Chapter 1

Students’ Level of Perceived Competence in Tax Simulation Based Learning

Ida Haryanti Binti Mohd Noor, Norhidayah Binti Ismail, Norlaila Binti Md Zin, Wan Asma Binti Wan Nasrudin & Siti Hawa Binti Shuid

Universtiti Teknologi MARA Cawangan Negeri Sembilan (Seremban Campus), Malaysia

idaharyanti@uitm.edu.my

ABSTRACT

The purpose of this study is to investigate the students’ level of perceived competence after completing their tax simulation based learning. A tax simulation activity namely ‘Compute Your Own Tax or Should You Hire an Accountant’ has been developed by tax lecturers as one of the learning method in delivering tax knowledge to the peoples. In this simulation activity, individuals will take on the role of as a taxpayer in order to complete the computation of income tax payable for specific year of assessment. The study finding revealed that students have high level of perceived competence after completing tax simulation based learning. It indicates that students have high belief and confident on their capability to compute tax.

Key Words: Tax simulation, Perceived competence.

1. INTRODUCTION

Tax is an imposition of compulsory contribution on individuals or corporations by government entities in order to raise revenue for various government expenditures such like to build and maintain public infrastructures used in the country and also is used as an instrument of fiscal policy.

Tax can be categorized into two types which are direct tax and indirect tax. Direct tax is paid directly by individuals or corporations to the imposing entities such like income tax and real property gain tax while indirect tax is a tax on consumption of goods and services such like sales tax and entertainment duties. In Malaysia, administration of direct tax is under the responsibilities of Inland Revenue Board.

Self-assessment system has been introduced in Malaysia since year of
assessment 2001 while for individuals (employees, sole proprietors and partners in a partnership), self-assessment system was imposed since year of assessment 2004. Self-assessment system is a tax system whereby taxpayers are responsible to compute their own chargeable income and income tax liability as well as paying the correct amount of tax within stipulated date.

For individuals without business income, they need to submit their return by 30 April of the following year. While for individuals with business income, their return needs to be submitted by 30 June in the following year.

Self-assessment system places greater responsibility on the taxpayers to assess their tax debt or refund. It is therefore very important that taxpayers are well acquainted with the tax principles and policies under the Malaysian taxation legislation. It can be achieved if the taxpayers have appropriate knowledge on tax and the system as a whole.

2. LITERATURE REVIEW

Tax knowledge may be earned through many forms either by self-learning, formal education or informal education. Based on the empirical findings from prior researches, it is suggested that tax education is vital for the taxpayers. It can increase the level of tax understanding among taxpayers and subsequently increase the tax compliance level. One of the education methods that can be used in order to deliver tax knowledge among peoples is by using simulation based learning.

Simulation in its simplest definition is a recreation of a real-world situation, designed to discover key elements of that situation. It is a simplification of some object or process that permits participants to experience that object or process. Besides, a simulation game is a game, which has elements like score, performance rating, conflict, and payoff and simulates a real-world situation for decision-making.

The games can be brought into the classroom where it gives an educator new space for interaction and moves the focus on to student-led learning, as well as enabling the educator to explore education materials in new, engaging and memorable ways. Previous research showed that simulation games can be used as effective tools to teach various subjects and topics. In simulation game, the educator is the facilitator of the learning process, while the students are expected to be a responsible learner. Simulation games enhance students’ knowledge and skills through a learning environment that they control by active participation and immerse themselves in the material.

In the accounting and management discipline, Accounting Education Change Commission (AECC, 1990), Price Water House Cooper (PWC, 2003) and other authors (e.g. Silva et al., 2011; Jiang, 2010) in their research, identify the use of simulators as an interesting pedagogical tool. In particular, the accounting education is mainly based on theoretical knowledge which can lead static and boring learning (AECC, 1990). Thus, with simulators, students can apply their theoretical knowledge in simulated scenarios without any real consequences (Silva et al., 2011).

Hence, a tax simulation activity namely ‘Compute Your Own Tax or Should You Hire an Accountant’ has been developed by tax lecturers as one of the learning method
in delivering tax knowledge to the peoples. In this simulation activity, individuals will take on the role of as a taxpayer in order to complete the computation of income tax payable for specific year of assessment. Based on this simulation based learning, current study seeks to investigate students' level of perceived competence after they have attempted all tasks provided in that simulation.

