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Tax Compliance Behaviour in the Digital Economy: Evidence from Muslim Online Business Entrepreneurs in Malaysia

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Abstract
The rapid growth of Malaysia's digital economy has significantly increased entrepreneurial activities through platforms such as Shopee, Lazada, and TikTok Shop. While these ventures contribute to national revenue, ensuring tax compliance remains a challenge, particularly among Muslim online business entrepreneurs. Guided by the Theory of Planned Behaviour (TPB), this study investigates the determinants of tax compliance behaviour with a focus on tax morale, tax knowledge, tax complexity, and subjective norms. Using a survey-based quantitative approach, data were collected from 165 active Muslim online entrepreneurs and analysed through descriptive statistics, reliability testing, and multiple regression. Findings reveal that tax morale and subjective norms significantly influence compliance, underscoring the importance of ethical considerations and social influences in shaping tax behaviour. Conversely, tax knowledge and tax complexity did not show a significant effect, suggesting that awareness and perceived difficulty of tax systems are less critical than values and social expectations. The results highlight that voluntary compliance among online entrepreneurs is more strongly linked to moral responsibility and societal pressure than technical knowledge or complexity of procedures. This study contributes to the behavioural tax literature by contextualising compliance in the digital economy and offers practical implications for policymakers. Interventions focusing on strengthening ethical awareness, leveraging social norms, and enhancing trust in tax authorities are recommended to improve compliance levels. Overall, the findings provide insights for designing more effective tax policies that align with the unique characteristics of digital entrepreneurs in Malaysia.
Keywords: Tax Compliance, Muslim Entrepreneurs, Online Business, Tax Morale, Subjective Norms, Tax Knowledge

Introduction

The tax system in Malaysia encompasses various components that contribute to the country's revenue generation and fiscal policies. The key components of the Malaysian tax system include direct tax and indirect tax. Direct tax is personal income tax and corporate tax while indirect tax is Goods and Services Tax (GST) and Sales and Service Tax. Direct tax is a significant component of the tax system, where individuals and businesses are required to pay taxes based on their income. It follows a progressive tax structure, meaning that higher income earners are subject to higher tax rates. The income tax system in Malaysia includes different tax brackets, with varying rates applied to different income levels. The Goods and Services Tax (GST) was implemented in Malaysia from 2015 to 2018. It is a consumption tax levied on the supply of goods and services at each stage of the supply chain. However, as of 1 September 2018, the GST was replaced by the Sales and Services Tax (SST) system. Corporate tax is imposed on the profits earned by companies and businesses operating in Malaysia. The tax rates for corporations vary based on the type of company and its annual income. There are also tax incentives and allowances provided to encourage investment and support certain industries. In terms of tax rates, Malaysia has a progressive tax structure for individuals, with different tax brackets ranging from lower to higher income levels. The rates start from a lower percentage and gradually increase for higher income brackets. Corporate tax rates vary depending on the size and type of business, with different rates for resident and non-resident companies. According to Mahran et al (2023), Malaysian government’s revenue was contributed by tax revenue about 73.2% out of total revenue in 2022. 54.4% from direct tax and 18.8% from indirect tax. Based on Malaysian government budget 2025, Inland Revenue Board (IRBM) responsible for direct tax collection, projected tax collection of RM259 billion (Star, 2025). Malaysian Taxpayers must comply with their tax obligation to achieve the projected tax revenue. In July 2025, the IRBM detected RM484 million under declared reported income and involve 5,800 non-compliant taxpayers comprising individual and business (Business Today, 2025). Non-compliance with tax law is a serious offense, whether, intentionally or unintentional, since taxes are the main source of revenue to the government (Saad, 2024). According to Mat Jusoh (2022), the issue of non-compliance of taxation among the e-commerce players is more significant challenge especially after covid pandemic where the business market has change tremendous. The lack of physical store and harder to identify the business transactions had contributed to the non-tax compliance. Online business activities are taxed like other commercial activities; however, some people mistakenly think that by using online platforms to conduct their virtual business operations, they may avoid paying taxes or being subject to government audits (Hamid et al., 2019). If the e-commerce sector continues to expand but the tax cannot be collected effectively, our country might be exposed to billions of ringgits in tax revenue losses (Jaafar Sidik, 2018).

According to Statista (2023), with more than five billion internet users worldwide, the amount of people transacting online is continuously increasing as internet availability and usage surge on a global scale. Retail e-commerce sales are expected to reach a value of over 8.1 trillion dollars globally in 2026, compared to approximate 5.2 trillion U.S dollars worldwide in 2021 (Statista, 2023). According to Fairlie and Fossen (2022), since the Covid-19 pandemic, certain firms have seen significant profits while local businesses have suffered losses. For example, online sales have increased by 180% as a result of customers shifting away from in-store purchasing. A total of 373,213 entities established their businesses online with the Companies Commission of Malaysia between March 1 and October 31, 2020 (Bernama, 2021). As the number of e-commerce (online) enterprises grows in Malaysia, digital business platforms have the potential to produce billions of ringgits in income. Data from The Department of Statistics Malaysia (DOSM) reported that the gross value added of e-commerce was RM201.1 billion in 2021, up RM37.2 billion from the previous year with a growth of 22.7 per cent. On July 9, 2021, Malaysia Digital Chambers of Commerce, MDCC stated that Malaysia's digital economy contributes one fifth to GDP. Budget 2024 announcement, RM165 million allocation has been made to bolster micro, small and medium enterprises (MSMEs) through initiatives such as digital grants and the Shop Malaysia Online program for online businesses, depicting the potential growth of online business in the future that can contribute to the GDP. Like traditional businesses, e-commerce entrepreneurs also have tax obligations, including registering tax files, keeping account records, calculating tax liability, reporting and paying taxes on their income (LHDNM, 2019). Gomez (2022) stated, money earned from social media and streaming platforms is income derived from business and, thus, subject to taxation.

