

Cash Economy Dan Ketidakpatuhan Cukai Di Kalangan PKS Sektor Pembinaan Di Malaysia

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Abstract

The tax environment in Malaysia is still facing the problems of non-compliance. It has become more critical due to the existence of activities under cash economy among small and medium-sized businesses (SMEs). Although many studies on tax compliance have been done, there are still limited discussion on the form or condition referred to as tax non-compliance. Hence this study details out the forms of tax non-compliance based on four situation which are: (1) no registration; (2) late or no submission of tax return; (3) no income reporting or under statement of income; (4) late no payment of income tax. The term cash economy is still new in Malaysia's tax environment. It is also known as parallel, black, hidden, underground and shadow economy. Most tax literatures refer cash economy as tax non-compliant activities that effect most countries in the world including Malaysia. Therefore the focus of this study is to identify which categories of SMEs in Malaysia that are involved in activities of cash economy, especially from the construction sector which has been indicated as highly involved with tax non-compliance. The results showed that in 2013, 44% of the SME samples in the construction sector did not comply, and out of that 84% were involved in cash economy. The finding also showed that the action of not registering, late or not submitting the tax return were the most dominant. On the other hand, civil engineering and micro-sized businesses are the most dominant SMEs of the construction sector in Malaysia that involve in tax non-compliance. The result of this study are highly relevant to the Inland Revenue Board of Malaysia in developing tax compliance strategies and at the same time adding value to the collection of tax literatures.

Keywords: tax non-compliance (register, filing, reporting and payment); cash economy; small and medium enterprise (SME); construction sector.