tax foundation (3.33) and tax structure (3.11). In term of mode result, there are two items have acquired mode score 5.0 which are taxation equality and justice and tax beliefs. Seven items have scored 4.0 which are transparency of services, tax incentives, payment facilities, tax expertise, staff adequacy, tax communication and tax audit. Besides, five items have scored mode value 3.0. These items are tax complexity level, strategic taxation approach, information technology, tax foundation and tax structure. The data that has been collected

in this study is considered has spread out over a medium to wide range since the standard deviation for the related items resulted the value between 0.5 to 0.8. Based on the results of descriptive analysis obtained in this study, specific conditions have been set in order to identify which items can really be classified as administrative-related factors that have affected the assessment tax arrears. The conditions are:

- Percentage of Agree must be 50% and above
- Mean Score 4.0 and above
- Mode Score 4.0 and above

Based on the conditions that have been mentioned, this study has successfully identified 8 items that should be classified as administrative-related factors that affected the existence of assessment tax arrears. These factors are:

TABLE 5. List of administrative-related factors that affected the existence of assessment tax arrears

Rank	List of Factors	Percentage of Agree	Mean Score	Mode Score
1.	Taxation Equality and Justice	99.3	4.52	5.00
2.	Tax Beliefs	99.2	4.49	5.00
3.	Transparency of Services	96.6	4.31	4.00
4.	Tax Incentives	90.4	4.11	4.00
5.	Payment Facilities	89.6	4.12	4.00
6.	Tax Expertise	88.5	4.11	4.00
7.	Staff Adequacy	87.8	4.06	4.00
8.	Tax Communication	86.2	4.06	4.00

Correlation Result

The Pearson correlation has been used to analyse the strength of the relationship between each administrative related factors that have been identified as influencing the existence of assessment tax arrears. The result is as shown in the table 6 below. Based on that table, it is found that there is a significant relationship between certain factors. The taxation equality and justice factor was found to have a significant relationship with 4 other factors, namely the tax beliefs factor, staff adequacy, transparency of services and tax incentives. Next for the tax beliefs factor, it was found to have a significant relationship with 6 other factors namely taxation equality and justice, tax expertise, staff adequacy, transparency of services, payment facilities and tax incentives. While, the tax expertise factor was also found to have a significant relationship with 6 other factors namely tax expertise, staff adequacy, transparency of services, payment facilities, tax incentives and tax communication. For the Staff Adequacy factor, it was found to have a significant relationship with all the factors analyzed. In addition, for the payment facility factor, it was found to have a significant relationship with all factors except the taxation equality and justice factor. Next, for the transparency of services and tax incentives factor, these two factors were also found to have a significant relationship with all other factors. Finally, the tax communication factor was found to have only a relationship with 5 other factors, namely the tax expertise factor, staff adequacy, transparency of services, payment facilities and tax incentives.

TABLE 6. The correlation result of administrative-related factors that affected the existence of assessment tax arrears

		Taxation Equality and Justice	Tax Beliefs	Tax Expertise	Staff Adequacy	Payment Facility	Transparency of Services	Tax Incentives	Tax Communication
Taxation Equality and Justice	Pearson Correlation	1	.705**	.107	.128*	.102	.423**	.127*	.091
	Sig. (2-tailed)		.000	.084	.039	.100	.000	.040	.143
	N	261	261	261	261	261	261	261	261

TABLE 6. The correlation result of administrative-related factors that affected the existence of assessment tax arrears (...Continued)

		Taxation Equality and Justice	Tax Beliefs	Tax Expertise	Staff Adequacy	Payment Facility	Transparency of Services	Tax Incentives	Tax Communication
Tax Beliefs	Pearson Correlation	.705**	1	.129*	.133*	.126*	.453**	.151*	.096
	Sig. (2-tailed)	.000		.037	.032	.042	.000	.015	.122
	N	261	261	261	261	261	261	261	261
Tax Expertise	Pearson Correlation	.107	.129*	1	.887**	.788**	.138*	.847**	.831**
	Sig. (2-tailed)	.084	.037		.000	.000	.026	.000	.000
	N	261	261	261	261	261	261	261	261
Staff Adequacy	Pearson Correlation	.128*	.133*	.887**	1	.892**	.153*	.905**	.926**
	Sig. (2-tailed)	.039	.032	.000		.000	.014	.000	.000
	N	261	261	261	261	261	261	261	261
Payment Facility	Pearson Correlation	.102	.126*	.788**	.892**	1	.141*	.837**	.835**
	Sig. (2-tailed)	.100	.042	.000	.000		.022	.000	.000
	N	261	261	261	261	261	261	261	261
Transparency of Services	Pearson Correlation	.423**	.453**	.138*	.153*	.141*	1	.199**	.138*
	Sig. (2-tailed)	.000	.000	.026	.014	.022		.001	.026
	N	261	261	261	261	261	261	261	261
Tax Incentives	Pearson Correlation	.127*	.151*	.847**	.905**	.837**	.199**	1	.834**
	Sig. (2-tailed)	.040	.015	.000	.000	.000	.001		.000
	N	261	261	261	261	261	261	261	261
Tax Communication	Pearson Correlation	.091	.096	.831**	.926**	.835**	.138*	.834**	1
	Sig. (2-tailed)	.143	.122	.000	.000	.000	.026	.000	
	N	261	261	261	261	261	261	261	261

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

* Correlation is significant at the 0.05 level (2-tailed).