The selling of goods and services on the internet has raised issues related to taxation, notably regarding tax collection and the status of taxable revenue (Khamis & Mastor, 2021). Issues arise as to how far the sellers and buyers are aware and have information about this implementation and whether the knowledge affects their acceptance of tax compliance behaviour. A study by Sharoni et al. (2022) found that taxpayers who conduct online business through social media platforms assume income tax declarations are complicated in terms of forms, computations, and procedures, but this does not lead to poorer tax compliance. On the other hand, a study by Ismail et al. (2022) showed that the taxpayers only declare their income from employment, but they have the intention to hide or not to report any side income from their online business. However, Mahran et al.'s (2023) study suggested otherwise by stating that tax knowledge and morale positively influence tax compliance among TikTok e-commerce operators in Malaysia, while tax awareness and complexity do not significantly affect compliance. Earlier study by Palil et al. (2019) revealed that the authorities can improve the taxation system and formulate highly comprehensive tax rules on e-commerce to identify potential tax revenues and reduce revenue losses at the national level. This study would be useful to Malaysia's tax policymakers as well as academics studying tax literature. It is hoped that by conducting the study, it will contribute to individuals in such a way that it increases their awareness as well as knowledge for them to be more responsible towards tax compliance especially to those who are still new in online business. From the standpoint of the policymaker, it is intended that this information would enable the tax authority to better understand taxpayer behaviour in the digital industry and aid them in creating stricter and better tax rules in this area.

Therefore, this study tries to understand the factors determining tax compliance behaviour among Muslim online business entrepreneurs using digital platforms namely Shopee, Lazada and TikTok Shop. The study objectives consist of four. First, it aimed to:
1. To examine the relationship between tax morale and tax compliance behaviour among Muslim online business entrepreneurs in Malaysia.
2. To examine the relationship between tax knowledge and tax compliance behaviour Muslim among online business entrepreneurs in Malaysia.
3. To examine the relationship between tax complexity and tax compliance behaviour Muslim among online business entrepreneurs in Malaysia.

4. To examine the relationship between subjective norms and tax compliance behaviour Muslim among online business entrepreneurs in Malaysia.

Literature Review and Hypothesis Development

Theory of Planned Behaviour

The Theory of Planned Behaviour (TPB) provides a structured lens for examining tax compliance, as it links psychological and social factors to individuals' intentions and behaviours. Attitude toward compliance reflects taxpayers' evaluation of fulfilling their obligations, shaped by perceptions of fairness, benefits, and potential consequences of non-compliance. Subjective norms highlight the role of social pressure from significant referents such as family, peers, or colleagues, which can either encourage or discourage compliance. Perceived behavioural control (PBC) refers to taxpayers' confidence in their ability to comply, considering knowledge of tax rules, administrative capacity, and financial resources. Together, these components determine intention, which is the strongest predictor of behaviour, where stronger intentions typically lead to higher compliance. Empirical research confirms that positive attitudes, supportive social norms, and higher PBC significantly strengthen compliance intentions and outcomes (Saleh & Kasim, 2017; Sitharan et al., 2020; Al-Zaqeba et al., 2020).

Nevertheless, TPB acknowledges that external constraints may limit actual behaviour, even when intentions are strong. In the tax context, factors such as complex regulations, administrative burdens, and limited resources may hinder compliance (Al-Zaqeba, 2022). Moreover, contextual variables like trust in tax authorities, perceptions of fairness, and the complexity of tax laws further influence attitudes, norms, and perceived control, thereby shaping compliance behaviour (Kogler et al., 2023). Figure 2.1 illustrates the TPB adapted to tax compliance, showing how the three antecedents—attitude, subjective norms, and PBC—shape intention, which subsequently predicts tax compliance behaviour. By applying TPB, policymakers and researchers gain insights into the psychological and social determinants of compliance, enabling the design of targeted interventions to enhance voluntary compliance, reduce barriers, and strengthen trust in the tax system.

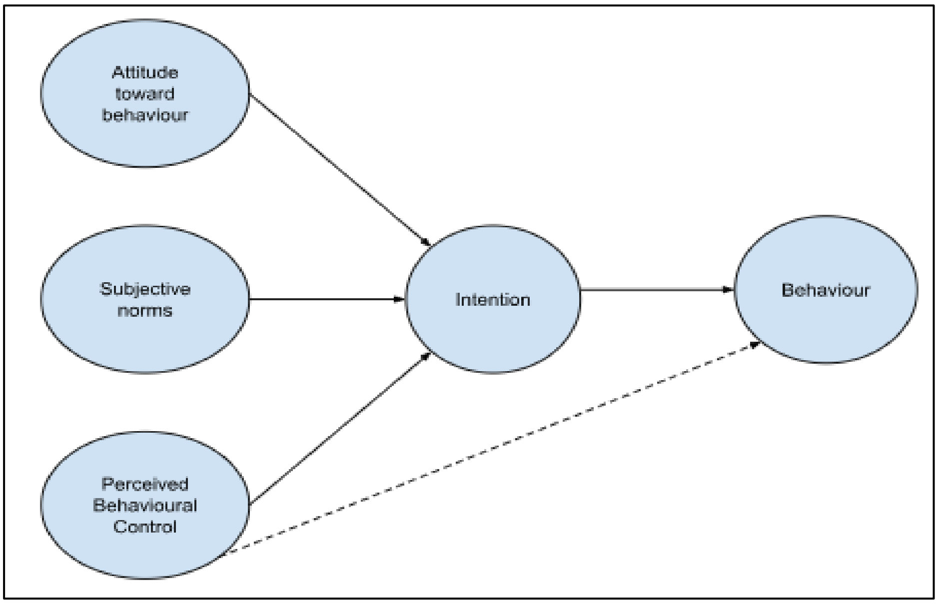

Figure 1: Theory of Planned Behaviour (Ajzen, 1991)

Tax Compliance

Tax compliance may be described as the choice to disclose one's true income to the authorities in charge of tax collection even in the uncertain circumstances. In other words, taxpayers have the choice to correctly record their tax burden but based on the likelihood of detection and the severity of the penalty, doing so may or may not be in their best interests. Razak and Bidin (2019) claimed that despite the passage of several laws, including the Real Property Gains Tax Act of 1969 and the Income Tax Act of 1967, taxpayer noncompliance still exists. Sections 112 to 126 of the Income Tax Act of 1967, for example, handle tax offences and penalties. Taxpayers who disregard tax laws must be subjected to strict enforcement measures to preserve equal tax administration for everybody (IRBM, 2016). Tax evasion persists despite the fines and penalties imposed on offenders. The degree to which a taxpayer complies with their tax duties may depend on both economic and non-economic factors. According to Sritharan and Salawati (2019), the likelihood of an audit, one's opinion of how much the government spends, the penalty rate, and financial situation are all significant determinants of an individual taxpayer's tax compliance behaviour. Yet, non-economic variables can also have an impact on taxpayers' tax compliance.

