



## Elements of the Intention to use the E-tax System of Online Businesses in Thailand

Doungkamol Duchdara<sup>1</sup>, Kalyaporn Panmarerng<sup>2</sup>

<sup>1</sup>School of Accountancy, Sripatum University, Thailand.

Email: [doungkamold@gmail.com](mailto:doungkamold@gmail.com)

\*Corresponding author's E-mail: [doungkamold@gmail.com](mailto:doungkamold@gmail.com)

Article History	Abstract
Received: 06 June 2023 Revised: 05 Sept 2023 Accepted: 11 Sept 2023	<p><i>The rise of e-commerce traders has significant impact on business operations. The goal of this study is to ensure effective tax collection from e-commerce traders by examining components of behavioral intentions of 300 online traders who registered with the Department of Business Development, Ministry of Commerce, Thailand. The instruments used in this study are 5-point Likert scale questionnaire and confirmatory factor analysis. The research results showed that there are nine indicators of behavioral intention and the confirmatory factor analysis model is consistent with empirical data. The top three indicators with the highest regression weight are: 1) convenience of service channels, fidelity of the e-tax system, and trustworthiness of the system. Therefore, the state agencies should issue policies that help facilitate businesses by increasing service channels and should increase the trustworthiness and fidelity of the e-tax system.</i></p>
CC License CC-BY-NC-SA 4.0	<p><b>Keywords:</b> Behavioral Intention, Electronic Tax system, E-commerce Traders.</p>

### 1. Introduction

Presently, e-commerce is one of the fastest-growing businesses. However, entrepreneurs still lack necessary and sufficient knowledge regarding taxation, resulting in mistakes in filing tax return (i.e., incomplete, late, or not filing at all) (The Revenue Department, 2023). As a result, they have to pay taxes, fines, and additional fees, which could have been avoidable for entrepreneurs. Therefore, both new and experienced entrepreneurs who recently start online businesses should study and grasp the concept of taxation in order to properly file taxes (Taxation Scholars Group, 2020), where the increase of e-commerce traders has changed the way of doing business. The rise of e-commerce traders has significantly changed how businesses operate (i.e., the drastic increase of online transactions). This change in landscape has raised concerns regarding tax compliance (Vayupak Network, 2023). The author is therefore interested in studying the components of behavioral intention to use the e-tax system of online businesses in Thailand to present the guidelines or practices to government agencies. In doing so, policies or supports will be issued to help online businesses owners to properly file their taxes.

### 2. Literature Review

Canons of Taxation was first stated by Adam Smith in 1776. He argued that taxation should follow the four principles of equity, fairness, certainty, convenience and economy. Today Vito Tanzi & Howell Zee (2001) stated that tax structure that is suitable for developing countries should help reduce consumption that does not contribute to economy development but promote exports and investments that are beneficial to the country in the following manners: 1) Structures that the tax burden is on those with high income, or consume luxury goods, including property owners, 2) Tax structure should

be flexible and quickly adaptable to the economic fluctuations to reduce trade and fiscal deficits. This is done so by setting the tax rate in a level that can reduce luxury goods import and increase the export. In addition, the tax structure must be consistent to the development of economy, society and politics, including the efficiency of tax management. This allows the government to meet the goals and minimized the impact of taxation. As the efficiency of tax collection is vital to the country (Fam et al., 2018), Thailand, in accordance to the National Strategy, aims to develop the National E-Payment Master Plan to increase the efficiency of the e-tax system and electronic transaction documents (Soneka & Phiri, 2019).

Musgrave's (1990) Equal Sacrifice Theory is a theory of fairness in manner that taxpayers must sacrifice equal utilities. It is divided into three types: 1) Equal Absolute Sacrifice Theory, 2) Equal Proportional Sacrifice, and 3) Equal Marginal Sacrifice. This theory can help increase the willingness of taxpayers to pay taxes and decrease unfairness. Selection of the appropriate taxation systems largely depends on government policies, economic circumstances and other related factors (Mitra & Ok, 1996). Young (1990) found that the popular progressive taxation is not the most suitable system, but rather equal proportional sacrifice. John (2019) found that using the principle of equal sacrifice truthfully, reasonably and thoroughly can help resolve the problem of fair taxation. Furthermore, Berliant & Gouueia, (1993) found that fair and effective taxation system often creates the conflicting concerns over the choice of the systems and tax incentives. This leads to the application of equal proportional sacrifice compared to labor and income by using a combined method between analysis and simulation, thereby leading to tax disclosure.

The aforementioned factors of e-tax system led to the behavioral intention to use the e-tax system by online businesses as they are informed about the convenience of the e-filing systems, rights and duties of users, tax incentives and trust, thereby leading to changes in behavior (Sondakh, 2017). These, as a result, give positive changes to users' willingness to follow the tax guidelines (Tahar et al., 2020). In addition, only through innovation and continuous adaptation that the e-tax system can match the pace of the constantly changing digital economy (Zaidi et al., 2017; Aekniti Nititanprapat, 2022). Incentivizing tax payers to encourage them to properly pay taxes is important and has to be consistent with tax payment behavior of the entrepreneurs which in turn influences the improvement of online businesses taxation.

