Compliance Risk of Sales and Services Tax 2.0 in Malaysian Environment: Perspectives of Tax Administration

Natrah Saad1*, Zainol Bidin1, Idawati Ibrahim1, Saidatul Nurul Hidayah Jannatun Naim Nor Ahmad1, Perabavathi Sinnasamy1, Shamsudeen Ladan Shagari1

1Tunku Puteri Intan Safinaz School of Accountancy, Universiti Utara Malaysia, 06010 UUM Sintok, Kedah, Malaysia
2Royal Malaysian Custom Department, Malaysia
3Department of Accounting, Faculty of Management Sciences, Bauchi State University Gadau, Nigeria

*Corresponding author email: natrah@uum.edu.my

ABSTRACT

The objective of this study is to explore the internal and external compliance risks in the context of Sales and Services Tax 2.0 implemented in Malaysia. The foundation for this study is derived from Committee of Sponsoring Organization’s (COSO) Enterprise Risk Management (ERM) Integrated Framework, highlighting various forms of risks of organizations. Data was gathered through interviews with tax officers handling SST 2.0, and subsequently transcribed and analysed using thematic analysis. Findings indicate that organizational work culture, human resources, professionalism, and information technology makes up the internal risks while legislation, public opinion, and political influence forms the external risks. The findings provide meaningful insight for the tax authority in developing their risk management strategies in their effort to improve SST 2.0 compliance, and enhance their resilience to potential threats and challenges. Identification of risk management strategies based on the underlying risks would assist the tax authority to mitigate or eliminate negative risks while taking advantage of positive risks, and consequently improving tax compliance.

Keywords: SST, Compliance risk, Case study, Risk management, Tax authority

Received September 25, 2023; Revised October 22, 2023; Accepted October 26, 2023

Doi: https://doi.org/10.59953/cpa.v39i5(b).32

1. INTRODUCTION

Prior to 1 April 2015, the indirect tax regime covered the SST, which was governed by the Sales Tax Act 1972 and the Service Tax Act 1975. Sales Tax was a single-tier tax imposed on taxable goods manufactured in Malaysia and taxable goods imported into Malaysia, both for domestic consumption. The sales tax rates were 5% or 10%. Service Tax was a single-tier tax applicable on taxable services prescribed under the Service Tax Regulations 1975. The Service Tax rate was 6%, whilst specific rates were charged on credit cards.

In 2015, the Goods and Services Tax (GST) was introduced after a few postponements. Since its introduction, the Royal Malaysian Customs Department (RMCD) has identified 2,621 companies that have failed to comply with the GST Act 2014, and most cases revolved around failure to submit statements to the department (New Straits Times, 2016). The RMCD has also identified 14,578 tax evasion offences between April 2015 and July 2017 as a result of non-compliance with the GST (The Star, 2017). Of this, a total of 2,097 cases were prosecuted, with 928 cases imposed with fines, as stated by the Government in the Economic Report 2017/2018.

After three years of its implementation, in May 2018, Malaysia’s Ministry of Finance announced that GST would be abolished and replaced by SST 2.0. The change in the tax system is part of a wave of economic reforms promised by the then Prime Minister Dr. Mahathir Mohamad. Before the SST 2.0 implementation, a transitional arrangement was carried out to help businesses acclimate to the new environment. The first step of the transition began on 1 June 2018, when GST was adjusted from 6% to 0% rate across Malaysia. The move to remove the 6% GST has paved the way for the introduction of SST 2.0, which came into effect on 1 September 2018. The transition from GST to SST 2.0 posed a variety of challenges to Malaysian businesses. The implementation of SST 2.0 has raised several issues from the taxpayers’ perspectives. Yeoh Cheng Guan, an indirect tax leader from Ernst and Young Tax Consultants Sdn Bhd (EY), stated that he is concerned about the welfare of the food and beverage (F&B) industry under the new Service Tax. Yeoh said, “I am concerned about the current SST treatment of business in this sector. A key exemption within the new tax regime is rental income, which is not subject to any form of SST. It is not uncommon for a restaurateur to own the building or shop lot in which his business operates. His restaurant may be...
on the ground floor while he lets out the second and third floors to collect rental income. Under the SST industry guidance, if you are an F&B operator and have been licensed to charge Service Tax, the rental income is now subject to Service Tax. I struggle to understand the spirit of the law in this instance” (Gomez, 2018). Yeoh also added that “In addition, clearer guidelines are needed when there is a mixed supply chain operating within a holding company structure. It is important to note that where a Sales Tax is imposed, there cannot also be a Service Tax within that supply chain and vice versa. Take an F&B group of companies with a central kitchen operating as a subsidiary. The central kitchen ‘manufactures’ food, which it then sells to the group’s own shops (retailers) and charges them a Sales Tax. The retailers then sell the food to the public and are required to charge their customers a 6% Service Tax. This results in a potential 16% tax situation, leading to a price increase. The authority needs to study this situation so it can help the business community mitigate the cost of doing business”. In addition, every new tax regime always has early glitches. It would appear that within the new SST 2.0 regime, certain transactions may be subject to multiple tax exposures. This ‘tax cascade’ has the effect of indirectly increasing the prices of certain goods and services. Businesses engaged in the sale of these goods and services would arguably be less competitive, and consumers would opt for products and services from other similar suppliers. Therefore, there is a possibility that businesses become tax non-compliance in order to avoid being in such a situation (Gomez, 2018).

