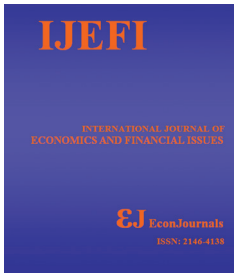

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The Perception of Cambodian toward the Future Implementation of Personal Income Tax

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ABSTRACT

The aim of this research was to investigate the determinants that affect the readiness of Cambodian citizens to pay personal income tax, should the General Department of Taxation decide to implement it in the future. The study utilized four latent variables, assessed through a total of fifteen manifest variables within the PLS-SEM framework. These variables included the perceived advantages of taxation, evaluated through six manifest variables; the degree of knowledge and comprehension regarding tax responsibilities, assessed with three manifest variables; the citizens' preparedness for the prospective introduction of personal income tax, measured by three manifest variables; and the willingness of taxpayers to adhere to such tax obligations, which was also gauged using three manifest variables. The measurement model satisfied the required criteria for both validity and reliability with regard to the indicators and variables. As indicated by the path analysis, all proposed hypotheses received support from the study.

Keywords: Personal Income Tax, Benefit of Tax, Knowledge and Understanding of Taxation, Readiness of the Citizen Toward PIT, Willingness to Pay PIT, Partial Least Square Structural Equation Modelling
JEL Classifications: H24, H26, H30

1. INTRODUCTION

The General Department of Taxation, commonly referred to as GDT, operates under the supervision of the Ministry of Economy and Finance (MEF). It holds a significant responsibility in gathering tax revenues from the residents of Cambodia. There are four distinct categories of taxation in Cambodia. The first category encompasses taxes on income, profits, and capital gains, which are paid by both individuals and corporations. Moving on to the second category, there are four different types of taxes, namely general taxes on goods and services, value-added taxes, turnover and other general taxes on goods and services, and excises. The third category consists of two types of taxes, namely customs and other import duties, as well as taxes on exports. Finally, the fourth category encompasses various other taxes. Moreover, income tax and profit tax are classified as direct tax (International Monetary Fund, 2024).

In 2019, the General Department of Taxation (GDT) collected a total of 21,302.65 billion Riels in tax revenues, coinciding with a real GDP growth rate of 6.8%. However, the COVID-19 pandemic severely impacted not only the global economy but also Cambodia's economy, resulting in a negative growth rate of 3.1% in real GDP for the year 2020. Despite the economy rebounding to a growth rate of 3% in 2021, the GDT's tax revenues decreased from approximately 18,827.23 billion Riels to 17,967.07 billion Riels. Fortunately, in 2022, the GDT experienced a significant increase in tax revenues, reaching 22,088.51 billion Riels, which represented a growth rate of 22.94% compared to the previous year. This growth can be attributed to the real GDP growth rate of 5.3% in 2022. Looking ahead to 2023, the Asian Development Bank projects that Cambodia's real GDP growth rate will remain at 5.3%. As of September 2023, the GDT has already collected approximately 18,458.2 billion Riels in tax revenues, as presented in Table 1 (Asian Development Bank, 2024).

As indicated in Figure 1, between the years 2019 and 2022, the General Department of Taxation (GDT) collected tax revenues, with an average of 57.93% attributed to tax on goods and services (TGS). Following closely behind was tax on income, profit, and capital gain (TIPC), accounting for 29.89% of the total tax revenues. Tax on international trade and transaction (TITT) made up 12.17% of the collected revenues, while other taxes accounted for approximately 0.02%. Out of the total tax revenues collected by the GDT, around 70% were classified as indirect tax, while the remaining 30% were categorized as direct tax, specifically tax on income, profit, and capital gain. Within this direct tax category, corporations and other enterprises paid 24.50%, whereas individuals contributed only 5.39% (International Monetary Fund, 2024).