According to the findings of Taing and Chang (2021), tax compliance intention among Phnom Penh residents is statistically influenced by tax fairness, tax complexity, and tax morale, whereas this intention is not statistically influenced by authority, trust in government, tax information, or tax awareness. On the other hand, Bani Khalid (2022) claimed that social variables must be considered when analysing the causes of tax noncompliance since they are important predictors of tax compliance. All behavioural approaches agree on one thing: evasion is not simply a consequence of tax rates, opportunities, detection probability, and other circumstances; it also has to do with an individual's inclination for evasion or compliance. This assertion is a common thread among behavioural approached (Bani-Khalid et al., 2022).

As mentioned in the previous paragraphs, a psychology theory called the Theory of Planned Behaviour (TPB) connects ideas and actions to explain human behaviour. Ajzen (1991) initially proposed this theory, which identified attitude, subjective norms, and perceived behavioural control as the three elements that make up a person's behaviour. Since it may be used to improve the tax systems of many nations, the TPB is a crucial theory in the contemporary environment for proving tax compliance intention and behaviour in both Western rich countries and developing countries (Taing & Chang, 2021). This study, which examines the intention of tax compliance among business running internet enterprises, is based on the three elements outlined by Ajzen (1991). The aspects evaluated include tax knowledge, tax morale, and tax complexity. Individual attitudes are connected to tax morale when it comes to planned behaviour towards tax compliance. The inherent incentive to pay taxes that results from the moral responsibility to do so, and support society is referred to as tax morale (Cummings et al., 2006, 2009; Ronald et al., 2005). Tax complexity and tax information (knowledge) may be the barriers to managing taxpayer behaviour in the context of perceived behaviour control (Taing & Chang, 2021). As a result, in this study, tax knowledge, tax morale, tax complexity and subjective norms are employed as variables in predicting the intended behaviour (intention) of individuals towards tax compliance.

Business operation through digital platforms is treated the same as the traditional trading operations in the tax systems where they will be taxed on their profits from their annual trading. Thus, the participants of the online business enterprises have the same obligation to register, calculate, pay, and report the correct return as regulated in the tax regulations outlined by the IRBM. In fact, this method is frequently used in Malaysia's economic operations where it has transformed the old corporate model of the Malaysian business landscape from a physical transaction to an online transaction. However, business online is not only restricted to the use of Internet websites because both companies and individuals nowadays are using social media platforms such as TikTok, and marketplace like Shopee and Lazada as their business and marketing tools, which allow businesses to reach a wider range of customers (Hamid et al., 2019).

Tax Morale and Tax Compliance

Tax morale is a concept that pertains to individuals' intrinsic motivation to voluntarily comply with tax obligations. Scholars often investigate the factors influencing tax morale, its impact on tax compliance, and the role of social, economic, and cultural factors in shaping individuals' attitudes toward paying taxes. The OECD (2019) defined tax morale as an indicator of a taxpayer's moral character when paying taxes or dodging them. Tax morale is often driven by individuals' internal motivations, such as a sense of duty, moral values, and ethical considerations. Some people may feel a moral obligation to contribute to public goods and services through taxation. Social, economic, and cultural factors also play a crucial role in shaping tax morale. Social norms, peer influence, and the perceived fairness of the tax system can impact individuals' willingness to comply with tax obligations. According to Kemme et al. (2020), people consider tax fraud to be acceptable in nations with poor tax morale. People may feel it is reasonable and appropriate to avoid paying taxes when they see others in their community do so. Tax morale is closely associated with ethical behaviour in the context of tax compliance. Individuals with high tax morale are more likely to believe that it is wrong to evade taxes and may actively seek to fulfil their tax obligations. This is evidence by the data from OECD that shows tax morale across regions is measured as the percentage of respondents that report that they would never justify cheating on taxes where, OECD and Latin America recorded that more than 70% of the population reporting that they would never justify cheating on taxes.

Countries with higher levels of taxation as a percentage of GDP appear to have higher levels of tax morale (OECD). High tax morale is often linked to higher levels of tax compliance. Individuals with a strong sense of tax morale are more likely to adhere to tax laws and regulations, contributing to the overall effectiveness of the tax system. The cultural context and the effectiveness of tax institutions in a given country can impact tax morale. A transparent and fair tax system, coupled with effective enforcement, can contribute to higher tax morale. According to OECD 2013, institutional and socio-economic factors are strongly linked with tax morale. Tax policies and how they are communicated to the public can influence tax morale. Clear and understandable tax regulations, along with efforts to educate the public on the importance of taxation, may enhance tax morale. According to Sebele-Mpofu (2020), in the framework of governance and the state with respect to the informal sector, tax morale fundamentally serves two purposes which are to enhance tax compliance and to increase the quality of governance. Understanding tax morale is crucial for policymakers, tax authorities, and researchers as it provides insights into the factors that influence tax compliance. By fostering a positive tax morale, authorities may improve voluntary compliance and reduce the need for more aggressive enforcement measures.

Tax Knowledge and Tax Compliance

Tax knowledge refers to an individual's understanding of tax laws, regulations, and procedures. It encompasses the awareness and comprehension of the tax system, including one's rights and responsibilities as a taxpayer. Tax knowledge enables people to understand the tax system better (Ghani et al., 2020). Bornman and Ramutumbu (2019) mentioned that tax knowledge can change people's behaviour towards being compliant with tax laws. They further exhibited that understanding tax knowledge involves familiarity with the legal framework governing taxation. This includes knowledge of income tax laws, deductions, credits, and any other relevant tax regulations that may apply to an individual or business. Recognizing and adhering to pertinent tax laws and regulations contribute to the development of tax awareness (Adhiambo & Theuri, 2019). While education and other forms of assistance aimed at increasing awareness may influence tax compliance, the outcomes are not guaranteed. The cultivation of tax awareness is a result of educational efforts and the acquisition of tax knowledge, fostering mutual benefits for both the government and taxpayers. This, in turn, enhances the perception and implementation of tax laws by the authorities.