Walsh (2012) stated that increasing tax compliance is the appropriate tool to be enhanced when a tax authority requires taxpayers to comply with the tax policies. One of the ways that can be used by a tax authority to increase tax compliance is to improve compliance risk management. According to European Commission (2010), compliance risk management is a systematic process in which an organization will use an effective instrument to encourage process compliance and prevent non-compliance. He described compliance risk management in tax administration as a systematic approach in which tax administration will make a deliberate selection of the suitable risk identification and treatment tools that could be employed to efficiently and effectively enhance taxpayers’ compliance behavior and tax administration productivity. The primary objective of tax administration compliance risk management is to enable the tax authority to achieve its strategic visions by making effective decisions and increasing taxpayers’ compliance. In this regard, the tax administration shall develop strategies that can balance suitable risk identification and treatment tools that could be employed to efficiently and effectively enhance taxpayers’ compliance behavior and tax administration productivity. The primary objective of tax administration compliance risk management is to enable the tax authority to achieve its strategic visions by making effective decisions and increasing taxpayers’ compliance. In this regard, the tax administration shall develop strategies that can balance innovative treatment and traditional enforcement activities by seeking an effective way that can increase process compliance and reduce the risk level. Hence, there is a need for an effective risk management model to be developed to combat non-compliance by taxpayers. This is because the dynamic nature of businesses and corporate organizations made the trend of non-compliance increase (Quispe-Layme et al., 2023) and, as a result, exposed tax administration to internal and external risk problems (OECD, 2017).

The majority of tax compliance research has been conducted on external risk management, which focused on the taxpayers’ perspective (see, for example, Yusoff & Mohd, 2017; Rahman, 2017; Nkundabanyanga et al., 2017). This study, in contrast, investigates the perspective of tax administration in identifying both the internal and external compliance risks for SST 2.0. To the knowledge of the researchers, there is limited empirical evidence on compliance risk for indirect tax administration that can be found in the literature, whether in Malaysia or in other countries. Based on the foregoing discussion, this study explores the perceptions of SST 2.0 compliance risk in Malaysia after its re-introduction in 2018 (after the abolishment of GST). This is highly important to explore how the RMCD officers view compliance risk (internal and external) thus far. Following this introduction, the second part of this paper presents the literature review while the third part deals with methodology. The fourth part sets out results and discussion while the last part discusses conclusion and implications.

2. LITERATURE REVIEW

This section describes the implementation of SST 2.0 in Malaysia. This is followed by discussion on risk in organization.

2.1 Sales and Service Tax 2.0

Sales and Service Tax (SST) 2.0 as the name implies comprise of two components namely the Sales Tax and the Service Tax. The Sales Tax is levied on manufactured and locally produced goods, either to be imposed during the purchase of goods or at the time of the goods’ disposal or sales. In other words, the government collects tax at manufacturer’s level only. But the amount of tax is embedded in the price paid by the consumer after going through the supply chain, that is wholesaler and retailer. The applicable rates are 5%, 10% or another specific rate or exempt. The Service Tax, on the other hand, is to be levied and paid in conjunction with taxable services provided in and supported by any taxable individual in Malaysia. The applicable rate is 6%. The threshold for mandatory registration for SST 2.0 has been standardised to be RM500,000 turnover in 12 months. Figure 1 and 2 presents how Sales Tax and Service Tax work under SST 2.0.
2.2 Overview of Risk in Organization

The word risk is defined by scholars from different perspectives with different meanings to organizations and individuals. Risk is described as a probability or threat that an event or action with adverse effect will occur in an organization that can hamper its ability to achieve its goals and objectives (OECD, 2017). Risk is a condition in which the decision-maker does not know all the alternatives and the risk associated with each alternative or the consequence of each alternative is likely to have. These two assertions show that risk is a complex and worrisome threat to any organization towards accomplishing its objectives if not properly managed by putting the right strategies to curb the risks facing the organization’s effectiveness.