In 2022, the GDP per capita of the ASEAN countries varies significantly, with Singapore having the highest income at $82,808 and Cambodia having the lowest income at $1,773. The other countries fall in between these two extremes, with Brunei at $37,453, Malaysia at $12,444, Thailand at $7,091, Indonesia at $4,783, Vietnam at $4,110, Philippines at $3,624, and Laos at $2,064. Furthermore, the tax-to-GDP ratio also differs among these countries. Vietnam has the highest ratio at 19.80%, followed by Cambodia at 18.25%, Singapore at 17.80%, Malaysia at 16.30%, Thailand at 15.79%, Philippines at 13.19%, Indonesia at 11.52%, Laos at 11.30%, and Brunei at 1.60%. When considering both GDP per capita and tax-to-GDP ratio, Cambodia stands out as the country with the lowest income. However, it has a relatively high tax-to-GDP ratio of about 18.25%, which is the second highest after Vietnam. This suggests that Cambodia's tax revenue collection by GDT is relatively efficient (World Bank, 2023).

The General Department of Taxation (GDT) collects direct taxes from individuals, corporations, and other enterprises. These taxes include income tax, profit tax, and capital gains tax. Approximately 5.39% of these taxes are collected from individuals, primarily through the Salary Tax. This tax is charged on a monthly basis and is collected by registered companies that individuals work for. These companies are responsible for determining and collecting the salary tax from their employees, and then paying the collected amount to the GDT. It is important to note that this process is different from the Personal Income Tax (PIT), which is levied on the income or profits of all individuals in a specific jurisdiction. The individuals who are required to pay tax, known as taxpayers, must declare their personal income by filing official PIT forms that are designed by the tax authority. In Thailand, The Revenue Department has developed different types of Personal Income Tax Return forms, such as P.N.D. 90, 91, and 94 (Svetalekth and Phonsumlissakul, 2023).

ASEAN, an abbreviation for the Association of Southeast Asian Nations, consists of ten member states, specifically Brunei, Cambodia, Indonesia, Laos, Myanmar, Malaysia, Philippines, Singapore, Thailand, and Vietnam. It is worth noting that out of these ten countries, Brunei and Cambodia have not yet adopted a progressive PIT system. On the contrary, the remaining eight member states have successfully implemented a progressive PIT system, where the tax charge increases proportionally with the individual's taxable income (Asian Development Bank, 2022). The maximum PIT rates differ among the ASEAN member states. For instance, Indonesia has a rate of 35%, Laos has a rate of 25%, Malaysia has a rate of 30%, Myanmar has a rate of 25%, Philippines has a rate of 35%, Singapore has a rate of 22%, Thailand has a rate of 35%, and Vietnam has a progressive rate for resident individuals, with the maximum rate being 35%. Non-residents, on the other hand, are subject to a flat tax rate of 20% on their employment income. For rates applicable to non-employment income, please refer to Vietnam's Individual tax summary (Benedek et al., 2022).

The relationship between the tax-to-GDP ratio and the log of GDP per capita among ASEAN countries can be grouped into five categories, as illustrated in Figure 2. Some countries, such as Cambodia and Vietnam, exhibited high tax-to-GDP ratios despite having low log GDP per capita. The Philippines and Indonesia fell into a middle category, showing both medium log GDP per capita and medium tax-to-GDP ratios. In contrast, Laos also had low log GDP per capita but a medium tax-to-GDP ratio. Thailand and Malaysia demonstrated a consistent relationship between these two indicators. Although Singapore recorded the highest log GDP per capita in the region, its tax-to-GDP ratio was only slightly higher than that of Thailand and Malaysia. Brunei had the lowest tax-to-GDP ratio despite being the second wealthiest country in terms of GDP per capita, closely following Singapore.

At present, the absence or non-implementation of the PIT in Cambodia is evident. The GDT solely focuses on gathering individual employment income, thereby missing out on the chance to collect tax revenues from individuals who also generate taxable income, commonly referred to as non-employment income. If the GDT were to introduce the PIT in the future, it would not only enhance government tax revenues but also foster fairness within Cambodian society. This would ensure that all individuals who generate taxable income declare and fulfill their tax obligations to the GDT.

