# CHAPTER 6
# CONCLUSIONS AND RECOMMENDATIONS

## 6.1 Introduction

The aim and three research objectives of this study were explained in Section 1.3 of Chapter 1. Then, the literature review in Chapter 3 provided a discussion of the factors influencing taxpayers' intention to claim zakat payment as a tax rebate. These factors consist of the independent variables (attitude, subjective norm, perceived behavioural control, and knowledge) and dependent variable (intention of taxpayers to claim zakat payment as a tax rebate). The hypothesis developed for each independent variable was also presented in Chapter 3.

This chapter provides a discussion and summary of the findings related to the hypotheses that were presented and reported in the previous chapter (Chapter 5). This chapter will begin with Section 6.1 on the discussion of the findings. The contributions and limitations of the study will be discussed in Sections 6.2 and 6.3, respectively. In Section 6.4, recommendations for future research will be highlighted, and finally, the conclusion will be presented in Section 6.5.

## 6.2 Discussion of Findings

The study conducted demographic, descriptive, validity, reliability, and multiple regression analyses. For descriptive analysis, Table 6.1 shows the results of the demographic profile of the respondents based on gender, age, education level, employment sector, employment industry, and total income per year (RM).

**Table 6.1:** Demographic Profile of Respondents

| Description | Frequency | Percentage | Valid (%) | Cumulative (%) |
|---|---|---|---|---|
| **Gender** | | | | |
| Male | 230 | 52.9 | 52.9 | 52.9 |
| Female | 205 | 47.1 | 47.1 | 100 |
| Total | 435 | 100 | 100 | |
| **Age** | | | | |
| 20–29 years old | 101 | 23.2 | 23.2 | 23.2 |
| 30–39 years old | 157 | 36.1 | 36.1 | 59.3 |
| 40–49 years old | 134 | 30.8 | 30.8 | 90.1 |
| 50 years old and above | 43 | 9.9 | 9.9 | 100 |
| Total | 435 | 100 | 100 | |
| **Education Level** | | | | |
| Diploma | 42 | 9.7 | 9.7 | 9.7 |
| Degree | 238 | 54.7 | 54.7 | 64.4 |
| Master | 93 | 21.4 | 21.4 | 85.7 |
| PhD | 62 | 14.3 | 14.3 | 100 |
| Total | 435 | 100 | 100 | |
| **Employment Sector** | | | | |
| Government | 129 | 29.7 | 29.7 | 29.7 |
| Private | 278 | 63.9 | 63.9 | 93.6 |
| Self-Employed | 19 | 4.4 | 4.4 | 97.9 |
| Others | 9 | 2.1 | 2.1 | 100 |
| Total | 435 | 100 | 100 | |

| | | | | |
|---|---|---|---|---|
| **Employment Industry** | | | | |
| Audit & Accounting | 58 | 13.3 | 13.3 | 13.3 |
| Banking | 137 | 31.5 | 31.5 | 44.8 |
| Telecommunication | 52 | 12.0 | 12.0 | 56.8 |
| Academic | 155 | 35.6 | 35.6 | 92.4 |
| Others | 33 | 7.6 | 7.6 | 100 |
| Total | 435 | 100 | 100 | |
| **Total Income per Year (RM)** | | | | |
| RM34,000–RM40,000 | 57 | 13.1 | 13.1 | 13.1 |
| RM40,001–RM50,000 | 167 | 38.4 | 38.4 | 51.5 |
| RM50,001–RM60,000 | 164 | 37.7 | 37.7 | 89.2 |
| RM60,001 and above | 47 | 10.8 | 10.8 | 100 |
| Total | 435 | 100 | 100 | |

Next, in assessing validity, the study conducted the factor analysis to identify the correlations between the variables. This study looked at two sets of values, which are Kaiser-Meyer-Olkin's Measure of Sampling Adequacy (KMO) and Barlett's Test of Sphericity. In this study, the recommended value for KMO should be more than 0.6 and the significant value for Barlett's Test of Sphericity should be 0.000, which is less than 0.001 (Hair et al., 2010).

