TAX PLANNING AMONG COMPANIES IN MALAYSIA IN AN E-COMMERCE ENVIRONMENT

MORNI HAYATI BT JAAFAR SIDIK

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By

MORNI HAYATI BT JAAFAR SIDIK

Thesis Submitted to the Graduate School of Management, Universiti Putra Malaysia, in Fulfillment of the Requirement for the Degree of Doctor of Philosophy

July 2010
DEDICATION

This thesis is dedicated to:

My late mum, Allahyarhamah Che Yah, who had been my source of motivation and inspiration throughout my life. She left this world on Ramadhan 1430 before I can show her this work.

My husband, Ahmad Shaidi, and my three children, Aini Munirah, Aqil Hadif and Aqif Nukman who were all born throughout the period of my studies.
Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfillment of the requirement for the degree of Doctor of Philosophy

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Chairman: Abu Sofian bin Yaacob, Ph.D.
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E-commerce poses new way of doing business and provide new opportunities for companies to broaden their markets. E-commerce transactions, however, have raised several tax problems. One of them is the ambiguities surrounding the concept of permanent establishment. These ambiguities, on the other hand, may be used by e-commerce companies to reduce tax burden through tax planning. The purpose of this study is to examine the tax planning from PE interpretation in e-commerce environment in the Malaysian context.

This study employed two types of data collection methods. The first method is the quantitative data collection through questionnaire survey. Nine hundred and fifty questionnaires were sent to the selected respondents using both postal and electronic mail (e-mail). Out of 950 copies distributed, 107 questionnaires were received from the respondents. The second method involved collecting qualitative
data through in-depth interviews. The key personnel from four e-commerce companies were interviewed to gain further insights on their tax planning.

The results of this study showed that 95 percent of the respondents are tax planning adopters. The statistical analyses revealed that although the respondents adopt tax planning in e-commerce environment, they do not depend on the use of tax consultants, organizational characteristics and innovation factors.

The study also showed that there is no relationship between website address and tax planning adoption. Apart from that, there was no clear relationship between tax planning adoption and tax planning perceptions. The findings suggest that even though the companies adopt tax planning, it does not mean that they perceive tax planning to be important.

In summary, the findings suggest that tax issues might not be the main consideration when a company in Malaysia plans their website. There are other issues that are more important than tax issues such as legal and securities issues. This implies that the tax authorities in Malaysia may have ample time to study their tax policy in e-commerce environment. At the same time, CEOs and managers of the e-commerce companies should ensure they are equipped with tax knowledge in order to avoid any unnecessary tax liabilities.
PELAN PERCUKAIAN SYARIKAT-SYARIKAT DI MALAYSIA DALAM PERSEKITARAN E-DAGANG

Oleh

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Kajian ini menggunakan dua kaedah untuk mengumpul data. Kaedah pertama adalah mengumpul data kuantitatif dengan menggunakan borang kajiselidik. Sembilan ratus lima puluh borang kajiselidik (950) telah dihantar kepada responden yang terpilih secara pos dan elektronik (emel). Daripada jumlah tersebut, 107 borang kajiselidik telah diterima daripada responden. Kaedah kedua...
ialah mengumpul data kualitatif melalui temubual secara mendalam. Pegawai utama daripada empat syarikat e-dagang telah ditemubual untuk mengetahui dengan lebih lanjut tentang pelan percukaian mereka.

Hasil kajian menunjukkan 95 peratus daripada respondent adalah pengguna pelan percukaian. Kajian statistik mendapati walaupun responden menggunakan pelan percukaian di dalam suasana e-dagang, ianya tidak bergantung kepada penggunaan pakar percukaian, sifat organisasi dan faktor innovasi.

Kajian ini juga mendapati tidak ada perhubungan di antara alamat laman web dan penggunaan pelan percukaian. Selain itu, tiada perhubungan di antara penggunaan pelan percukaian dan persepsi terhadap penggunaan pelan percukaian. Hasil kajian mengesorkan walaupun syarikat menggunakan pelan percukaian, ini tidak bererti mereka merasakan pelan percukaian sebagai sesuatu yang penting.

Secara ringkasnya, hasil kajian menyarankan bahawa isu cukai bukan merupakan perkara utama yang diambilkira oleh syarikat di Malaysia dalam membina laman web mereka. Isu lain yang diambilkira adalah seperti perundangan dan keselamatan. Ini bererti pihak berkuasa percukaian di Malaysia mempunyai ruang masa yang mencukupi untuk mengkaji polisi percukaian di dalam suasana e-dagang. Dalam masa yang sama, pengarah syarikat e-dagang mesti memastikan
mereka mempunyai ilmu percukaian untuk mengelakkan syarikat mereka
daripada membayar liabiliti cukai yang tidak sepatutnya.
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I certify that an Examination Committee met on July 2010 to conduct the final examination of Morni Hayati bt Jaafar Sidik on her Doctor of Philosophy thesis entitled “Tax Planning among companies in Malaysia in an e-commerce environment” in accordance with Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U(A) 106] 15 March 1998. The Committee recommends that the student be awarded the degree of Doctor of Philosophy.

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DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Universiti Putra Malaysia or other institutions.

________________________________
MORNI HAYATI BT JAAFAR SIDIK

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