

Public Awareness on the Implementation of Digital Service Tax (DST) in Malaysia

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Abstract

Generally, the Malaysian government implemented the Digital Service Tax (DST) in January 2020. The service tax is levied on foreign service providers (FSPs) who provide digital services to Malaysian consumers under the Business-to-Consumer (B2C) Scheme. The FSPs may request a refund from the Royal Malaysian Customs Department (RMCD) based on the actual amount of service tax paid. Following that, the Service Tax (Amendment) Bill 2019, which outlines the framework for Malaysian legislation, was introduced. This paper explores public awareness towards DST implementation in Malaysia and highlights the factors that influence public awareness of DST performance in Malaysia. The 384 respondents were randomly selected from the public residing in Peninsular Malaysia. The data were collected via a self-administered questionnaire and analyzed using SPSS version 23.0 with the help of ANOVA and multiple regression methods. The results of the research show that the relationship between the factors (self-attitude, economic factor, and spending pattern) was positively significant with the awareness of the implementation of DST in Malaysia. The economic factor and spending pattern were found to have a positive influence on public awareness of the implementation of DST. The study suggests that the tax authorities be encouraged to provide more information about DST to both FSPs and consumers. Eventually, this effort will broaden the knowledge of interest among both researchers and academicians to discover or investigate the level of public awareness regarding the implementation of DST in Malaysia.

Keywords: Digital Service Tax, Service Tax, Public Awareness

Introduction

Taxation is the primary source of income for governments worldwide. Taxes are one of the most essential ways for governments to generate income. The money collected by the government in the form of taxes is used to finance investments in human capital,

infrastructure, and services for both individuals and companies (World Bank Group, 2020). The two types of taxes in Malaysia are direct and indirect taxes. A direct tax is defined as one that charges the individuals or organizations on whom it is levied (Fadzillah & Husin, 2016). The amount of tax is paid directly to the tax authority. Examples of direct tax are income tax and real property gains tax (Lembaga Hasil Dalam Negeri, 2018). The Inland Revenue Board of Malaysia (IRBM) is the governing body responsible for the direct tax in Malaysia.

On the other hand, for indirect tax, Malaysia has reintroduced its Sales and Service Tax (SST) 2.0 on 1st September 2018, after the Goods and Services Tax (GST) which was implemented on 1st April 2015 had been abolished. Sales tax with the tax rates ranging between 5% and 10% is charged on taxable goods that are manufactured in or imported into Malaysia. Starting on 1st January 2020, the government imposed a Digital Service Tax (DST) of six per cent on Foreign Service Providers (FSPs) in Malaysia. Many countries have already imposed a worldwide digital levy such as Thailand, India, Taiwan, South Korea, Norway, Australia, New Zealand and Russia. Malaysia is the second country to implement the digital tax in South East Asia, adopting a similar model and timeline as Singapore.

Digital service implies to any service, which is offered or subscribed over the internet or any other electronic networks, which cannot be obtained through the use of information technology. Digital service is defined under Section 2, STA 2018, as any service that is delivered or subscribed over the internet or other electronic networks which cannot be obtained without the use of Information Technology (IT). Therefore, the delivery of the service is ultimately automated. The examples of digital services are e-book subscription, cloud computing storage subscription, digital advertising, online music and video subscription as well as the purchase of online computer software. Examples of the Foreign Service Providers (FSP) are Netflix, Google, Amazon, Apple, Facebook, Shopee and a lot more. As we can see, companies such as Netflix, had its premium subscription price increased from MYR51 to MYR54.05 after 6% levied. This means that the FSP will bill their clients the tax and pass the collection to the government providers. Therefore, the imposition of digital tax in Malaysia is one of the alternatives that can increase the government's revenue and at the same time addresses the imbalance tax treatment accorded to both local and overseas digital providers (Loh et al., 2019).