The research aims to investigate the experience of PIT implementation in various ASEAN member states and extract valuable lessons for the GDT. Additionally, it seeks to identify key factors that may influence the willingness of Cambodians to comply with PIT if it is introduced by the GDT in the future.

2. LITERATURE REVIEW

In general, taxation plays an essential role in a country's economy and offers numerous benefits to both individuals and society. Understanding and improving taxpayers' willingness to pay taxes is vital in ensuring effective tax compliance and revenue generation for governments. Among the various types of taxation, personal income tax compliance behavior is influenced by several factors, including tax knowledge and understanding, perceived benefits, compliance readiness, enforcement mechanisms, and economic conditions. Therefore, understanding factors that alter taxpayers' willingness to comply with personal income tax obligations is crucial for policymakers to design effective tax systems that maximize voluntary compliance while minimizing enforcement costs.

Previous research has explored various determinants of tax compliance, including psychological, economic, and institutional factors, highlighting the importance of trust in government, fairness of the tax system, and the ease of compliance procedures (Palil et al., 2013; Yacob et al., 2019; Benedek et al., 2022; Agatyan, 2013; Joshua et al., 2014). For example, a study by Nkundabanyanga et al. (2017) and Sicat and Virmani (1988) found that taxpayers who perceive the tax system as fair and beneficial are more likely to comply voluntarily. Additionally, Sicat and Virmani (1988) also highlighted the importance of the breadth of the tax base and the effective marginal tax rates. The study suggested that different tax bases across different income levels enhance equity and efficiency in tax systems. Moreover, Rieth et al. (2016) examined tax progressivity and its impact on output volatility, highlighting how stable tax policies can promote compliance and economic growth. Furthermore, advancements in digital taxation and simplified tax filing procedures were also found to enhance compliance rates by reducing bureaucratic burdens and increasing transparency (Owens et al., 2021; Asian Development Bank, 2020; Duncan and Gerrish, 2014).

Other researchers, such as Uy (2017), investigated the significance of the organizational structures of ASEAN revenue authorities. The result highlighted the importance of efficient tax administration in promoting compliance. Likewise, studies by Araki and Claus (2014) and Cornia et al. (2016) emphasized the importance of transparent tax policies and streamlined tax processes in enhancing taxpayer willingness to comply. Xu and Cui (2009) provided a comparative analysis of personal income tax policies in China and the U.S., demonstrating that a well-structured tax system can positively influence taxpayer compliance. As tax reforms continue to evolve, understanding the interplay between tax knowledge, perceived benefits, and regulatory compliance remains essential (Amin et al., 2018; Pauly, 1978).

2.1. Perceived Benefits of Personal Income Tax

Perceptions of fairness and benefits derived from tax payments are fundamental to voluntary tax compliance. Studies suggest that when taxpayers believe that their tax contributions are used effectively for public goods and services, they are more willing to comply. For instance, Stephenson (2019) analyzed tax structures in multiple countries and found that progressive taxation is often perceived as more just, leading to higher compliance rates. Likewise, Nkundabanyanga et al. (2017) conducted a survey-based study and found that taxpayers' trust in government institutions and the perceived effectiveness of public spending significantly influence compliance behavior. Similarly, Benedek et al. (2022) applied econometric modeling to analyze personal income tax trends in emerging economies and found that financial hardships often reduce the perceived benefits of taxation, leading to lower compliance rates.

Cornia et al. (2016) conducted a tax revenue analysis in Utah and demonstrated that simplifying tax structures and ensuring transparent tax usage can enhance compliance by reducing taxpayers' cognitive burdens. The results indicated that governments can improve compliance by making tax processes more transparent and ensuring that tax revenue is used efficiently. Amin et al. (2018) compared China's and Pakistan's personal income tax structures and found that economic growth and personal income tax compliance are positively correlated when taxpayers perceive a fair allocation of tax revenue. Furthermore, Ferguson (1981) evaluated personal income taxation from an expenditure-based perspective, arguing that a well-structured tax system enhances compliance.