### 3. Materials And Methods

#### Samples

used in this study is e-commerce entrepreneurs who registered with the Department of Business Development, Ministry of Commerce. 300 samples are obtained by simple random sampling.

#### Instruments

used in this study are questionnaires with the following contents. Check lists of questions regarding general information of the participants. Questions regarding behavioral intention to use the e-tax service systems with rating scales consisting of 9 indicators: (1) Contemporariness of the Tax Laws (Pt), (2) Imposition of the Tax laws (It), (3) Fairness of the Tax Structure (Ts), (4) Awarding (Aw), (5) Tax Benefits (Tb), (6) Service Convenience (Sc), (7) Fidelity of the e-Tax System (Bt), (8) Security Systems (Ss), (9) Trustworthiness of the Taxation System (Tt). The rating scales are Very Poor = 1, Poor = 2, Average = 3, Good =4, Very Good = 5.

3.2.3 Content validity is examined by Index Objective Congruence (IOC) and the reliability of the questionnaire is determined from participants who are not samples. All indicators have more than 0.60 Cronbach's alpha coefficient as shown in Table 1. Therefore, the questionnaire is reliable.

**Table 1.** Credibility of the Questionnaire

ID	Indicators	Cronbach's alpha
1.	Contemporariness of the Tax Laws (Pt)	.874
2.	Imposition of the Tax laws (It)	.902
3.	Fairness of the Tax Structure (Ts)	.899
4.	Awarding (Aw)	.887
5.	Tax Benefits (Tb)	.803

6.	Service Convenience (Sc)	.911
7.	Fidelity of the e-Tax System (Bt)	.905
8.	Security Systems (Ss)	.871
9.	Trustworthiness of the Taxation System (Tt)	.874

### Data analysis

3.3.1 Descriptive statistical analysis involves frequency, percentage, average and standard deviation.

3.3.2 Confirmatory Factor Analysis (CFA) is performed to examine the consistency between theoretical model and empirical evidence. The acceptable values of each criterion are the following: Chi-Square/df <2.00, P-value >0.05, CFI >0.90, RMSEA <0.05.

### Descriptive statistical analysis

From the questionnaire, statistically, the majority of participants are female (40.67%), aged more than 50 (30%), earned a bachelor's degree (49.33%). The mean and standard deviations are shown in Table 2.

**Table 2.** Descriptive Statistical Analysis of Each Indicators

ID	Indicators	Average	S.D.
1.	Contemporariness of the Tax Laws (Pt)	3.89	0.70
2.	Imposition of the Tax laws (It)	3.92	0.75
3.	Fairness of the Tax Structure (Ts)	3.88	0.76
4.	Awarding (Aw)	3.99	0.60
5.	Tax Benefits (Tb)	3.88	0.72
6.	Service Convenience (Sc)	3.93	0.69
7.	Fidelity of the e-Tax System (Bt)	3.97	0.59
8.	Security Systems (Ss)	4.00	0.73
9.	Trustworthiness of the Taxation System (Tt)	4.03	0.71

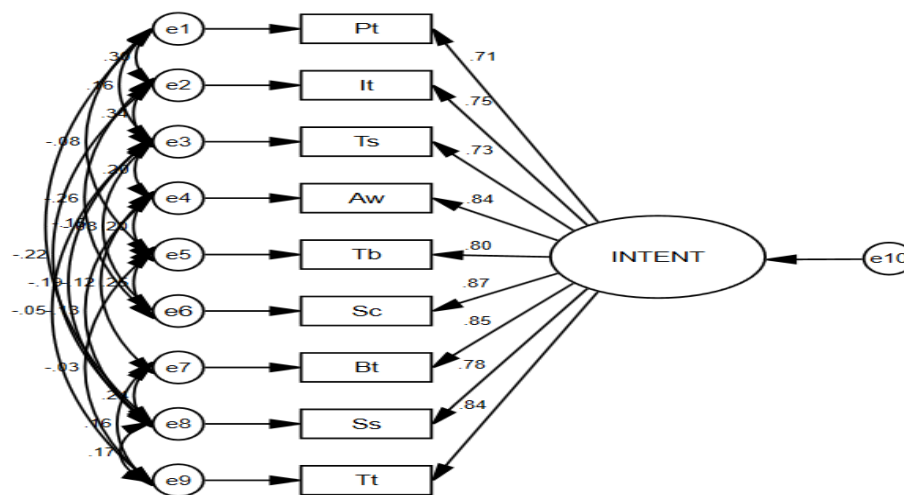
According to Table 2, the average and S.D. of the behavioral intention to use the e-tax system of online businesses in Thailand are between 3.88 – 4.03 and 0.59 – 0.76 respectively.