One issue that will have a significant impact on customers is an increase in spending due to the tax. Since most customers are unaware of the DST's imposition on digital services provided by foreign companies, they continue to pay for the services even if the prices are high. As a result, educating them on the new digital services tax will assist them in balancing their spending and determining how to save in the absence of severe taxes on one of their necessities.

This study aims to fill a research gap that has yet to be filled by any studies focusing on the public's awareness of DST. The findings contribute to the empirical evidence on the issue of public awareness of DST implementation in Malaysia. Since DST implementation is still in its early stages, this study aims to investigate Malaysians' perceptions of DST's performance on the FSPs to which they have subscribed. It is hoped that the findings of this study will be helpful to tax authorities, local service providers, and policymakers looking to improve the current service tax regime or reintroduce new tax policies.

Literature Review

Public Awareness and DST

Tax reform is also becoming the main political agenda when a politician who wants to offer the best deal to the public to gain power (Ilzetzki, 2018). The government also uses tax policy to respond to the economic downturn faced by most of the country, as well as other issues such as environmental pollution, employment, and others (Rodríguez et al., 2019). In short, the implementation of DST is expected to create a more stable and efficient new tax system that will contribute some MYR 2.4 billion in digital income from taxation. Based on the Ministry of Economy, (2023) income of e-commerce transactions recorded a value of RM447.8 billion compared to RM398.2 billion in 2015, with an annual growth rate at 6.0 per cent (Shah & Zainuddin, 2017).

The community has different perceptions and views on the implications of the implementation of DST in Malaysia. Positive community perceptions provide a positive outlook on the implementation of the DST, while negative perceptions convey the opposite view. Taxpayer awareness is understood if the tax regulation is made known, recognized, respected, and complied with. If the tax regulation is still limited, then the awareness of the taxpayer is still low. A low level of awareness among taxpayers is suspected to be due to the minimum knowledge and understanding of tax regulations (Rahayu et al., 2017). Park & Hyun (2003) indicated that to encourage more taxpayers to comply with the new tax law, tax education is one of the powerful instruments. In other words, if taxpayers truly grasp the idea of a tax base, they are more likely to comply. A study conducted in Hungary by Csontos et al (1998) found that many people were unaware of the various forms of taxes levied upon them. Based on the experience of implementation by other countries around the world, most countries have had a positive impact on their revenues. Thus, if the awareness of DST is well understood, clearly defined through DST services, this will help to clarify what should be done.

There are several factors that influencing public awareness on the implementation of DST. These factors include self-attitude, economic and spending pattern. Attitude is believed to have a great impact on the way citizens comply and pay taxes. Several studies have carried out researches to examine the relationship between the two variables and how the connection could be enhanced through consumer awareness. Tax compliance attitudes have been influenced by factors such as unfair tax systems, changes in taxes and high tax rates. A study carried out by Helhel & Ahmed (2014) investigated the common issues that make taxpayers have either a positive or negative attitude towards tax compliance. Their results revealed that changes in taxes enacted, high tax rates, and unfair tax systems increased the levels of negative attitudes towards tax compliance. In the case of the DST, one factor that could therefore impact the ability of foreign companies to comply, is the changes in the taxation system.

The economic factor has also an impact on the public awareness regarding the implementation of DST. Several scholars have also performed studies to determine the relationship between the two variables. Güzel et al (2019) carried out a study to examine how government accountability regarding the collected taxes impacted the attitudes of taxpayers

and influenced their ability to pay taxes. In the study, it was found that taxpayers are more likely to be compliance with the tax system if they perceived that there was justice and fairness in the collection and utilization of the collected taxes. The economic factor can also be evaluated in relation to the impact of the DST on producer supply and consumer demand in addition to the usual notions of administrative issues of accountability and fairness in tax implementation.