In terms of tax obligations Rosley (2020) suggested that individuals and businesses need to be aware of their tax obligations, such as filing tax returns accurately and on time, making timely payments, and keeping appropriate records. Tax knowledge helps in fulfilling these obligations in accordance with the law. Furthermore, Salawati et al. (2021) found that knowledgeable taxpayers can engage in tax planning strategies to optimize their financial situation within the bounds of the tax laws. This may involve making informed decisions about investments, deductions, and other financial activities to minimize tax liabilities. Thus, in terms of education and awareness, tax education and awareness programs, whether conducted by government agencies or private organizations, contribute to enhancing tax knowledge among the public. These programs aim to educate individuals about their tax rights and responsibilities (Hassan et al., 2022).

Tax Complexity and Tax Compliance

Tax complexity refers to the intricate and convoluted nature of tax laws, regulations, and procedures that taxpayers are required to navigate. It involves the difficulty and intricacy associated with understanding, interpreting, and complying with the various aspects of the tax system. Ghani et al. (2020) stated that tax is one of the subjects that can be categorised as complicated and advanced. The concept of tax complexity reflects the perceived difficulty or strain experienced by taxpayers, as noted by Coita and Mare (2021). As highlighted by Taofeeq (2018), this complexity is recognized at both the tax instrument and tax laws levels. The challenges associated with tax complexity direct the perceived difficulty experienced by taxpayers towards the tax system, thereby fostering an environment conducive to tax non-compliance (Kamil, 2015). Additionally, Ghani et al. (2020) observed that tax complexity signifies a lack of understanding of tax rules and procedures, ultimately leading to instances of tax non-compliance.

Hoppe et al. (2022) elaborated in the study of tax complexity index that tax codes are often voluminous and filled with intricate details. The complexity arises from the extensive and sometimes technical language used in tax laws, making it challenging for individuals and businesses to comprehend fully. On the other hand, Rosley (2020) discussed on how to simplify tax administration which may encourage tax collection since tax forms and related documentation can be complex and may require a significant level of understanding to be completed accurately. The use of technical terms and intricate calculations can add to the complexity of these forms.

Subject Norms and Tax Complexity

Subjective norms, in the context of social psychology and behavioural economics, refer to an individual's perception of the social pressures and expectations that influence their behaviour (Bae & Chang, 2020). These norms are "subjective" because they are based on the individual's perception of what others expect from them, rather than an objective measurement of the actual social norms. Subjective norms play a crucial role in shaping human behaviour, including decisions related to compliance with various social norms, such as tax obligations. Subjective norm is a component of the TPB, which posits that individuals consider subjective norm along with attitudes and perceived behavioural control when making decisions. Social influence from significant others, such as friends, family, colleagues, or community members, contributes to the formation of subjective norm. Put simply, subjective norm involves the perceived opinions of individuals close and significant to a person, exerting influence over decision-making and impacting whether the individual chooses to engage in a particular action.

These opinions, forming the subjective norm, are influenced by normative beliefs. Subjective norms represent a person's response to social pressures emanating from influential individuals or groups who either endorse or disapprove of the individual's actions (Kim, 2013). Motivations to comply with these social pressures are rooted in normative beliefs, as explained by Ajzen and Fishbein (19800 and further developed by Ajzen (1991). In simpler terms, if taxpayers believe that those, they consider important endorse their decision as not to comply with tax payments, there is a higher probability that they will participate in such non-compliant behaviour (Bani-Khalid, 2022). The researcher further explained that conversely, if these influential individuals disapprove of tax evasion, taxpayers are less likely to engage in non-compliance behaviour.

Hypothesis Development

According to research like Bobek et al. (2007), in the context of TPB, those who are more tax informed exhibit more favourable attitudes towards tax compliance, suggesting that tax knowledge can successfully improve the behaviour of tax compliance. Similarly, an individual's comprehension of a conduct can affects perceived behavioural control, which indicates how easy or difficult a behaviour is (Ajzen, 1991). Research has shown that a deeper understanding of taxes results in a greater perceived behavioural control, which in turn strengthens the intention to abide by tax laws (Blaufus et al., 2017).

Based on the earlier discussion, the following hypothesis were developed:

H1: Tax morale has a relationship with tax compliance behaviour among online businesses entrepreneurs in Malaysia.

H2: Tax knowledge has a relationship with tax compliance behaviour among online business entrepreneurs in Malaysia.

H3: Tax complexity has a relationship with tax compliance behaviour among online businesses entrepreneurs in Malaysia

H4: Subjective norm has a relationship with tax compliance behaviour among online businesses entrepreneurs in Malaysia.

The research model for this study is shown in Figure 2. Empirically, the relationship was tested based on the following equation:

$$TC = \alpha0 + \alpha1MORALE + \alpha2KNOW + \alpha3COMPLEX + \alpha4NORMS + \varepsilon$$

where:

TC	= Tax Compliance
MORALE	= Tax Morale
KNOW	= Tax Knowledge
COMPLEX	= Tax Complexity
NORMS	= Subjective norms
ε	= Error