H_1: Perceived benefits of personal income tax have a positive relationship with taxpayers' willingness to pay personal income tax.

2.2. Knowledge and Understanding of Personal Income Tax

Taxpayers' knowledge of tax laws and policies significantly influences their willingness to comply with tax obligations. Ott et al. (1969) provided early insights into the distributional burden of personal income taxes and how taxpayer awareness impacts compliance. Palil et al. (2013) employed survey-based research to assess the role of tax knowledge in compliance. The study found a positive correlation between tax education and voluntary compliance. The same study also suggested that better-informed taxpayers are more likely to understand the importance of tax contributions to public services. Similarly, Yacob et al. (2019) conducted a comparative analysis using secondary data from multiple ASEAN countries, demonstrating that differences in personal tax systems impact compliance levels based on tax awareness and understanding. Uy (2017) examined the organizational structures of ASEAN revenue authorities and found that streamlined tax administration improves taxpayer compliance.

Additionally, Araki and Claus (2014) found that increased tax knowledge leads to higher voluntary compliance, as individuals understand their tax responsibilities and the consequences of non-compliance. Owens et al. (2021) combined qualitative interviews with quantitative data analysis, showing that digital advancements in tax administration facilitate tax education, making tax procedures more transparent and accessible, ultimately leading to higher compliance rates. Agatyan (2013) explored tax compliance in Indonesia and found that lack of tax knowledge was a major factor contributing to non-compliance.

H_2: Taxpayers' knowledge and understanding of personal income tax are positively associated with taxpayers' willingness to pay personal income tax.

2.3. Readiness to Comply with Personal Income Tax

Taxpayers' readiness to comply with tax regulations is an essential determinant of their willingness to pay taxes. Studies have shown that enforcement mechanisms, perceived ease of tax compliance, and deterrence strategies influence taxpayers' compliance behavior. The Organization for Economic Co-operation and Development (OECD) (2022) provided comparative insights on tax administration, highlighting effective strategies for increasing compliance. Owens et al. (2021) explored how new technologies in tax administration, such as digital monitoring, can enhance compliance by reducing tax evasion opportunities. The mixed-method approach revealed that technology-based tax enforcement leads to higher voluntary compliance.

Bala et al. (2018) adopted a case study analysis to examine personal income tax challenges in Gombe State, Nigeria. The finding concluded that weak enforcement mechanisms lead to tax revenue shortfalls. Areo and Gershon (2020) conducted a generalized ordered logistic regression analysis on Nigerian tax compliance and found that simplifying tax filing procedures and reducing bureaucratic barriers encourage greater compliance.

Likewise, the Asian Development Bank (2020) conducted a comparative study on tax administration in Asia, highlighting that digital transformation improves efficiency and taxpayer compliance across various countries. Li and Ma (2017) analyzed tax reforms in China and found that when taxpayers perceive tax systems as user-friendly and accessible, they are more willing to comply voluntarily. Adejare (2017) examined government revenue generation in Nigeria and found that personal income tax compliance increased when enforcement measures were effective.

H_3: Taxpayers' readiness to comply with personal income tax is positively related to taxpayers' willingness to pay personal income tax.

The existing literature supports that taxpayers' willingness to pay personal income tax is influenced by multiple factors, including tax knowledge and understanding, perceived benefits, and readiness to comply with tax regulations. As a result, this study aims to further investigate the influence of the aforementioned factors on Cambodian taxpayers' willingness to comply with personal income tax.

3. METHODOLOGY

This research employs a Partial Least Square Structural Equation Modelling (PLS-SEM) to investigate the impact of three key factors: Knowledge and understanding regarding tax payment (KUT), Benefits of tax (BET), and Readiness of the citizen toward PIT's implementation in the future (RCI), on the Willingness of taxpayers to pay personal income tax, if the General Department of Taxation implements it (WTP). All the factors are latent variables, known as unobserved variables, yet they will be assessed by means of the observed variables. To gauge the WTP, three items are employed, whereas the KUT, BET, and RCI are assessed through three, six, and three manifest variables or observed variables, respectively. Table 2 provides the definitions of each latent variable along with their corresponding manifest variables.