Self-Attitude and Public Awareness

Pre-requisites are for the assessment of knowledge for people employed in the computerized economy and for classifying these needs as general, procedural or legitimate. Our discoveries recommend that there are novel expense information pre-requisites in the computerized economy. To be charge proficient, one should know about these difficulties to settle on educated choices concerning one's duty commitments (Switzer & Switzer, 2014). Moreover, as far as the digitalization of collaborations between individuals, associations and governments is concerned, it has been contended that being gifted in ICT may improve powerful cooperation among citizens and duty authority. According to Schifter & Ajzen (1985) the behaviour is the intention or action taken by a consumer towards the subject matter of attitude, namely the possibility that he or she will take a certain action or act in a certain way. Therefore, in terms of consumer behaviour, the behaviour component of attitude is often reflected in their purchase. Chiu et al (2005) as well as Schlosser (2004) defined the attitude towards online shopping as a consumer's positive or negative feelings related to accomplishing the purchasing behaviour on the internet. Few scholars examined the factors that influence consumers' attitude to make e-commerce purchases through online shopping. The study by Sebastianelli et al (2008) showed that if customers have a positive attitude towards e-commerce protection, they would be more likely to shop online.

People's behaviours have fundamentally changed due to the internet, and their reliance on e-commerce will continue to expand as a result of modernity and a faster-paced lifestyle. The internet's rapid and widespread penetration has wreaked havoc on practically every aspect of life, including communication, education, commerce, politics and society as a whole (Rahman, 2016). There are studies on the behaviour of the public on internet buying and e-commerce. However, there are scarce studies on DST and specifically none on the attitude of DST consumers in Malaysia.

According to AsiaPac - Digital Marketing Agency Asia (2020) attitudes towards digital show that consumer believes new technologies offer more opportunities than risk. They prefer to complete tasks digitally, believe data privacy and protection are very important, delete cookies from internet browser to protect the privacy and use an ad-blocking tool to stop adverts being displayed. This attitude shows consumers are aware of any activities or transactions made since they feel convenient, easy, fast and time-saving towards the implementation of DST.

Economic and Public Awareness

As reported by AsiaPac - Digital Marketing Agency Asia (2020) Malaysia boasts 15.3 million online shoppers. In addition, Malaysia is expected to grow 2.7 times in 2025 in a market estimated to be worth US\$9.1 billion on their digital spending. As reported by Jaafar & Lim (2019) the authors highlighted that the possible price rise for services is expected due to the

introduction of the digital tax. However, analysts have argued that this is only a marginal effect on consumers, considering the low tax rate relative to other countries that have levied a digital tax. Experts also added that the benefit for service providers and consumers is that they are helping to improve the government's fiscal position and boost development investment. This shows that consumer needs to be aware of the impact to the economy towards the implementation of DST.

Spending Pattern and Public Awareness

Assessment specialists should devise methodologies to manage charges on exchanges in the advanced economy, and surely, many duty specialists have just actualized imaginative answers to address these consistent hazards (Kirchler, 2007). This current investigation's commitment lies in the distinguishing proof of dangers in the various classes of citizens' information that may cause citizens working in the advanced economy to be rebellious. It is recommended that further exploration expands on the discoveries of this examination to recognize extra information prerequisites in the advanced economy. Furthermore, research potential techniques need to address citizens' information shortages (Kamil, 2015).

According to MCMC Malaysia (2018) the highest online activity is communication by text (96.5%), followed by visit social networking platform (85.6%) and seeking for information (85.5%). A survey found that WhatsApp is the most preferred communication apps while Facebook remains the most preferred social networking platform in the country. According to Nicole Tan, Facebook Malaysia country director said most of the reason businesses globally use Facebook as a social media platform is to find new customers, hire employees and engage with customers. People spend the most on tourism (including hotel accommodation), gadgets and physical media, furnishings, and appliances, according to AsiaPac - Digital Marketing Agency Asia, 2020). According to Deloitte (2020) paid online streaming video services have increased the most, followed by paid online streaming music services, paid online gaming services, and paid online subscription services. However, some of the applications and subscription offered by FSP may incur additional charges on more features whenever they are free, consumers do not mind enduring the advertisement. Therefore, according to Syed Jaafar & Lim (2019) 6% of the tax burden will be borne by consumers. Thus, consumers must be cognizant of their contributions to the implementation of DST.