The KMO values are in the range of 0.716 to 0.837, indicating that the results are acceptable since the values are above the recommended value in this study. Meanwhile, for Barlett's Test of Sphericity, the results show that all factors (attitude, subjective norm, perceived behavioural control, knowledge, and intention towards zakat payment as a tax rebate) are significant at 0.000, which is less than 0.001. Therefore, the factor analysis conducted in this study is entirely appropriate.

Furthermore, in assessing reliability, the study conducted the Cronbach's alpha analysis. In this study, the acceptable value of Cronbach's alpha is a minimum of 0.7 or more (Hair et al., 2010). The Cronbach's alpha values of all five factors (attitude, subjective norm, perceived behavioural control, knowledge, and intention towards zakat payment as a tax rebate) are in the range of 0.704 to 0.833, showing that the results are acceptable as they exceed the satisfactory value of 0.7.

Besides, four research questions were raised in this study. The first question is "Does attitude influence taxpayers' intention to claim zakat payment as a tax rebate?". Attitude shows a significant effect on compliance intention behaviour of zakat payment as a tax rebate among taxpayers ($\beta$=0.290, p=0.000) (Table 5.29, in page 113). Attitude showed the highest value (0.290), which means that this variable is the strongest contributor in explaining the dependent variable among all the independent variables.

The second question is "Does subjective norm influence taxpayers' intention to claim zakat payment as a tax rebate?". The results showed a significant result for the subjective norm towards the zakat payment as a tax rebate ($\beta$=0.182, p=0.003) (Table 5.29, in page 113).

The third question is "Does perceived behavioural control influence taxpayers' intention to claim zakat payment as a tax rebate?". The findings show perceived behavioural control indicated a significant effect on the intention of taxpayers to claim zakat payment as a tax rebate ($\beta$=0.196, p=0.000) (Table 5.29, in page 113).

Finally, the fourth question is "Does knowledge influence taxpayers' intention to claim zakat payment as a tax rebate?". The variable of knowledge presented the second-best predictor with a beta value of $\beta$=0.243 and p=0.002 on the intention of taxpayers towards zakat payment as a tax rebate.

Next, four hypotheses were proposed and tested in this study, and all were found to be supported. Table 5.30, in page 114 provides a summary of the hypotheses testing results.

### 6.2.1 Taxpayers' Attitude towards the Intention to Claim Zakat Payment as a Tax Rebate

According to the results obtained from the SPSS analysis (refer to Table 5.29, in page 113), taxpayers' attitude is positively related to the intention to claim zakat payment as a tax rebate. This finding is in line with those of the previous studies in zakat and tax compliance behaviour, which is attitude is believed to have a direct effect in performing the intention and behaviour (Bidin & Md Idris, 2007; Kusumawati et al., 2014). This finding is also consistent with previous research by Khaddafi et al. (2014), which investigated traders' attitude towards their intention to pay zakat on commerce. The researchers found that attitude has a positive relationship with the intention to pay zakat on commerce.

Five questions were asked (Table 5.9, in page 87) to measure the attitude of taxpayers as the respondents in this study. From the results, it can be assumed that the resident individual taxpayers agreed that the zakat rebate is an efficient system to avoid them from two obligations of paying both tax and zakat. The results show strong support for attitude as the best predictor of taxpayers' intention to claim zakat payment as a tax rebate. From the results, it can be assumed that resident individuals in Malaysia have a positive attitude, which may influence their intention to claim zakat payment as a tax rebate.

### 6.2.2 Taxpayers' Subjective Norm towards the Intention to Claim Zakat Payment as a Tax Rebate

According to the results obtained from the SPSS analysis (refer to Table 5.29, in page 113), taxpayers' subjective norm is positively related to the intention to claim zakat payment as a tax rebate. In this study, taxpayers' subjective norm influenced their intention to claim zakat as a tax rebate. Since this finding provides an early contribution to the zakat rebate literature, limited previous studies show similar results to this present study.