Normally, risk could either be a positive or a negative risk. According to Dikwa (2018), positive risks are the risks that are characterized by opportunities and chances, while negative risks are the risks that are characterized by threats and intimidations to the organization’s efficiency and objectives achievement. Therefore, for any organization to achieve its goals and objectives, there is a need to identify and analyse all possible forms of risks that could affect operational efficiency and performance effectiveness. The possibility of having a negative risk in any institution signifies an action or event will adversely happen and hence will influence the ability of an organization to achieve its vision. Risk is a multifaceted concept that is highly challenging to understand, define and even manage. This is because risk has different meanings to different people and to different things, and also to various organizations. Conversely, the risk is a threat or probability of a threat that has a negative influence on the objectives of an organization that need to be achieved.
The Committee of Sponsoring Organization (COSO) categorizes business risks into four major components namely strategic, operations, reporting, and compliance (Moeller, 2007). Strategic risk relates to risks that an entity’s objectives are not in alignment with its vision and mission, thus, making it difficult to meet its aspiration. The operations risk is the risk that the entity is not operating in an effective and efficient manner to ensure optimal utilization of resources, such that cost will be minimized and profit maximized. The reporting risk is the risk that the financial reporting of the entity is not presented in line with the qualitative characteristics of the financial statement - that is, it is neither relevant nor reliable. Lastly, compliance risk is the risk that the entity fails to comply with applicable laws and regulations within the entity’s business environment (Wahyuni & Novita, 2021). Failure of the firm to comply with such provisions may result in fines, penalties, delisting from the stock market, and even forceful closure of the enterprise. It was asserted that managing risks in these four risks appetite would enable the entity to create value for its stakeholder (Moeller, 2007). These risk appetites are depicted in “COSO’s Enterprise Risk Management (ERM) Integrated Framework” 2004, as presented in Figure 3.

Additionally, in any organization, compliance risk (which is the focus of this study) is classified as internal risk and external risk (European Commission, 2016; Cai et al., 2015). In the context of tax administration, internal risks are those risks that exist within the tax authority, such as low compliance with tax laws by the tax official, negligence of duty and tax authority’s norms and culture, and recklessness in tax administration that could lead to distraction and not accomplishing tax administration’s objectives. European Commission (2016) identified five internal risks in tax administration, namely organizational culture, human and financial management, information technology, and governance structure. External risks, on the other hand, are those risks that are outside of the tax administration and are mostly related to the environment as well as external stakeholders such as taxpayers. These risks are those that affect the operational efficiency of tax administration and originate from external forces posed by the environment and taxpayers. The external compliance risks are basically grouped into four perspectives, namely legislation (legal environment), public opinion, economic conditions and political influence (European Commission, 2016).

It is critical to recognize the compliance risk (internal and external) in the organization, before formulating the appropriate risk management strategies in order to avert the negative effect of the particular risks. In another words, any failure of a public sector organization to deliver services efficiently and effectively indicates the incapability of that organization to identify, manage and control the risks that are facing its organization and threatening the achievement of its goals and objectives. In the context of tax administration, failure to identify and analyse the compliance risk in the tax system from taxpayers’ and tax administration perspectives, tax administration will not be efficient in its operational functions and effective in collecting due taxes and channelling them to the government for the provision of public infrastructure. Hence, this explains why researchers embark on this study.

![Figure 3: COSO ERM Integrated Framework (2004)](https://www.compendiumpaperasia.com)
3. METHODOLOGY

This study unveils the internal and external risk in SST 2.0 administration in Malaysia from a qualitative paradigm using a case study. A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context (Yin, 2005; Melo & Guimaraes, 2022), especially when the boundaries between phenomenon and context are unclear. Using a case study approach allows for a particularly detailed exploration of risk. This is because a case study will enable researchers to retain the meaningful characteristics of real-life events in order to gain a unique insight into real people living in actual situations. A case study also has a distinct place in organizational research, for example, to explain the presumed causal links in real-life interventions, where explanations would link system implementation with system effects. The case study method allows investigators to retain the holistic and meaningful characteristics of real-life events, such as organizational and managerial processes. The RMCD Headquarters has been chosen to be the case study in this research as it is the tax authority that manages the SST 2.0 in Malaysia.