Hypotheses

Based on the above discussion, the following are the hypotheses postulated by the researchers in this study

- H1: There is a significant positive relationship between self-attitude and public awareness on implementing Digital Service Tax (DST) in Malaysia.
- H2: There is a significant positive relationship between the economic factor and public awareness on the implementation of DST in Malaysia.
- H3: There is a significant positive relationship between spending patterns and public awareness on the implementation of DST in Malaysia.

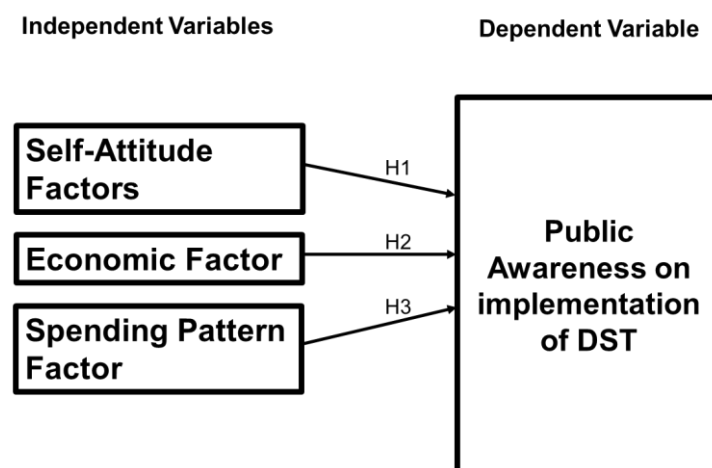


Figure 2.1 Research Framework

Methodology

This study employs a quantitative research approach to examine the levels of public awareness on the implementation of the DST. For this study, the simple random sampling method was used where the population was picked randomly. The design included the main form of analysis for the processing of primary data. Data for this study were collected using a self-administered questionnaire that was distributed through Google Forms to respondents carried out between November and December 2020. A total number of 405 sets of questionnaires was distributed to the users of digital services in Peninsular Malaysia. However, only 384 sets of questionnaires were returned, giving a respond rate of 94.81 percent. These samples were enough and appropriate to represent the entire population. Thus, this study used the optimum sample size of 384 for a total population of one million (Krejcie & Morgan, 1970).

The questionnaire was adapted from previous studies entitled A Study on Factors Influence Towards E-Commerce by Bhaskar & Kumar (2017) and Knowledge, Attitude and Practices of Consumers in E-Commerce by (Bakar et al., 2013). There is no prior study about the implementation of DST. Therefore, some of the questions were self-structured to cover the diversity of research problems and appropriate modifications were made to achieve the researcher's objectives. The questionnaires were divided into two segments, mainly Part A and Part B. Part A, the first section mainly focused on the demographic profile of the respondents. There were nine questions about the respondents' background in Part A. Meanwhile, Part B is the second section of the questionnaire. This second section is related to the factors that influence public awareness about the implementation of DST. This section consisted of three independent variables, namely self-attitude, the economic factor and spending pattern and one dependent variable which is public awareness towards the implementation of the digital service tax. In Part B, every factor (variable) consists of 7 questions. For this part, 4-point Likert scale was used ranging from "Strongly Disagree", "Disagree", "Agree", and "Strongly Agree". There is no "Neutral" secure choice, as it was better to get a precise answer.

The primary data obtained from the respondents were evaluated based on a descriptive statistical study using the Statistical Package for the Social Sciences (SPSS) for Windows

Version 23. This research used descriptive statistics to identify the respondents' demographic profiles as well as other independent and dependent variables. The normality test was conducted to see whether the data were normally distributed or not, so that the researcher could use a predictive parametric approach for the subsequent analysis. Each experimental test of this reliability study was carried out via further studies to calculate the efficiency of the scale with an independent variable using the Cronbach Alpha value. The magnitude of the Alpha coefficient ranges from 0 to 1 and plays a key role in determining the specificity of the questionnaire variable (Allen, 1984). A high value had been identified during the analysis of the overall scale, which indicates a high internal consistency within the questionnaire. On both dimensions, the Alpha value was 0.818. According to Allen (1984) the standard is low and acceptable when the Cronbach Alpha is 0.5. It has been observed that all scales cross the minimum standard of 0.5. Data were analyzed predominantly by one-way analysis of variance (ANOVA) and multiple linear regression.