Nevertheless, this finding is consistent with that of the previous studies on tax and zakat compliance behaviour, namely, subjective norm is believed to have a positive relationship with the intention and behaviour of the people (Shaharuddin et al., 2012; Khaddafi et al., 2014). Subjective norm is the reaction of people to do something because of the pressure from other people such as family and friends. From the results, it can be assumed that zakat payers and taxpayers will fulfil their obligation to pay both tax and zakat if they are asked by other people around them to perform that intention and behaviour.

Six questions were asked (Table 5.10, in page 89) to measure the subjective norm of taxpayers as the respondents. From the results, it can be assumed that the resident individual taxpayers would claim their zakat payment as a tax rebate if they get the support from the important people around them, such as family members and friends. From this outcome, it can be assumed that resident individuals in Malaysia have a positive subjective norm, which may influence their intention to claim zakat as a tax rebate.

### 6.2.3 Taxpayers' Perceived Behavioural Control towards the Intention to Claim Zakat Payment as a Tax Rebate

According to the results obtained from the SPSS analysis (refer to Table 5.29, in page 113), taxpayers' perceived behavioural control is positively related to the intention to claim zakat payment as a tax rebate. In this study, the taxpayers' perceived behavioural control influenced their intention to claim zakat payment as a tax rebate. This finding is in line with those of the previous studies in zakat and tax compliance behaviour, namely perceived behavioural control is believed to have a direct effect on the performance of the intention and behaviour (Shaharuddin et al., 2012; Huda et al., 2012; Khaddafi et al., 2014; Kusumawati 2014).

The results of this study and previous literature are consistent where perceived behavioural control has been proven to have a strong influence on the intention of people to pay tax and zakat. For example, Shaharuddin et al. (2012) found that this variable has a positive influence on the intention of sole proprietors to pay zakat to the government. Besides, perceived behavioural control is also the most influential predictor of people's intention to pay zakat on income (Huda et al., 2012).

Therefore, it can be assumed that Malaysian zakat payers and taxpayers generally have perceived behavioural control towards the intention to pay tax and zakat, which may influence their intention claim zakat payment as a tax rebate.

### 6.2.4 Taxpayers' Knowledge towards the Intention to Claim Zakat Payment as a Tax Rebate

According to the results obtained from the SPSS analysis (refer to Table 5.29, in page 113), taxpayers' knowledge is positively related to the intention to claim zakat payment as a tax rebate. In this study, the taxpayers' knowledge influenced their intention to claim zakat as a tax rebate. Since the finding on this additional variable provides an early contribution to the zakat rebate literature, there are limited results from previous studies that are similar to that of the present study.

Result from this study is consistent with the study conducted by Al-Mamun and Haque (2015). The researcher found that people prefer to pay both tax and zakat if they have knowledge about the system of tax deduction through zakat in Malaysia. However, Al Mamun and Haque's (2015) study is slightly different from the present study as it looked at the tax deduction instead of the tax rebate system in Malaysia.

Therefore, based on the results of this study, it can be assumed that resident individuals who have more knowledge on the tax rebate system are more likely to decide to claim zakat payment as a tax rebate compared to resident individuals who have less knowledge about it. Knowledge of the tax rebate system is important since this system is one of the incentives provided by the government in influencing Muslim taxpayers to pay both zakat and tax. This system can also reduce two obligations of Muslim taxpayers from paying double taxation in the same year.

## 6.3 Contributions of the Present Study

### 6.3.1 Contributions to Tax Rebate Literature

This study contributes to the limited research on the integration of zakat and tax in the Malaysian tax system. Furthermore, this study adds value to the tax rebate literature as it is an early study that examined the factors influencing taxpayers' intention to claim zakat payment as a tax rebate.