This study employed the interview approach to answer the objective of the study, i.e., to explore the potential sources of SST 2.0 compliance risk. Potential participants were contacted via official letter to RMCD headquarters to seek their approval for the respective officials to be interviewed. Upon the approval granted, six (6) identified customs officials were contacted for the online interview arrangement, but only four (4) participated. Prior to the group interview sessions, participants were briefed on the objectives of the research and the confidentiality of their identity. One set of interview guidelines was designed by the researchers as a guide to conducting the interviews. The guidelines were formulated based on the topic of the study to assist the researchers in initiating the discussion. Fifteen probing questions were stated as the basis for the researchers to understand in-depth the issues related to compliance risk.

The interview session, which took approximately 2 hours and 30 minutes, was recorded with the consent of the participants and transcribed accordingly. In order to ensure the correct information was gathered, note-taking was also performed. The transcripts were then analysed using thematic analysis, following Braun & Clarke (2006). Thematic analysis is a method that identifies, analyses, and reports patterns within data. This thematic analysis was performed in six phases following the step-by-step guide by Braun & Clarke (2006). The phases are data familiarisation, initial code generation, themes search, review of themes, defining the themes, and naming the themes.

4. RESULTS AND DISCUSSION

The identities of the participants are disguised, consistent with confidentiality and anonymity principles. The interviews were transcribed and analysed accordingly. Using a thematic approach, the findings are categorised into the following sub-sections.

4.1 Internal Risk

During the interview, participants were asked about the internal risk associated with compliance management. Out of the discussion, four (4) themes emerged, namely organizational work culture, human resources, professionalism, and information technology.

In terms of work culture, there is less risk of non-compliance as RMCD has a clear work command. For example, every task that is given to the subordinate will be supervised by a supervisor, and if there are problem arises, it will be discussed in a meeting at the department for each tax treatment. This has been explained by one of the interviewees:

“Letters sent out will be signed by the supervisor. From there, we will know if there is any problem arises, and it will be brought to a meeting where we can make the decision. Before we make any decision on the tax treatment, we will scrutinize the detail and explain it during the meeting. Indirectly this will inform and educate our officers as well. So, sharing of information is very important to us.”

[Informant 1]

With regard to human resources risk, they argued that RMCD officers and personnel were also not fully prepared for the transition as some of them were not familiar with SST 2.0 as they had been more exposed to the previous taxation system. This is evidenced by one of the interviewees:

“What I can see from the SST 2.0 implementation is that there is confusion among the industry player and our personnel because we have been used to GST for three years, especially for new officers that are not exposed to SST 1.0 and joined us during GST implementation”.

[Informant 2]

Further, they were of the opinion that RMCD personnel apparently still confuse about the SST 2.0 concept, and this was revealed during the financial audit where officers are still using the concept from GST, which is not accurate to SST 2.0 such as using GST supply concept and SST 2.0 supply concept interchangeably. Still, SST 2.0 actually does not have a supply concept and only has a sales or services element. It was this mixed up that the interviewee mentioned the officers may not be well versed with SST 2.0 yet.
As for professionalism risk, one issue discussed was the corruption risk, which would jeopardize compliance. According to interviewees, the corruption level at the department is lower now than it used to be previously. This is particularly stated by one of the informants:

“In terms of corruption perception, maybe it was there previously, but lately, I can see a downward trend because we have been exposed to corruption cases in the media that has now been made public. Before this, it is not disclosed. Even the public can now take pictures of officers taking bribes and report it. Nowadays, we also use a lot of IT systems, not manual anymore, so this IT usage also reduces corruption risk because everything is recorded.”

[Informant 2]

However, it is important to note that the professionalism level of RMCD personnel is yet to be determined as a full audit of the system and personnel is yet to be administered.

The other risk highlighted is information technology. The group interview with RMCD's top management reveals that information technology is one of the biggest internal compliance risk factors on SST 2.0. This is because there is a haste transition from GST to SST 2.0 that was being made in just 100 days. Systems and procedures have to be prepared in a short amount of time.

“The main problem is we need to change the tax system in 100 days, whereas, in other countries, this big change would need up to 6 months to one year. We change a lot and we develop the system in just two months and from there, we found a lot of problems.”