The data collection process from the respondents involves the use of a questionnaire, which is divided into three sections. The first section provides the demographic profile of the respondents. Section two measures three constructs: KUT, BET, and RCI. Section three evaluates the willingness of participants towards PIT. All sections of the questionnaire consist entirely of closed-ended questions. Additionally, the items in sections two and three of the questionnaire are measured using a 5-point Likert scale. This scale ranges from one, indicating Strongly Disagree, to five, representing Strongly Agree.

The evaluation of the model's fitness involves the execution of reliability and validity assessments. The reliability assessment aims to determine the internal consistency of the model. A composite reliability score >0.7 for each indicator or manifest variable signifies that the questionnaire instrument possesses reliable indicators. For convergent validity, it is essential to achieve a minimum average variance extracted (AVE) value and a Cronbach's alpha of 0.5, as outlined by Hair et al. (2019). Additionally, this study utilizes the Fornell-Larcker criterion to assess the model's discriminant validity, following the guidelines established by Hair et al. (2014).

The analysis of the relationship between manifest and latent variables, along with hypothesis testing to assess the effects of KUT, BET, and RCI on WTP, is performed utilizing Partial Least Square Structural Equation Modelling (PLS-SEM). PLS-SEM is distinguished from other modeling approaches by two primary characteristics. Firstly, it is robust to non-normal data distributions, and secondly, it remains applicable even when working with small sample sizes (Sarstedt et al. 2021 and Hair et al., 2014). To assess the substantial relationship between latent variables within the framework of PLS-SEM, the analytical process must proceed through two distinct phases. The initial phase, referred to as the outer model or assessment of the measurement model, involves estimating the model and evaluating its reliability and validity. Subsequently, the second phase, known as the inner model or structural model assessment, focuses on examining the significant relationships among the latent variables (Hair et al., 2019). In order to evaluate a structural model, there are four basic evaluation criteria include R^2, f^2, Q^2, and the hypothesis testing of the path coefficients (Chin, 2009; Hair et al., 2023; Henseler et al., 2009).

3.1. Sample Size

The determination of the sample size is established through a statistical method devised by Cohen (2013) in the following manner:

$$n_0 = \frac{z^2 pq}{e^2}$$

The confidence level (CL) chosen is 95%, resulting in a precision level (e) of 5%. With respect to the selected CL, the z-score is 1.96, and the standard curve's abscissa intersects an area at the tails of z^2, which is 3.84. The estimated proportion (p) of an attribute present in the population is assumed to be 0.5, while q is equal to 1-p. Considering these values, the minimum required total sample size is 385 observations.

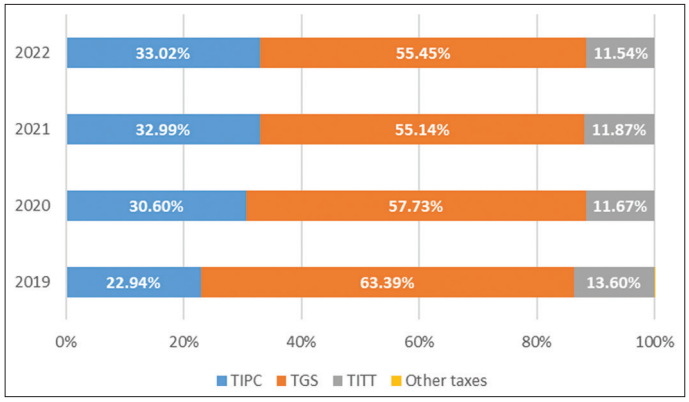
3.2. Pilot Survey

In the pilot survey, a group of twenty-five individuals were chosen to participate. They were asked to complete a questionnaire that had been developed, which included five students, five business owner, five self-employed individuals, five employees from a private company, and five government/state owned enterprise officers. The purpose of this pilot survey was to identify any potential issues or misunderstandings with the questionnaire before conducting the official survey. During the pilot survey, the questionnaire was distributed to the selected participants, who were then responsible for completing it. Any problems or questions that arose during this process were documented and used to make updates and improvements to the questionnaire.