This study answered the research questions using the theory of planned behaviour (TPB). The researcher tested three factors in TPB (attitude, subjective norm, and perceived behavioural control) to identify Muslim individuals' intention towards zakat payment as a tax rebate since no previous study has used these variables. Therefore, through this study, researchers gain new information regarding the zakat rebate system, and it could be used as a reference for future studies.

The additional variable (knowledge) is a new contribution towards the tax rebate literature. The level of Muslim taxpayers' knowledge of the zakat rebate system was recognised at the end of this study. Besides that, this study could help other researchers in finding new ways to improve the attitude, awareness, and knowledge of Muslims taxpayers of the incentives provided by the government.

### 6.3.2 Contributions to the IRBM and Zakat Institutions

Besides its contributions to the tax rebate literature, this study also contributes in terms of practice. The findings of this study could help the IRBM and Malaysian zakat institutions in their attempt to understand the behaviour of Muslim individual taxpayers in claiming zakat payment as a tax rebate.

This study will provide insights to the IRBM on the effectiveness of the zakat rebate system, which has been implemented for more than 19 years. The IRBM can identify the factors influencing the intention of taxpayers to claim zakat payment as a tax rebate. From there, the IRBM will be able to determine how this system could reduce both obligations of Muslim taxpayers in paying both zakat and tax.

## 6.4 Limitations of Study

This study has several limitations. First, an important limitation of this study is that the sample was collected only in Selangor. Malaysian taxpayers are widely spread out, including those in other states, including Sabah and Sarawak.

The second limitation refers to the response bias of the respondents, which is expected as Malaysian taxpayers from different backgrounds might respond to the questionnaire differently. Some of the respondents might have a full understanding of the tax rebate system provided by the government, but some might not. Therefore, the evaluation made by the respondents may not be accurate due to the different levels of understanding of the system.

The final limitation of this study is the scarcity of existing empirical literature on the integration of zakat and tax in the tax system, especially on TPB. Previous literature is essential for the researchers to understand the issues and identify the gaps in previous studies.

## 6.5 Recommendations for Future Research

Based on the limitations listed above, several recommendations are provided for future studies. First, since the study was conducted only on resident individual Muslim taxpayers in Selangor, the sample for future research should be broadened to include other states such as Johor and Kedah. By doing so, it would increase the level of accuracy of the data obtained with a larger sample size of respondents.

Next, the researcher also recommends future research to use the quantitative approach with the same conceptual framework used in this study but by including more independent variables. The aim is to identify which variables have the strongest relationship with the dependent variable. This study provided new knowledge with the inclusion of an additional independent variable, which makes the second-best contribution to achieve the objective of the study.

Future researchers are also recommended to conduct their study by using qualitative methods, especially through interviews, since this study was conducted using the quantitative method. This is to assess if the study can be conducted by using two methods and to improve the understanding of the respondents and the accuracy of the results obtained.

## 6.6 Conclusion

In this study, the researcher's aim is to examine the factors influencing Muslim taxpayers' intention towards zakat payment as a tax rebate. Thus, the degree of significance of the independent variables was identified in this study. Four research questions and four research objectives were presented in Subsection 1.3 of Chapter 1. Moving on, four hypotheses were proposed in Chapter 3. A quantitative approach involving the questionnaire as the research instrument was used to collect the data for this study. SPSS was used as the main statistical technique analysis to test the proposed hypotheses. Later, the limitations were discovered throughout the study period along with the recommendations, which have been provided to improve future research.

Overall, the results of the analyses show that all the independent variables (attitude, subjective norm, perceived behavioural control, and knowledge) have a positive influence on the intention of taxpayers to claim zakat payment as a tax rebate. Therefore, all the hypotheses (hypotheses 1, 2, 3, and 4) are supported. With these findings, it can be concluded that the conceptual framework (Figure 3.3, in page 45) is proven and all the research questions and research objectives in this present study have been answered and fulfilled. It is hoped that this study can contribute to the relevant tax rebate literature and can be used as a guideline for future researchers who are interested in this research topic.