[Informant 1]

Furthermore, there is no system to administer risk in tax collection, audit system, or analysis, as these are still undergoing projects. RMCD has invited vendors to present the proposal to them, but it was not yet finalised. So, at the current moment, information technology still poses the biggest risk for RMCD for the absence of a well-integrated system. This has been explained by informant 2:

“We don’t have big changes in these 3 to 4 years of SST 2.0 implementation, but we do have effort towards that. We are now going towards big data analysis and procurement system, and we have called for the vendor to present to us. We are also developing the audit system with our own initiatives. As we can see in some companies, we can’t even see the invoices, all in the cloud. So, we need to move forward than doing manual audit like we used to do before this.”

[Informant 2]

Based on the views of participants, human resource risk and information technology risk appear to be the most concerned risks as compared to professionalism and work culture risks.

4.2 External Risk

In terms of external risk, the participants highlighted legislation, public opinion, and political influence as the underlying factors. As for legislation, the participants claimed that following the haste transition, the legislation of SST 2.0 needs a lot of amendments after the implementation. This is because the legislation was prepared in a short amount of time and not very detailed as they had to come up with the new law, acts, rules and regulations, and order. This has been explained by the legal team of RMCD:

“We have a very short time, and we have to prepare all the new laws and acts, and then when we look back, there are a lot of amendments. So, I think risk arises with that problem when there is a lot of SST treatment that we revisit and change. It is like every year, and we have amendments to strengthen the SST 2.0”.

[Informant 3]

Further, SST 2.0 legislation also has loopholes and a grey area, posing a risk of error, litigation from companies, and a higher chance of tax avoidance as compared to the previous system, as explained by one of the interviewees: “Relatively, under SST, compliance level is lower in that it enables tax avoidance by the public. For example, on sales tax, tax evaders could create a company or marketing arm, and they will sell their products to the marketing arm at a low price, and the marketing arm later sell it at a higher price. This is a common practice and is being self-declared by the businesses themselves, even by established companies. Secondly, there is a risk of error in using the system and confusion about the legislation and procedure of SST. Thirdly, SST itself has a lot of grey areas.”

[Informant 2]

SST 2.0 also poses a risk of non-compliance, contributed by the fact that no benchmarking can be made in terms of drafting the legislation and the only reference is from SST 1.0, whereas for GST, reference can be made to various countries around the world as it has been widely implemented, making the benchmarking possible. This has been explained by the legal team:

“Like for GST/VAT, the whole world used it, or most countries are using it, so we can just choose any country to set as our benchmark. But for SST 2.0, we totally take from SST 1.0, and improvise it. Our main problem is the 100 days period. With GST, there are a lot of facilities that have been gazetted, so it is easy for us. But for SST, we have to create it. For example, registration used to be manually under SST 1.0, but because GST was using the system, we tried to incorporate the system as well for SST 2.0 registration.”

[Informant 3]

The interview with RMCD's top management also reveals that the haste implementation of SST 2.0 has also affected public opinion. Information was not effectively
communicated in that short amount of time, leading to confusion and also the risk of non-compliance. Industries and businesses are more exposed to the GST as compared to SST. This is explained by one of the interviewees: “SST 2.0 implementation is an abrupt implementation in all aspects. In terms of legislation, developing the system, in terms of giving awareness to the public and exposure to our staffs. Under GST, there are 400,000 registrants, but only 60,000 in SST 2.0. So obviously, the exposure to indirect tax is bigger during GST as compared to SST 2.0.”

[Informant 2]

Finally, the RMCD top management also admits that political influence is also a compliance risk factor in SST 2.0 implementation. The top management is of the view that the previous system is already very effective and advanced, as what other countries have long practiced. Still, because politicians decided to change back to the SST system, they have to comply with the direction from the top, even though there is not enough time to change the overall system, and the changes to RMCD are change for the worse, not for the better: “The whole tax system has to be changed in 100 days, which is the biggest challenge for us. But because we have to follow the country’s leaders, we have to change and this change, in my personal opinion, is from a good system to a not-so-good system. Because other countries in the world have implemented GST/VAT and nobody did a U-turn like us.”

[Informant 4]

In sum, the compliance risk identified by the participants in relation to SST 2.0 is presented in Figure 4. While the findings of this study only reflect the identification of compliance risk, this framework provides a more comprehensive risk management model that could be beneficial for future study. In brief, Figure 4 suggests that compliance risk comprises of internal risk and external risk. Internal risk is associated with organizational work culture, human resource, professionalism and information technology, while external risk relates to legislation, public opinion and political influence. These risks are believed to cause inefficient and ineffective organization. However, it can be mitigated by effective risk management, that will eventually increase taxpayers’ compliance.