4. RESEARCH RESULTS

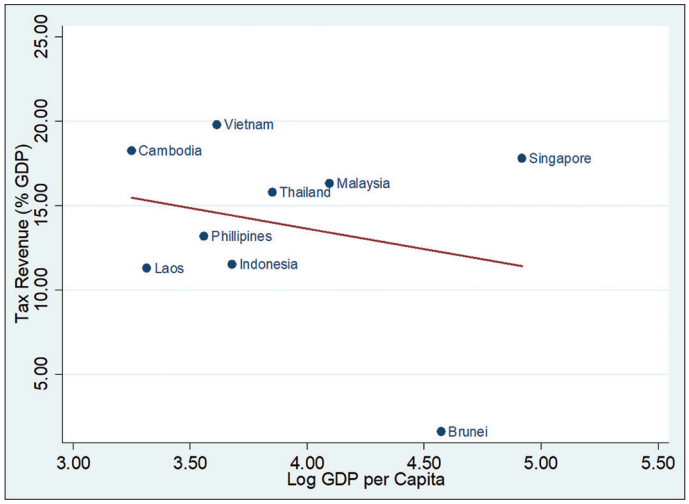
A total of 500 questionnaires were distributed to respondents, of which 425 were completed, resulting in a response rate of 85%. The feedback gathered from the participants exceeded the defined sample size. The demographic composition of the participants included university students (5.18%), business professionals (15.06%), self-employed individuals (24.94%), employees of private companies (34.82%), and government officials (20%).

Figure 1: Cambodia's taxation structure



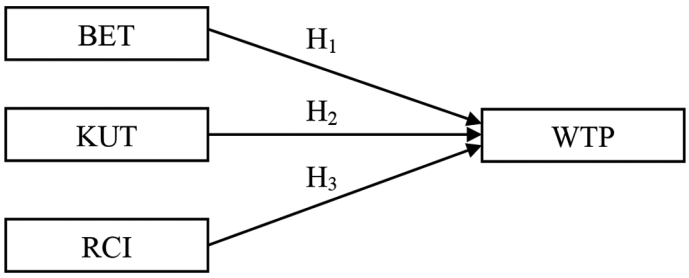
Source: Constructed by authors using data collected from the International Monetary Fund.

Figure 2: Tax-to-GDP ratio



Source: Constructed by authors using data collected from the Asian Development Bank.

Figure 3: Research hypotheses



4.1. Assessment of the Measurement Model

The measurement of the model is evaluated through the use of its convergent and discriminate validities. In order to evaluate the achievement of convergent validity, loading and Cronbach's alpha of each manifest variable, which is employed to measure

Table 1: Tax revenues of Cambodia, billions of riels

Variable	2019	2020	2021	2022
Real GDP growth rate	6.8%	−3.1%	3%	5.3%
Taxes	21,302.65	18,827.23	17,967.07	22,088.51
Taxes on income, profits, and capital gains	4,887.12	5,760.23	5,927.33	7,292.73
Payable by individuals	963.95	1,033.10	1,049.83	1,260.26
Payable by corporations and other enterprises	3,923.17	4,727.13	4,877.50	6,032.46
Taxes on goods and services	13,503.44	10,869.05	9,906.99	12,247.07
General taxes on goods and services	7,057.70	6,288.22	5,645.18	7,056.71
Value-added taxes	7,057.67	6,288.22	5,645.18	7,056.71
Turnover and other general taxes on G and S	0.03	0.00	0.00	0.00
Excises	6,445.73	4,580.83	4,261.81	5,190.36
Taxes on international trade and transactions	2,897.05	2,197.94	2,132.76	2,548.71
Customs and other import duties	2,848.27	2,174.13	2,089.24	2,492.40
Taxes on exports	48.78	23.81	43.52	56.32
Other taxes	15.05	0.00	0.00	0.00

Source: Constructed by authors using data collected from the International Monetary Fund.