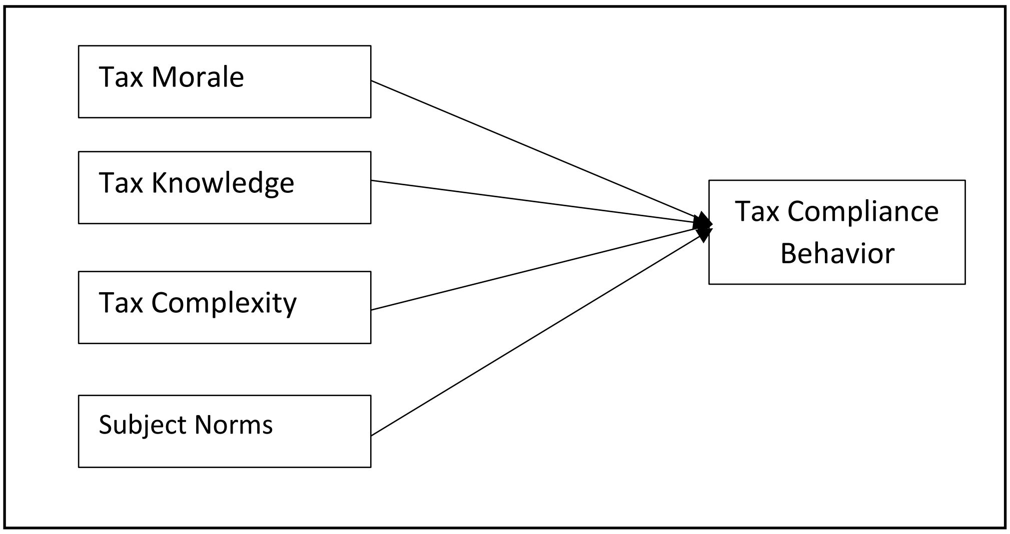

Figure 2: Research Framework

Methodology

The focus of this study is Muslim online business entrepreneurs in Malaysia who operate on prominent online marketplaces such as Shopee, Lazada, and the social media platform TikTok Shop which has been identified in the WhatsApp group of participants that attended courses provided by business course providers, identified during their Shopee Live, Lazada and Live TikTok session. These Muslim entrepreneurs constitute the population under investigation, and a simple random sampling approach is employed to select the samples of the study. In adherence to Roscoe's (1975) general guideline for determining sample sizes, the recommended range typically falls between 30 and 500 for most studies. However, to ensure a high level of representativeness, it is advisable to have a sample size that is as substantial as possible, ideally exceeding ten times the number of research variables. For optimal representation within this range, a minimum of 30 samples for each category of variables is recommended.

The questionnaire comprises two parts: the first segment gathers demographic characteristics, offering insights into the background of the respondents. The second part explores the key variables including Tax Compliance, Tax Morale, Tax Knowledge, Tax Complexity, and Subjective Norms. The study's dependent variable is Tax Compliance, and its relationship with independent variables, such as Tax Morale, Tax Knowledge, Tax Complexity, and Subjective Norms, is analysed to understand the influencing factors on tax compliance among online business entrepreneurs. This study uses a five-point Likert scale with '1' being strongly disagree and '5' being strongly agree. Furthermore, the importance of the Likert scale is integral to this questionnaire. The Likert scale, featuring a range of response options, allows the participants to express their opinions and attitudes on a spectrum. This nuanced approach enhances the depth of data collected, providing a more nuanced understanding of respondents' perspectives on tax-related variables. The items used for measuring each variable were adapted from a few studies, as shown in Table 1 below.

Table 1
Variables and Measurement of Study

Variable	Items for measurement	Adapted from
TAXC1	I will register my business with IRB if my business has reached the threshold for income tax return.	Bani-Khalid et al. (2022)
TAXC2	I will submit my online business tax return on time.	
TAXC3	I will comply with the tax laws because it may result to serious enforcement by the Inland Revenue Board if I do not comply.	
TAXC4	I think that likelihood of being audited by the Inland Revenue Board is high when tax return is incorrect.	
TAXC5	I believe that the government spends my tax return money properly.	
TMR1	I believe that I should honestly declare all my tax liability.	Ghani et al. (2020)
TMR2	I feel guilty to myself if I under declare my business income.	
TMR3	I will not evade paying tax even if I have a chance to.	
TMR4	I believe that paying tax is my obligation.	
TMR5	I believe the government fairly distributes my tax paid to the low-income group to achieve social goals.	
TKW1	I will register my business with IRB if my business has reached the threshold for income tax return.	Palil (2010)
TKW2	I understand that I need to declare my online business income.	
TKW3	I understand all types of relief that will be granted from my online business income.	
TKW4	I am aware of the tax penalties that I might be charged if I fail to comply with tax system.	
TKW5	I will comply with the tax law if I have adequate tax knowledge.	

TCX1	The contents of tax declaration forms are hard to understand.	Taing and Chang (2021)
TCX2	The proper amount of tax that I must pay is not easy to calculate.	
TCX3	The procedures for tax declarations are complicated.	
TCX4	The procedures for tax payments are complicated.	
TCX5	I think that the tax system in Malaysia is complicated.	
SNS1	Most people I know would approve of me to pay income taxes.	Shahroni et al. (2022)
SNS2	If I comply on my taxes, most people who are important to me would.	
SNS3	No one who is important to me thinks it is ok to cheat on taxes.	
SNS4	Most people who are important to me will look down on me if I cheat.	

A total of 174 surveys were returned out of 508 distribute question during the survey which representing 34.2 % response. However, out of the total response received, 9 respondents claimed they were not active e-commerce players, leaving only 165 respondents as actively e-commerce players, thus fitting for analysis of this study. The data was analysed using SPSS version 28. The analysis started with the demographic profile of the respondents using descriptive analysis, meant to understand the background of the respondents involved in this study. The preliminary analysis, namely normality analysis, reliability analysis and multicollinearity analysis, was performed for data preparation purposes. Descriptive analysis was used to achieve objective one, specifically to identify the level of tax compliance, tax morale, tax knowledge, tax complexity and subjective norms among Muslim online business entrepreneurs in Malaysia. In addition to that, multiple regression analysis was also used to test the research hypotheses of this study, as illustrated in Figure 1, specifically to examine the relationship between the independent variable tax morale, tax knowledge, tax complexity and subjective norms with the dependent variable of tax compliance.

Result

Demographic Characteristics

The analysis of the demographic attributes of respondents revealed insightful information about the composition of the sample. In terms of gender distribution, the respondents were predominantly female, constituting 68.5% of the total sample, while males made up 31.5%. This suggests a higher participation of female online business entrepreneurs in the study. Regarding age distribution, the majority fell within the 18 to 25 years category, comprising 42.4%, followed by the 26 to 35 years group at 27.9%. The age groups of 36 to 45 years and 46 years above constituted 19.4% and 10.3%, respectively. Educationally, the respondents exhibited a diverse background, with a significant portion holding a bachelor's degree (58.2%), followed by those with a Diploma (33.3%). Post-graduates constituted 7.9%, while individuals with secondary school education were minimal at 0.6%. In terms of online business platforms, most respondents were engaged with Shopee (51.5%), followed by Lazada (41.2%) and TikTok Shop (7.3%). This distribution indicates a varied representation of Muslim online business entrepreneurs across different age groups, educational backgrounds, and preferred platforms. The detailed breakdown is provided in Table 2 for a comprehensive understanding of the respondents' demographic characteristics.