5. CONCLUSION

This study explores the compliance risk of SST 2.0 in Malaysia, from the perspective of custom officers. With the re-introduction of SST 2.0 after the abolishment of GST, it is highly important to explore how the customs officers view compliance risk thus far as it may affect taxpayers’ compliance behaviour. Hence, there is a need for this study. For that purpose, a case study approach involving interviews was conducted. Findings from the interview indicate that compliance risk comprises of both internal and external risks. Internal risk consists of organizational work culture, human resources, professionalism, and information technology; while the external risk is associated with legislation, public opinion, and political influence.
In respect of internal risk, it appears that human resources and information technology pose critical negative threat to the organization. Specifically, result suggest that some RMCD officers and personnel were not well-versed with SST 2.0. Being the person who directly involved with the system and responsible to advice the taxpayers, it is critical for them to possess adequate knowledge. In this instance, apparently RMCD officers require proper training to mitigate its human resource risk. Information technology, which is supposedly serve as a tool accelerate the process, has been identified as one of the biggest internal compliance risk on SST 2.0 due to haste transition from GST to SST 2.0. Additionally, a number of important systems are still not in place, which eventually delay the process. The presence of risks related to organizational work culture and professionalism were also highlighted but found to be manageable. Perhaps, with this information, the RMCD should consider focusing on the investment for training of human resources and information technology as measures of risk management strategies.

With regard to external risk, it appears that legislation and public opinion might pose some risk. The participants claimed that the legislation risk was possibly due to the abrupt introduction of SST 2.0. They claimed that the legislation change requires close scrutiny before the amendment. Another source of legislation risk could be the absence of benchmarking that they could refer. The quick introduction of SST 2.0 has to a certain extent, limited the opportunity to disseminate information properly, which eventually leading to confusion and negative public opinion. Political influence is also a compliance risk in SST 2.0 implementation. While the top management felt that GST is already effective in collecting taxes and widely accepted globally, the change to SST 2.0 had to be done due to political intervention, hence resulting in compliance risk. This external risk could be mitigated through proper communication between the RMCD and public at large. RMCD should be able to leverage various mediums of communication available to date such as electronic media, social media and public campaign.

It is timely to conduct this study considering the SST 2.0 introduction in Malaysia. Recognizing compliance risk is critical for SST 2.0 in ensuring high compliance. Hence, the findings would definitely provide empirical evidence to the tax authority. With this information, it provides a good basis for the tax authority to strategize on mechanisms to manage the compliance risk of SST 2.0. Theoretically, this study would add to the limited literature available and extend the knowledge boundary on compliance risk study in the region.

This study is not without its limitations. First is the use of interviews, which may create bias and the possibility of researchers’ influence on the participants. However, measures were taken to reduce such issues. For instance, participants were reminded that their responses would be reported collectively rather than on an individual basis. The interview session also allowed the participants to express their views openly with minimal intervention from the interviewers. The study is also limited to custom officers only. However, it is important to note that considering the early implementation of SST 2.0, they might be the most relevant and appropriate group to share the views. The findings and observed limitations provide insights into the potential for future studies. First, researchers may consider a survey involving companies or SST 2.0 taxpayers to seek their views on the matter. Second, a case study on a few companies involved in SST 2.0 in Malaysia would be interesting in order to understand the challenges faced by taxpayers and tax authorities.

**ACKNOWLEDGEMENT**

The authors would like thank Ministry of Higher Education (MoHE) of Malaysia through Fundamental Research Grant Scheme (FRGS/1/2019/SS01/UUM/02/2) that making this research feasible. Also, the authors would like to thank the late Assoc. Prof. Dr. Muzainah Mansor for her contribution towards the completion of this study.

**REFERENCES**


Quispe-Layme, M., Layme, W. Q., Cairo-Daza, S., Quispe, J. C., Pozzi, R. H. H., Mamani, R. S., & Holgado-Apaza, L. A. (2023). Preventive tax audit and refunds linked...
to the general sales tax of exporting companies in the province of Tambopata, Peru. *RGSA: Revista De Gestão Social E Ambiental*, 17(6), e03829. https://doi.org/10.24857/rgsa.v17n6-029