### Confirmatory Factor Analysis

**Table 3.** Empirical Model Data Analysis

Index	Acceptable Values	Starting Model Results	Error-Adjusted Model Results
Chi-Square/df	< 2.00	7.540	1.274
P-value	> 0.05	0.000	0.365
CFI	> 0.90	0.918	0.999
RMSEA	< 0.05	0.148	0.030

From Table 3, the all the criteria values in the error-adjusted model are acceptable as shown in Figure 1.



Chi-Square=10.193 df=8 P-value=.252 CFI=.999 RMSEA=.030

**Figure (1):** The Results of Error-Adjusted Empirical Model

From Figure 1, the error-adjusted empirical model results fall into the acceptable criteria.

**Table 4.** Indicator Results Analysis

Indicators	Standardized Regression Weights	Regression Weights:	S.E.	C.R.	P	R <sup>2</sup>
Pt	0.711	0.787	0.057	13.79	***	0.506
It	0.753	0.936	0.064	14.706	***	0.567
Ts	0.732	0.914	0.067	13.698	***	0.536
Aw	0.838	0.956	0.056	17.062	***	0.702
Tb	0.803	1.003	0.063	15.935	***	0.645
Sc	0.872	1.063	0.058	18.274	***	0.760
Bt	0.852	1.000				0.726
Ss	0.779	1.053	0.060	17.602	***	0.607
Tt	0.837	1.020	0.052	19.766	***	0.701

\*\*\*p<.001

#### 4. Results and Discussion

The results show that there are 9 indicators of the behavioral intention to use the e-tax system of online businesses and the confirmatory factor analysis result between the model and the empirical data is consistent. The priority of the aforementioned indicators can be ranked from most to least into the following: Service Convenience (Sc), Fidelity of the e-Tax System (Bt), Awarding (Aw), Trustworthiness of the Taxation System (Tt), Tax Benefits (Tb), Security Systems (Ss), Imposition of the Tax Laws (It), Fairness of the Tax Structure (Ts) and Contemporariness of the Tax Laws (Pt) Service convenience (Sc) is the most important factor of the behavioral intention to use the e-tax system in online business entrepreneurs. Awau and Oboh (2020) found that the e-tax system should be completely automated to increase the accessibility of users and reduce the complications. The second most important factor is the fidelity of the e-tax systems. Okunogbe and Santoro (2023) found that a complete, high-fidelity e-tax systems is tantamount to directly contacting in-person with public officers to prevent corruption. In addition, Berdykhanova et al., (2010) stated that high-fidelity and examinable systems will help protect against forgery and unwanted access from third-party. Clark et al. (2007) stated that awarding such as tax deduction creates incentive for taxpayers. For security systems, Naveed et al. (2019) found that the way to increase the trustworthiness in the taxation system is to increase security to prevent meddling with the documents. Sung et al. (2017) found that tax benefit is incentivizes private sector to invest more into the development of e-tax systems which will reduce the management cost and burden rate. Moreover, Al-Rahamneh and Bidin (2022) stated that creating incentive to pay taxes leads to positive behavioral intent. Channuwong et al. (2023) and Schaupp et al. (2010) discovered that users are concern about the safety and security of the e-tax system which is the risks that they have to take which directly affect the users' behavioral intention. The study of Hartmann et.al (2010) showed that perception of a more severe penalty and more

enforcement of tax laws ultimately affects the behavioral intent to use the e-tax payment system. In the case of fair tax structures, Thaci and Gerxhaliu (2021) explained that increasing fairness leads to satisfaction and mutual benefit (i.e., more efficient in operation for both government sectors and taxpayers). The reason is that proper tax structure help reduce the redundancy of tax collection which is acceptable by taxpayers thereby leading to quick and efficient process that is consistent with tax structure. Lastly, the least prioritized indicator of the behavioral intent to use the e-tax system is the contemporariness of the tax laws. Channuwong (2018) and Rifat Azam (2007) found that revising tax laws and other related laws is becoming more important as it needs to be done so to match the paces of the sudden changes in the digital age world. In addition, the tax ecosystem needs to be connected through different platform to increase the behavioral intent of taxpayers to completely use the online e-tax system.

#### **Conflict of interest:**

The authors declare no conflict of interest.

#### **Suggestions**

The authors would like to separate the suggestions into two points: suggestions for further applications and suggestions for further researches as follows.

#### **Suggestions for Further Applications.**

- 1) Entrepreneurs must develop themselves, learn new skills, seek knowledges and study laws regarding e-tax revenue system.
- 2) Keep up to date with laws, regulations and announcements from the Revenue Department.
- 3) Modern entrepreneurs must recognize the importance of online transactions and tax filing, including applying accounting standards in their long-term business practices.
- 4) Entrepreneurs must register to systems created by the Revenue Department for their own benefit and verification.

#### **Suggestions for Further Researches**

This study focuses on online Thai entrepreneurs in general. Further researches may be done by changing sample groups or increase variables such as performance of the accountants who are responsible with tax revenue of online business.

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