Result and Discussion

Table 1 below describes the demographic profile of respondents.

Table 1
Demographic Profile of Respondents

Demographic		Respondents (n=384)	Percentage (%)
Gender	Male	201	52.3
	Female	183	47.7
Age	18 - 29 years old	203	52.9
	30 - 39 years old	124	32.3
	40 - 50 years old	45	11.7
	Above 50 years	12	3.1
	Others	12	3.1
Level of Education	SPM and below	29	7.6
	Diploma/ STPM	96	25.0
	Bachelor's Degree	138	35.9
	Master's Degree	101	26.3
	PhD	12	3.1
	Others	8	2.1
Employment	Private Sector	128	33.3
	Public Sector	69	18.0
	Self-employed	87	22.7
	Others	100	26.0
Monthly Income	Below RM3,000	162	42.2
	RM 3,001 – RM 6,000	122	31.8
	RM 6,001 – RM 9,000	80	20.8
	RM 9,001 – RM 12,000	12	3.1
	More than RM 12,000	8	2.1
Log on Services	Daily	222	57.8
	Every Week	34	8.9
	Twice to five times a week	64	16.7

	Once a Month	17	4.4
	Twice to five times a month	23	6.0
	Others	24	6.3
Source of Information	Newspaper	98	25.5
	Television/ Radio	177	46.1
	Internet/ Website	301	78.4
	Friends/ Relatives	230	59.9
	Social Media	255	66.4
	Seminar/ Lecture	64	16.7
	Others	96	24.7
Type of Service	Software, applications, and video games	308	80.2
	Music, e-book, and film	235	61.2
	Advertisement and online platform	126	32.8
	Search engines and social networks	270	70.3
	Database and hosting	93	24.2
	Internet-based telecommunication	277	72.1
	Online training	197	51.3
	Others	92	24

As seen in Table 1, 52.3% of respondents are male, 47.7% are female. The table indicates that respondents are almost young people at 85.2% are under the age of 40. Furthermore, the table shows that 35.9% of the participants have Bachelor's degrees, followed nearly 26.3% of the participants have a master's degree. While 33.3% of participants were employed in the private sector, 26% are others, 22.7% are self-employed and minority of the respondents were from the public sector with 18% participants. Monthly income distribution of the participants is as follows: 42.2% of the participants are below RM3000, 31.8% is between RM 3,001-RM 6,000, 20.8% is between RM 6,001-RM 9,000, 3.1% is between RM 9,001-RM 12,000 and 2.1% also earn monthly income over RM 12,000. Among 384 participants, 57.8% used the internet almost daily, with the majority of the respondents used software, application and video games services with 80.2%. Majority of the participants received information from the Internet/Website with 78.4%, followed by social media with 66.4% and Friends/Relatives with 59.9% participants.

The results indicate that most of the respondents are young males at the age below 40 years old. Most of them hold a degree-level qualification and work in private sectors, and their income is between RM3,000 and RM6,000. They are young men and use the internet every day to watch videos, play games, and other appropriate applications available on the net. Thus, their primary source of information is from the internet or website.

Test of Normality

Table 2 below indicates that all the variables show that the significant value is less than 0.05 which is not normally distributed.

Skewness and kurtosis will be conducted to test whether variables are normally distributed or not. The findings show that the skewness and kurtosis for self-attitude are 0.241 and -1.142

respectively, the economic factor is -0.182 and 0.207 respectively and spending patterns are -0.168 and -0.609 respectively. The public awareness is -0.226 and 0.023 respectively. Thus, the data are normally distributed when the skewness and kurtosis show the value ranges between -2 to 2.