Table 2: Definition of variables

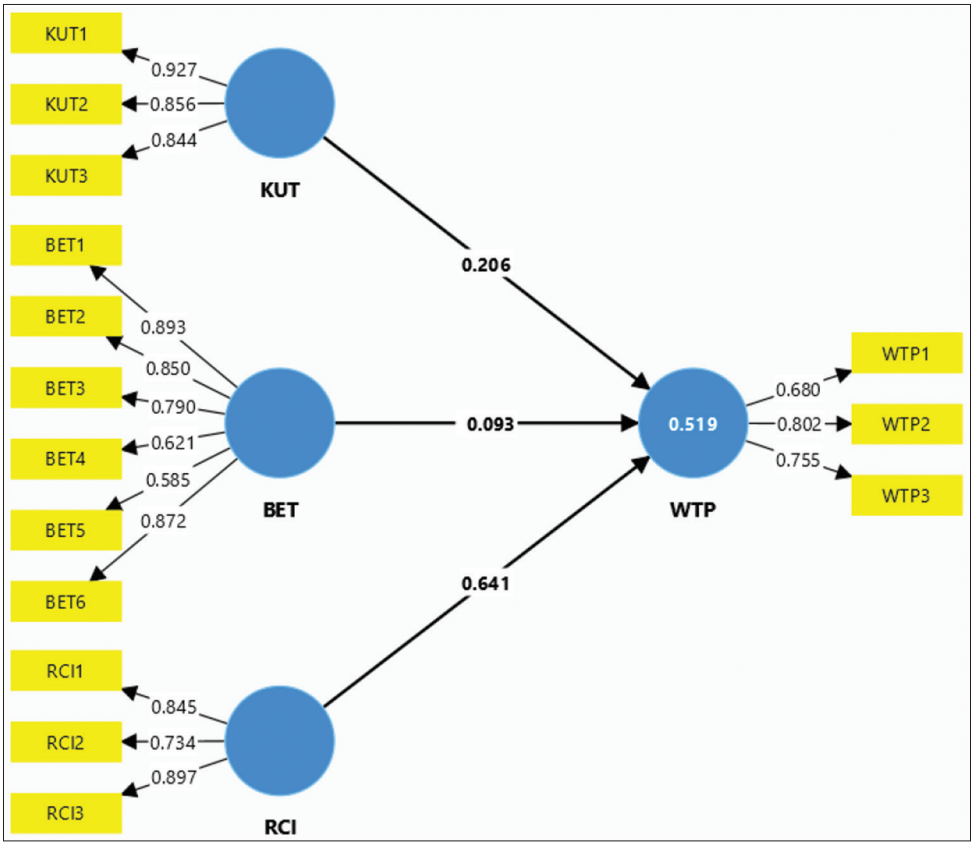
Latent/unobserved variables		Manifest/observed variables
Knowledge and understanding regarding tax payment	KUT	KUT1 KUT2 KUT3
Benefits of tax	BET	BET1 BET2 BET3 BET4 BET5 BET6
Readiness of the citizen toward PIT's implementation in the future	RCI	RCI1 RCI2 RCI3
Willingness of taxpayer to pay PIT	WTP	WTP1 WTP2 WTP3

Source: Constructed by authors

Table 3: Construct reliability and validity

Construct	Cronbach's alpha	CR (rho_a)	CR (rho_c)	AVE
BET	0.868	0.905	0.900	0.605
KUT	0.849	0.860	0.909	0.768
RCI	0.769	0.789	0.867	0.686
WTP	0.849	0.851	0.880	0.720

Figure 4: Structural equation modelling (SEM)



Source: Constructed and estimated by authors using the SmartPLS 4.