DISCUSSION AND CONCLUSION

Based on the discussed result, it is found that out of the 14 factors have been listed, only 8 factors have been given feedback by the respondents as administrative related factors that have influenced the existence of assessment tax arrears. The first factor is the taxation equality and justice factor. Concepts of equity and fairness are at the heart of tax policy [36]. This statement shows that equality and fairness are very important in the formation and enforcement of a tax, including assessment tax. From the perspective of taxpayers, equality and fairness play a distinct role in influencing the decision whether to pay the assessment tax as imposed on them or otherwise. Besides, this equality and fairness also can serve as a basic motivation for assessment taxpayers. It has been explained by AICPA [37], in a free and prosperous society, citizens will generally comply with tax levies as long as certain criteria are met and one of the criteria is most citizens perceive that tax burdens and benefits are distributed in a fair and equitable manner. The second factor that has been identified as the factor involved is tax beliefs. This factor is associated to the existence of an assessment tax administration system in a LG organization, where the taxpayers trust and confident that every tax activity and process involved occur consistently and accurately without the elements of malpractice or corruption. Trust in government within the public has decreased sharply, especially after tax corruption scandals in recent years [38]. Trust is an important factor that can overcome the crisis and the difficulties between the tax authorities and the taxpayers [39]. This trust can also be utilized to build a good relationship between the taxpayers and tax agencies. The

relationship is further able to foster motivation among the taxpayers to fulfill their respective responsibilities which will ultimately contribute to solve the issue of assessment tax arrears. Besides, a study by Cappelen et al. [40] has provided novel evidence on the role of beliefs about behavioral responses to taxation and equality.

Furthermore, from the administrative aspect as well, the third factor referred as influencing the assessment tax arrears is known as the expertise tax factor. This factor is fully linked to the special knowledge and skills owned by LG staffs. The expert staffs are necessary to enable taxpayer questions and inquiries could be answered properly and accurately. In fact, such expertise is needed to build a good understanding and awareness of the tax imposition and requirements on a LG organization. This expertise factor, come together with the staff adequacy factor. This factor is very important in order to allow all the assessment tax administration tasks can be done perfectly without facing the issue of insufficient staff. Lack of staff will usually contribute to the existence of various weaknesses in carrying out tax administration activities including assessment tax. This study also found the factor of payment facility as one of the administrative-related factors that affected the existence of assessment tax arrears. This factor is actually related to the existence of various assessment tax payment methods. Various payment methods will make it easier for taxpayers to settle their tax payments without the time and place restrictions. In fact, various payment methods will create innovation and performance efficiency in the assessment tax collection process. According to [41], innovations in the payment industry have also led to greater access to formal financial system and efficient payment systems are crucial for developing countries' economic development and are regarded as the backbone to a highly competitive country.

The sixth factor is referred to the transparency of services. The determination of this factor proves that taxpayers also pay attention to the level of services transparency practiced by a LG organization. Transparency of services can be utilized by a LG to stimulate a better level of trust among the assessment taxpayers involved. Transparency is a characteristic of governments, companies, organizations and individuals of being open in the clear disclosure of information rules, plans, processes and actions' [42]. Further, Siahaan [38] has explained that transparency is very necessary to be created among tax agencies since it can be utilized to influence taxpayers compliance behavior. Tax incentive was also identified as one of the administrative-related factors that affected the existence of assessment tax arrears. This finding has shown certain incentives can motivate taxpayers to settle down the assessment tax arrears. The attitude and intention of taxpayers can actually be positively motivated by various methods including introducing tax incentives. Special benefits such as flexible installment plans for settling tax balances and penalty reduction incentives can be offered to the compliant group as a reward and to encourage them to continue to comply [43].

Finally, tax communication has also been identified as one of the important factors related to administration that can influence the existence of assessment tax arrears. Tax communication is briefly referred to the existence of a space and opportunity for assessment taxpayers to consult or negotiate with the tax agency. Through this communication, the taxpayers and LGs will have more opportunities to produce win-win situation result where at the end it will benefit both parties. OECD [44] in discussing the aspects of successful tax debt management has outlined 4 strategic principles that need to be implemented by tax agencies to overcome the problem of tax arrears. One of these strategic principles is namely as "engage with taxpayers before the due date" clearly shows that element of tax communication need to be fully exploited to create decency and tolerance in the tax payment process, including assessment tax. Based on the findings as discussed above, it has caused the initial hypothesis of this study is completely rejected. It is because from the perspective of assessment taxpayers, the issue of assessment tax arrears is only associated with eight factors compared to fourteen factors as explained in literature part of this study.

Besides the finding of eight administrative-related factors that influence the existence of the assessment tax arrears, this study also analyzes the relationship that exists between the eight factors involved. The result of the analysis has generated a finding that there is a significant relationship between most of these factors. Staff adequacy factors, tax incentives and transparency of services are the three factors that have a significant relationship with all other factors. Factor tax beliefs and payment facilities were found to have a significant relationship with six other factors. While, tax expertise and tax communication factors are also found to have significant relationship with other five factors. Finally, the factor of taxation equality and justice was found to have a significant relationship with four other factors. This finding proves that these factors are actually interconnected with each other. It means, if there is a change to one factor then it is believed to be able to affect some or most of the other factors. Positively, this finding is able to explain if one of the factors is given an appropriate action in an effort to address the issue of assessment tax arrears, then it will directly reduce the constraints created by other factors and make the issue of assessment tax arrears can be reduced or solved comprehensively and vice versa.

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