Table 2
Demographic Profile of Respondents

Demographic Information		Frequency	Percentage (%)
Gender	Male	52	31.5
	Female	113	68.5
Age	18 to 25 years	70	42.4
	26 to 35 years	46	27.9
	36 to 45 years	32	19.4
	46 years above	17	10.3
Educational Background	Secondary School (SPM)	1	0.6
	STPM/DILPOMA	55	33.3
	Undergraduate: Bachelor’s	96	58.2
	Post-Graduate: Master/PhD	13	7.9
Online Business Platform	TikTok Shop	12	7.3
	Shopee	85	51.5
	Lazada	68	41.2

Preliminary Analysis

In achieving the objectives of this study, preliminary analyses, namely normality analysis, reliability test, and multicollinearity analysis, were essential to provide a solid foundation for multiple regression analysis. The normality test is an essential step in almost every multivariate analysis. Based on Table 3, the data of this study were normally distributed since the range value for skewness was between -2 and +2, and the range value for kurtosis was between -7 and +7 for all variables, as suggested by Hair et al. (2010) and Bryne (2010).

Table 3
Normality Analysis

Items	Skewness	Kurtosis	Rule of Thumb (+2)
Tax Compliance	0.380	-0.675	Pass
Tax Moral	-0.430	-0.480	Pass
Tax Knowledge	-0.356	-0.231	Pass
Tax Complexity	-0.203	-0.563	Pass
Subjective Norms	-0.311	-0.225	Pass

Next, reliability analysis was performed to determine the consistency of the measured variables, showing how well the items used to measure a variable hang together as a set (Sekaran, 2006). Based on the result shown in Table 4, tax compliance scored Cronbach’s alpha of 0.766, followed by tax complexity, subject norms, tax moral and tax knowledge of 0.791, 0.853, 0.891 and 0.896, respectively. All reliability measures exceeded the minimum value of 0.6 (Zainudin, 2019), reflecting that measuring items under each variable of this study provided a reliable measure of internal consistency.

Table 4
Reliability Test

Items	Number of items	Cronbach Alpha	Level
Tax Compliance	5	0.766	Strong
Tax Moral	5	0.891	Excellent
Tax Knowledge	5	0.896	Excellent
Tax Complexity	5	0.791	Strong
Subjective Norms	4	0.853	Excellent

Multi-collinearity pertains to the correlation among independent variables, where singularity occurs when an independent variable aligns with another independent variable (Tabachik & Fidell, 2013). In multiple regression, multi-collinearity poses an issue if the independent variables exhibit high correlation. Tolerance Value and Variance Inflationary Factor (VIF) are employed to detect multi-collinearity between independent variables. The VIF value should not exceed 10, and the tolerance value should not fall below 0.10 (Pallant, 2011; Hair et al., 2010; Sekaran & Bougie, 2016). Since all independent variables-maintained tolerance values above 0.1 and VIF values below 10, there was no violation of assumptions in this study. Table 5 provides the results of the multi-collinearity test for the independent variables in this study.

Table 5
Multi-collinearity Test

Variable	Tolerance	VIF	Rule of Thumb (<10)
Tax Moral	0.275	3.639	Pass
Tax Knowledge	0.235	4.247	Pass
Tax Complexity	0.332	3.010	Pass
Subjective Norms	0.617	1.622	Pass

Dependent Variable: Tax Compliance

Descriptive Analysis
Table 6 below presents the findings for the first part of this study, specifically to achieve objective one of the studies, which was to identify the level of tax compliance, tax morale, tax knowledge, tax complexity and subjective norms among the Muslim online business entrepreneurs in Malaysia. On average, the respondents reported a high level of tax morale (Mean = 4.138), indicating a generally positive attitude towards fulfilling their tax obligations. The standard deviation of 0.673 suggested a moderate level of variability in responses. Similarly, the respondents demonstrated a commendable high level of tax knowledge (Mean = 4.055), reflecting a solid understanding of tax-related matters. The respondents perceived tax complexity at high level, with a mean score of 4.023. which was also moderate, suggesting that the respondents recognized the intricacies involved in tax-related processes. However, subjective norms were reported at a medium level (Mean = 3.586), indicating varied influences from significant others. The standard deviation of 0.847 indicated a relatively higher degree of variability in responses. Finally, the overall tax compliance level was medium level (Mean = 3.752), signifying room for improvement in adhering to tax obligations. These findings provide a nuanced understanding of respondents' attitudes and perceptions, offering valuable insights for further analysis and discussion in the subsequent sections. These findings provide an understanding of the central tendency and variability in respondents' perceptions and behaviours related to tax morale, tax knowledge, tax complexity, subjective norms, and tax compliance. The assigned levels help to categorize the responses for each variable.

Table 6
Descriptive Statistics

Items	Means	SD	Level
Tax Compliance	3.752	0.656	Medium
Tax Moral	4.138	0.673	High
Tax Knowledge	4.055	0.687	High
Tax Complexity	4.023	0.574	High
Subjective Norms	3.586	0.841	Medium

Multiple Regression Analysis
Multiple regression analysis was employed to achieve objectives of this study, specifically to examine the relationship between independent variables, tax morale, tax knowledge, tax complexity and subject norms, with the dependent variable of this study, tax compliance. Table 7 shows the multiple regression analysis result of this study. Based on the result, the R square (R^2) reported for the research model was 0.639, which reflects that the independent variables of this study, namely tax morale, tax knowledge, tax complexity and subject norms, explained 63.9% of the dependent variable of this study, tax compliance. The remaining were explained by other variables not included in this study.

