

ABSTRACT BOOK

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"Financial Crime Mitigation towards Sustainable
Development Goals in Digital Era"



ID: 054**THE EFFECT OF E-CIGARETTE EXCISE TAX TOWARDS E-CIGARETTE
CONSUMPTION IN MALAYSIA****Ida Suriya Ismail, Mohd Aizat Raimi Bin Mohd Ariaif @ Mohd Arif, Nurhidayah Binti Ab
Gani, Nabila Elyana Tasrip**

Faculty of Accountancy, Universiti Teknologi Mara, Shah Alam, Malaysia

Muhammad Nizam JaliFaculty of Business, Finance and Social Science, Kolej Universiti Poly-Tech MARA, Kuala Lumpur,
Malaysia**ABSTRACT**

The government has announced the imposition of E-Cigarette excise tax on every E-Cigarette device including vape device, gel, juices, and other equipment. The imposition of the E-Cigarette excise tax has been enforced beginning 2021. The device will be charged on excise duty at ad valorem rate of 10 % while the liquids and gels will be charged a rate of 40 sen for each milliliter. This imposition of excise tax on E-Cigarette is to regulate the vaping industries and reduce the smoker consumption on the E-Cigarette. This study intended to determine the effect of tax awareness and tax knowledge on the E-Cigarette consumption. Questionnaire has been distributed to the respondent and 46 respondents has responded. The study applied purposive selective sampling method due to the MCO 3.0 enforcement with total lockdown of every state. SPSS 23 has been used to analyze the collected data including assessing the reliability, normality, correlation, and multiple regression analysis. The result from this study indicated that tax awareness has significant negative relationship with E-Cigarette consumption while tax knowledge has significant positive relationship with the E-Cigarette consumption. It is interesting to highlight that the higher the knowledge consumers possess on cigarette excise tax, the better is the chances for them to observe the loopholes to facilitate the activity of cigarette smuggling and hence influence their consumption. From this finding it shows that tobacco industry needed rigorous execution of robust government laws to combat the illegal cigarette trade. Therefore, this study could contribute to the existing literature and the policy maker especially Royal Malaysian Custom Department (RMCD) in designing the most effective policy to reduce the illegal cigarette activities.

Keywords: Tax Awareness, Tax Knowledge, E-Cigarette consumption