Table 2
Normality Test

Variables	Skewness	Kurtosis	Significant
IV1_Self-Attitude	0.241	-1.142	0.000
IV2_Economic Factor	-0.182	0.207	0.000
IV3_Spending Patterns	-0.168	-0.609	0.000
DV_Public Awareness	-0.226	0.023	0.000

Pearson's Product-Moment Correlation Coefficient

The analysis uses a bivariate correlation, that is Pearson's product-moment correlation coefficient, which is used to determine whether there is a substantial relationship between the independent variables and the dependent variable. The outcome shows that with the dependent variable, all independent variables had major beneficial relationships. A correlation table is shown in Table 3. All four variables show a significant value, this significance value (< 0.05) indicates that there is a significant relationship between four variables. By taking Public Awareness as a reference variable, the statistical output above indicates that the Pearson's correlation coefficient is a weak positive correlation, 0.26 and 0.253 for Economic Factors and Spending Pattern variables respectively. This indicates that they have the relationship between the factors that influence public awareness on the implementation of DST in Malaysia.

Table 3
Correlation Table

Factor	Public Awareness	
	R Value	Significant
Self-Attitude	0.120	0.000**
Economic Factors	0.260	0.000**
Spending Pattern	0.253	0.000**

**Significant at 0.01

Multiple Linear Regressions

Multiple linear regression needs to be conducted to determine the relationship between those highlighted independent variables and the dependent variable. In Table 4.4, a model description is shown. According to R Square, the final model demonstrates 16.4 per cent of the difference in popular perception. Durbin-Watson $d=2.048$, which is $1.5 < d < 2.5$ between the two essential values. We can then infer that in multiple linear regression data, there is no first-order linear auto-correlation.

Table 4

*Goodness of Fit***Model Summary^b**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.465 ^a	.216	.164		.49901	2.048

a. Dependent Variable: Public_Awareness

Table 5

*Anova Table***ANOVA^a**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.692	24	1.029	4.132	.000 ^b
	Residual	89.393	359	.249		
	Total	114.085	383			

a. Dependent Variable: Public_Awareness

Table 6

Coefficient Table

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.387	.283		4.906	.000		
Self_Attitude	.038	.058	.040	.655	.513	.592	1.689
Economic_Factors	.254	.060	.230	4.262	.000	.752	1.330
Spending_Pattern	.249	.050	.250	5.018	.000	.883	1.133

a. Dependent Variable: Public_Awareness

The ANOVA analysis in Table 5 provides the statistical test for overall model fit in terms of F Ratio. An F-test is conducted to show the general meaning of the model to determine whether there is a linear correlation between all IVs considered together and DVs. The null hypothesis indicates that no linear relationship occurs, whereas the alternative hypothesis suggests that DV is influenced by at least one IV. The F-test for linear regression has the null hypothesis that zero uncertainty for the dependent variable is represented by the process. The F-test is very important and can therefore be inferred that a significant amount of ambiguity in public awareness is defined by the model.

Table 6 shows the multiple linear regression estimates including intercept and four variables. The table shows that Economic Factors and Spending Pattern were highly significant influence on the Public Awareness on Digital Service Tax.

Summary of Hypotheses Results

From the result obtained, it can be shown that there is a positive correlation between self-attitude, economic factor and spending pattern and public awareness in DST implementation. However, only two independent variables, namely economic factor ($\beta=0.230$; sig. <0.01) and spending pattern ($\beta=0.250$; sig. <0.01) showed a significant influence, while self-attitude ($\beta=0.040$; sig. > 0.05) did not obtain a significant result. In terms of their influence on the implementation of DST, spending pattern was deemed to be more important factor followed by economic factor. As such, the statistical results proved that H2 and H3 were supported, while H1 was not supported. Table 7 below summarizes the results of the analysis.