Table 7
Positive Coefficient of Regression

Items	B	t	Sig.	Result	R^2
(Constant)	0612	0.2704	0.08		0.639
Tax Moral	0.277	3.1.1	0.02	Supported**	
Tax Knowledge	0.121	1.256	0.21	Unsupported	
Tax Complexity	0.045	0.553	0.58	Unsupported	
Subjective Norms	0.628	10.517	0.00	Supported**	

Dependent Variable: Tax Compliance
*p = 0.05***

Discussion
The study posits that there is a relationship between tax morale and tax compliance behaviour among online business entrepreneurs (H1). Based on the findings of the research, it can be inferred that there is a notable relationship between tax morale and tax compliance behaviour among online business entrepreneurs. The positive correlation coefficient (r=0.557) indicates a moderate positive relationship between tax moral and tax compliance. This suggests that as the level of tax morale increases, there is a tendency for tax compliance behaviour to also increase among online business entrepreneurs. Furthermore, the regression analysis supports this relationship, as evidenced by the statistically significant coefficient for tax moral (B=0.277, p=0.02). This implies that tax morale has a significant impact in predicting tax compliance behaviour among the study participants. This relationship is consistent with the hypothesis, providing empirical support for the idea that individuals with higher levels of tax moral are more likely to exhibit compliant tax behaviour in their online businesses. This finding is consistent with the suggestion made by Mat Jusoh et al. (2021) which indicated the significant influence of tax morale towards tax compliance behaviour among salaried group taxpayers in Malaysia. In addition, Ghani et al. (2020) also found the same positive relationship of tax morale with tax compliance behaviour among the

self-employed individuals. The current research findings align with and find support in several prior studies that have explored the relationship between tax morale and tax compliance among various segments of the online business community. Ismail et al. (2020) conducted a study specifically focused on online business taxpayers, echoing the present research's conclusion that tax morale significantly influences compliance behaviour in this context. Similarly, Shahroni (2022) delved into the tax compliance behaviour of content creators on social media platforms, such as Youtubers, Instafamous, and Facebookers, reinforcing the notion that tax morale is a crucial factor shaping compliance. Mahran's (2023) investigation into TikTok users engaged in e-commerce activities in Malaysia further supports the identified relationship between tax morale and compliance behaviour, demonstrating the consistency of these findings across diverse segments of the online business landscape. These collective studies contribute to a growing body of evidence highlighting the central role of tax morale in shaping compliance behaviours within the dynamic realm of digital entrepreneurship. It is crucial to note that while tax knowledge and tax complexity are also analysed, their relationships with tax compliance are not found to be statistically significant in this study. This underscores the distinct role that tax moral plays in shaping the tax compliance behaviour of online business entrepreneurs.

The second hypothesis (H2) of this research states that tax knowledge has a relationship with tax compliance behaviour among online business entrepreneurs. The analysis results reveal that the coefficient for tax knowledge ($b = 0.121$) is positive, indicating a positive relationship. However, the associated t-value ($t = 1.256$) is not statistically significant (sig. = 0.21), suggesting that changes in tax knowledge may not have a significant influence on tax compliance behaviour among online business entrepreneurs. The positive coefficient implies that, in theory, an increase in tax knowledge could be associated with a rise in tax compliance. However, the lack of statistical significance ($p > 0.05$) suggests that the relationship observed might be due to random chance, and the level of tax knowledge may not be a reliable predictor of tax compliance. It implies that other factors not considered in this study may have a more substantial impact on tax compliance behaviour among online business entrepreneurs. This does not support the second hypothesis, suggesting that there is indeed a significant relationship between tax knowledge and tax compliance behaviour among online business entrepreneurs. The finding of a negative relationship between tax knowledge and tax compliance behaviour, as evidenced in this study, is consistent with insights drawn from previous research conducted by Shahroni (2022) and Ghani et al. (2020). Shahroni's (2022) study, which delved into the tax compliance behaviour of various online content creators, aligns with the present research, suggesting that a higher level of tax knowledge may not necessarily translate to increased compliance among online business entrepreneurs. Additionally, the studies of Ghani et al. (2020) which focused on salaried group taxpayers and Sritharan et al. (2020) which investigated on individual taxpayers further reinforce the identified negative relationship between the two variables. The collective findings from these studies underscore the complexity of the relationship between tax knowledge and compliance behaviour, indicating that a more nuanced understanding of the factor's influencing compliance is necessary, especially in the context of the diverse and dynamic landscape of online businesses. This indicates that changes in tax knowledge may not exert a significant influence on tax compliance behaviour among online business entrepreneurs. In practical terms, the absence of statistical significance challenges the assumption that tax knowledge plays a crucial role in predicting tax compliance. This finding implies that, despite a positive coefficient, the observed relationship between tax knowledge and compliance may be attributed to random chance. In essence, the level of tax knowledge may not be a reliable predictor of tax compliance behaviour among online business entrepreneurs.

Delving into the findings related to the third hypothesis (H3), which posits that tax complexity has a relationship with tax compliance behaviour among online business entrepreneurs, the results reveal that tax complexity demonstrates a weak positive relationship with tax compliance behaviour among online business entrepreneurs ($r = 0.599$, $p < 0.01$). The correlation coefficient of 0.599 indicates a weak-to-moderate level of association between tax complexity and tax compliance. Despite being statistically significant, it is important to note that the relationship is not as strong as with some other variables. The analysis results reveal that the coefficient for tax complexity ($B = 0.045$) is positive, indicating a potential positive relationship. However, the associated t-value ($t = 0.553$) lacks statistical significance (sig. = 0.58), suggesting that alterations in the perceived complexity of tax matters may not have a significant impact on tax compliance behaviour among online business entrepreneurs; thus, H3 is unsupported. This finding is echoed by the study of Mahran et al. (2023) which suggested that tax complexity may not influence tax compliance behaviour among Malaysians' TikTok users engaged in e-commerce activities. Practically, the absence of statistical significance challenges the hypothesis that tax complexity significantly influences tax compliance. This implies that entrepreneurs' perceptions of the difficulty associated with tax-related matters may not be a decisive factor in determining compliance behaviour. While the positive coefficient suggests a potential positive relationship, the lack of statistical significance emphasizes the need for caution in drawing conclusive connections between tax complexity and compliance. The finding that tax knowledge may not significantly impact tax compliance behaviour among online business entrepreneurs suggests that the possession of tax-related information alone might not be a determining factor in fostering compliance. Online business entrepreneurs, characterized by their dynamic and diverse skill sets, may prioritize aspects other than tax knowledge when managing their ventures. The entrepreneurial landscape often requires proficiency in various areas, such as digital marketing, customer engagement, and supply chain management. While tax knowledge is undoubtedly important, its relative significance might be overshadowed by the multifaceted demands of online business operations. Similarly, the result which shows tax complexity may not exert a significant influence on tax compliance among online business entrepreneurs implies that perceived difficulty of tax-related matters might not align with entrepreneurs' compliance behaviours. Online business owners, known for their adaptability and problem-solving skills, may navigate tax complexities alongside various challenges inherent in e-commerce. The findings underscore the resilience of online entrepreneurs who, despite potential tax intricacies, engage in compliance behaviours driven by a range of factors beyond the perceived difficulty of tax matters.

