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Goods and Services Tax (GST) Compliance among Malaysian Consumers: The Influence of Price, Government Subsidies and Income Inequality

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Abstract

The purpose of this research is to explore the correlation between price, government subsidies and income inequality towards GST compliance. Tax noncompliance remains as global phenomenon that can threaten the integrity of every tax systems hence the understanding of what people want will help to explain public dissatisfaction, heading towards the direction of developing a tax system that stimulate tax compliance in the future. Research findings has revealed that all the selected variables have significant relationship with GST compliance. To conclude, this study has bridged the knowledge in tax compliance literature, providing empirical result on potential determinants of tax non-compliance in Malaysia.

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1. Introduction

Appropriate mixture of direct and indirect tax has led to long debate in political and academic circle, concerning the virtues and flaws in both forms of taxation structure. By and large, the distinction between direct and indirect taxes can be made easily as the former is levied directly either on personal or corporate income while the latter is levied on the price of goods or services and it is collected via intermediary parties. The adoption or degree of reliance on direct tax versus indirect tax is fundamental towards optimal design of tax structures as different versions

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