Table 7

Hypotheses Results

Hypotheses	Results
H1: There is a significant positive relationship between self-attitude and public awareness on implementing DST in Malaysia.	Not Supported
H2: There is a significant positive relationship between economic factor and awareness on the implementation of DST in Malaysia	Supported
H3: There is a significant positive relationship between spending pattern and public awareness on the implementation of DST in Malaysia.	Supported

Conclusion

The purpose of this study is to provide empirical evidence on the relationship between self-attitude, economic factors and spending patterns in Malaysia that influence public awareness of DST implementation. The results of this analysis are based on 384 samples of respondents. According to the survey conducted, respondents are unsure about DST, with a mean score of 3.155. They are all in agreement that this tax will raise the cost of digital services for consumers. They also lack knowledge of DST implementation. However, they believe that the cost of digital services would improve the revenue growth of the country because the collection of tax from DST is used to fund national development and the citizens' welfare. Furthermore, the 6% DST rate was deemed to be one of the lowest in the world. Based on the study's findings, we may conclude that the general public has low awareness concerning the factors that influence public knowledge of the DST implementation in Malaysia.

In addition, another objective of this study is to examine factors that influence public awareness on the implementation of DST in Malaysia, namely self-attitude, economy, and spending pattern. Even though most of the respondents were aware based on means and standard deviations calculated, it is discovered that those determinants are weakly correlated with the variation of 16.4%. Results from Pearson's Product-Moment Correlation Coefficients exposed that relationship between the factors that influence public perception on the implementation of DST has a positive relationship with the dependent variable. It means that an increase in economic factors and spending patterns will lead to a rise in awareness among consumers. However, the relationship proves that the coefficient is the weak positive correlation for monetary factors and spending patterns. Based on regression analysis, only economic factors and spending patterns significantly influence public awareness of the

implementation of DST. This study confirms the hypotheses H1, H2, and H3. This study found that self-attitude has no significant influence on public awareness concerning the implementation of Malaysian DST. It is supported by a study (Sultan & Uddin, 2011), that claimed that the relationship findings on attitude towards online shopping are very weak.

Contributions

Theoretical Contributions

This study is theoretically contributing to the empirical evidence that only economic factors and spending patterns significantly influence public awareness of the implementation of DST, providing a foundation for policymakers, researchers, and stakeholders to make informed decisions and shape effective tax policies in the digital era.

Practical Contributions

Practically, this study suggests tax education be provided to consumers by enforcement agencies such as RMCD. Tax education is crucial as it may help increase taxpayers' knowledge and understanding of a new tax system implemented by the government. Furthermore, appropriate information and guidelines will also increase their confidence in fulfilling their responsibilities as taxpayers. RMCD should provide information on the new tax system introduced in Malaysia and continue to educate consumers regarding their spending. In the meantime, they should monitor the turnover and understanding of FSPs to determine whether they surpass the registration. On top of that, they can force the FSPs to file for SET and comply with all the criteria laid down in the Service Tax Act. From FSPs' perspective, they should be responsible and adhere to the tax system introduced by the government. Furthermore, FSPs should be knowledgeable about the new tax system implemented to avoid double taxation of the digital services provided. This study is helpful for both researchers and academicians to discover or investigate the level of public awareness about the implementation of DST in Malaysia. Finally, by providing actionable solutions, that is, by providing tax education to consumers, we can support the effective and efficient taxation of digital services and ensure a fair and sustainable tax system in the digital era.

Future Research

It is suggested that for future research, researchers explore the other factors that influence public awareness to help them understand other factors that may affect public awareness on the implementation of DST in Malaysia. It is also recommended that a study be proposed to conduct an analysis and data gathering by interviewing the tax authority. In particular, interviews are to be undertaken with the DST department officers to better understand compliance issues among DST taxpayers, such as their point of view regarding DST compliance behaviour, how they conduct tax audits, and how they monitor tax compliance. Besides, prospective scholars might have additional scope to reproduce the analysis in various settings and geographical locations. Different stages played a crucial role in shaping the mindset of respondents towards DST.

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