Perceived competence was operationalized in terms of the extent to which participants were certain or uncertain of their own ability (Miserandino, 1996). In depth, perceived competence can be defined as one's belief that he/she has the skills and qualifications to do things well or it refers to the requisite qualities in a specific situation to achieve specified tasks (Ormrod, 2006). While, perceived competence of taxation students can be defined as generally the indication of students’ belief about complete concept of capability to compute tax. It also can be explained by the extent to which the students belief that they possessed the ability to compute tax.

3. METHODOLOGY

This research adopted the survey method in its approach. 5 out of 22 items of Intrinsic Motivation Inventory (IMI) developed by Deci and Ryan (2010) were used in the questionnaire to study the level of students’ perceived competence after completing their simulation activity in taxation course. Each item on the IMI was given a score from 1 to 5 (a likert-type scale).

The data collection method was carried out by using online survey. The questionnaires were distributed among non-accounting students who enrolled Taxation course and has attempt the simulation game in Universiti Teknologi MARA Negeri Sembilan.

Of the 138 questionnaires distributed, 117 questionnaires were returned, yielding a response rate of 84.8%. All 117 questionnaires were completed and were further analysed using SPSS software.

4. RESULTS AND DISCUSSION

The findings for this study are based on survey questionnaires from non-accounting students who enrolled Taxation course in Universiti Teknologi MARA Negeri Sembilan. The results of the survey are summarized according to i) students’ demographics and ii) students’ IMI scores.
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i) Students’ demographics

Table 1: Respondent Background

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>%</th>
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<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>12</td>
<td>10.30</td>
</tr>
<tr>
<td>Female</td>
<td>105</td>
<td>89.70</td>
</tr>
<tr>
<td>Part</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>29</td>
<td>24.80</td>
</tr>
<tr>
<td>5</td>
<td>84</td>
<td>71.80</td>
</tr>
<tr>
<td>6</td>
<td>4</td>
<td>3.40</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay</td>
<td>115</td>
<td>98.30</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>1.70</td>
</tr>
</tbody>
</table>

The demographic profiles of the students participated in this study is illustrated in Table 1. Out of the 117 students, 89.70 percent were female student while 10.30 percent were male student. The respondents were heavily from Part 5 student with 71.80 percent (N=84) followed by Part 4, 24.80 percent (N=29) and Part 6, 3.40 percent (N=4). This study also divided the sample according to the race in Malaysia. The largest portion of students was from Malay with 98.30 percent, and followed by Others, 1.70 percent.

ii. Students’ IMI scores

Table 2: The Relationship between Subscale and IMI items

<table>
<thead>
<tr>
<th>Subscale</th>
<th>IMI items</th>
</tr>
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<tbody>
<tr>
<td>Perceived competence</td>
<td>4,7,12,16,22</td>
</tr>
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</table>

Table 2 showed the relationship between subscale and 5 out of 22 items of IMI. The elements were derived from self-assessment Intrinsic Motivation Inventory (Deci and Ryan 2010).

Table 3: Students’ IMI scores

<table>
<thead>
<tr>
<th>Subscale</th>
<th>Students’ IMI scores (Mean)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived competence</td>
<td>18.7179</td>
</tr>
</tbody>
</table>

Table 3 demonstrates the results of the students' IMI scores after completing Taxation course. The results obtained from questionnaire answered were calculated by finding out the average scores of each item. Then, the final scores of each item were averaged to find the mean for the subscales. The students’ IMI scores depended on their experienced while learning Taxation course and completing the tax simulation game during the semester.

As can be seen from the Table 3, the mean score for perceived competence subscale is 18.7179. It shows that students have a high belief and confident on their capabilities to compute the tax liability. Hence, they are effectively interacting with the simulation. A higher score on perceived competence specify that the person felt more competent after experiencing the task given.
5. CONCLUSION AND RECOMMENDATION

The purpose of this study is to investigate students’ level of perceived competence after completing their tax simulation based learning. The study finding revealed that students have high level of perceived competence after completing tax simulation based learning. It indicates that students have high belief on their ability to compute tax.

This finding implied that educator should design an active learning strategy to create more enjoyable and valuable learning process. Future research is needed to understand how other elements in the IMI were affected after learning taxation subject.

REFERENCES