Exploring the findings related to the fourth hypothesis (H4), which proposes that subjective norms have a relationship with tax compliance behaviour among online business entrepreneurs, the analysis demonstrates a moderate positive relationship between subjective norms and tax compliance behaviour among online business entrepreneurs ($r = 0.730$, $p < 0.01$). The correlation coefficient of 0.730 suggests a substantial and statistically significant association between subjective norms and tax compliance. This indicates that as perceived subjective norms - representing the opinions of individuals important to entrepreneurs - favouring tax compliance increases, there is a corresponding inclination towards higher tax compliance behaviour. The statistical significance ($p < 0.01$) underscores that this relationship is not likely to be due to chance alone. Therefore, the fourth hypothesis is supported, confirming that subjective norms have a significant relationship with tax compliance behaviour among online business entrepreneurs. This finding is consistent with Kiconco et al. (2019) which suggested that positive adjustment in subjective norms would lead to a positive change in behavioural intention of tax compliance. This is also confirmed by Bani-Khalid et al. (2022) which found that there is a significant relationship between subjective norms and tax compliance behaviour among SMEs' owners, and managers who have high subjective criteria are more likely to comply with the tax. It suggests that subjective norms, influenced by social pressure, related to the fairness of the tax system and trust in the Government. Hamdah et al.'s (2020) study among individuals' taxpayers in Indonesia also confirmed that subjective norms have a positive effect on taxpayers' compliance. From a practical standpoint, this implies that the perceptions of individuals who are close to online business entrepreneurs, such as family, friends, or business associates, significantly influence their tax compliance behaviour. Tax authorities and policymakers may consider leveraging these subjective norms to encourage and promote tax compliance within the online business sector. Understanding the role of subjective norms in shaping tax compliance provides valuable insights in designing interventions, educational programs, or communication strategies that can leverage social influences to enhance tax compliance behaviour among online business entrepreneurs.

The findings from the analysis data reveal the results for all four hypotheses developed (H1, H2, H3, H4). The research findings shed light on the complex relationship between tax-related factors and compliance behaviours among online business entrepreneurs. The study reveals that there is a significant positive relationship between tax morale and tax compliance, emphasizing the crucial role of ethical considerations in shaping entrepreneurs' adherence to tax obligations. Additionally, subjective norm is found to influence tax compliance, indicating that entrepreneurs' behaviours are influenced by the perceived opinions of significant others. However, the study does not find substantial support for the hypotheses asserting relationships between tax knowledge and tax complexity with tax compliance. This suggests that, despite the potential importance of tax-related knowledge and complexities, they may not be the primary determinants of compliance behaviours among the dynamic and multifaceted community of online business entrepreneurs. These nuanced findings highlight the need for tailored strategies by policymakers and tax authorities to address the unique challenges faced by online entrepreneurs in ensuring tax compliance. It is essential to consider these findings in the broader context of encouraging tax education and awareness initiatives for online business entrepreneurs, ultimately contributing to improved tax compliance in this sector.

Conclusion

This research aimed to investigate the behavioural intentions of online business entrepreneurs toward tax compliance, guided by the Theory of Planned Behaviour. The study identified several key findings that contribute to the understanding of the factors influencing tax compliance in the context of online businesses in Malaysia. The first objective of the research focused on examining the relationship between tax morale and tax compliance behaviour among online business entrepreneurs. The study revealed a significant relationship, emphasizing the pivotal role of ethical considerations in shaping entrepreneurs' commitment to fulfilling tax obligations. This aligns with previous studies and underscores the importance of cultivating a sense of moral responsibility among entrepreneurs to enhance tax compliance. The second objective aimed to explore the relationship between tax knowledge and tax compliance behaviour. Contrary to expectations, the study did not find substantial support for this relationship. The relationship aligns with insights from previous research, suggesting that a higher level of tax knowledge may not necessarily translate to increased compliance among online business entrepreneurs. This finding emphasizes the complex nature of the relationship between tax knowledge and compliance which highlights the need for targeted interventions. Similarly, the third objective investigated the relationship between tax complexity and tax compliance behaviour. The study revealed a positive but non-significant relationship, indicating that alterations in the perceived complexity of tax matters may not have a significant impact on tax compliance. This adds nuance to the understanding on the role of tax complexity in shaping compliance behaviour and suggests that perceived difficulty may not be a decisive factor. The reason could be that most of the respondents have tertiary academic qualifications which could be that they are mostly aware of the knowledge on taxes. It could be a different result should these online business owners do not have tertiary qualifications instead. The fourth objective focused on examining the relationship between subjective norms and tax compliance behaviour. The study identified a significant relationship, highlighting the impact of perceived opinions from significant others on entrepreneurs' tax-related actions. Social influences are found to play a crucial role in shaping compliance behaviour among online business entrepreneurs.

While the study makes valuable contributions, it is not without limitations. The sample size and reliance on self-reported data may limit the generalizability of the findings. Additionally, the research focused on online business entrepreneurs in Malaysia, and cultural or contextual factors specific to this region might influence the findings. The research primarily centred on online business entrepreneurs, overlooking their educational backgrounds as a factor of analysis. These limitations open avenues for future research, including more extensive and diverse samples, mixed methods approach, and exploration of cultural nuances. In conclusion, this research advances the understanding of tax compliance behaviour among online business entrepreneurs and provides valuable insights for policymakers, academicians, and practitioners. The findings underscore the need for targeted interventions that consider ethical considerations, social influences, and the complex interplay of knowledge and complexity in shaping tax compliance behaviour.

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