Table 4: Discriminant validity Fornell-Larcker criterion

Construct	BET	KUT	RCI	WTP
BET	0.778			
KUT	0.756	0.877		
RCI	0.701	0.658	0.828	
WTP	0.532	0.548	0.711	0.747

Table 5: Collinearity statistics

Construct	VIF
BET1	1.775
BET2	2.916
BET3	2.078
BET4	2.002
BET5	1.861
BET6	1.846
KUT1	2.873
KUT2	2.214
KUT3	1.851
RCI1	1.787
RCI2	1.380
RCI3	2.069
WTP1	1.065
WTP2	1.538
WTP3	1.511

each latent variable, are assess with the threshold no <0.5. As indicated by Figure 4 and Table 3, the indicators' loading factors, Cronbach's alpha, and Average Variance Extracted (AVE) are >0.5. In addition, the Composite Reliability (CR) of each latent variable is more than 0.7 (Hair et al., 2019), which suggested that the convergent validity does exist.

The next step involves evaluating discriminant validity using the Fornell-Larcker criterion. According to this criterion, the square root of the AVE for each construct must be higher than the correlations between that construct and others. In simpler terms, the values on the diagonal, representing the square roots of the AVE, should exceed the off-diagonal values, which represent the correlations between constructs (Hair et al., 2014). As shown in Table 4, the discriminant validity between the variables is established. In summary, the measurement model satisfies the required criteria for both validity and reliability with regard to the indicators and variables.

In PLS-SEM, the R^2 statistic serves as an indicator for evaluating the proportion of variance in the dependent or endogenous constructs that can be accounted for by the independent or exogenous constructs within the model (Hair et al., 2020). As illustrated in Figure 3, the R^2 value is 0.519, signifying that 51.9% of the variance in the dependent variable, which is the WTP, is elucidated by the independent variables, specifically KUT, BET, and RCI.

The Variance Inflation Factor (VIF) serves as an indicator for evaluating multicollinearity among predictor variables, which are also known as exogenous constructs or indicators. Multicollinearity pertains to the extent of correlation between independent variables, potentially leading to inaccuracies in the estimated relationships within the model. Given that all VIF values in Table 5 are below 3,

Table 6: Path coefficients

Hypothesis	Relationship	Path coefficient	T-statistics	P-values	Decision	f^2
H1	BET→WTP	0.093	7.049	0.000	Accepted	0.004
H2	KUT→WTP	0.206	5.512	0.000	Accepted	0.023
H3	RCI→WTP	0.641	4.907	0.000	Accepted	0.425

Table 7: Predictive relevance of the model

Endogenous latent variable	Q^2	RMSE	MAE
WTP	0.315	0.786	0.593

this suggests that the level of multicollinearity is within acceptable limits. While the predictor variables exhibit moderate correlation, the multicollinearity present does not pose any significant issues (Hair et al., 2021).

4.2. Structural Model Assessment

PLS-SEM is a nonparametric method; therefore, the significance of the path coefficients was assessed utilizing the bootstrapping method, based on 5000 re-samples (Chin, 1998).

Table 6 demonstrates that the perceived benefits of taxation are significantly associated with the willingness to pay personal income tax (β_1 = 0.093, t = 7.049, P < 0.001), suggesting that as individuals perceive greater benefits from paying personal income tax, their willingness to pay increases. Furthermore, the level of knowledge and understanding regarding tax obligations is significantly related to the willingness to pay personal income tax (β_2 = 0.206, t = 5.512, P < 0.001), indicating that a higher level of understanding about personal income tax increases the likelihood of taxpayers' willingness to comply. Lastly, citizens' readiness for the future implementation of personal income tax is found to be significantly associated with their willingness to pay personal income tax (β_3 = 0.641, t = 4.907, P < 0.001), implying that greater readiness for the implementation of the tax correlates with a higher likelihood of willingness to pay in the future. Table 6 indicates that the effects of BET and KUT on WTP are minimal, as evidenced by their respective f^2 values of 0.004 and 0.023. In contrast, the influence of RCI on WTP is substantial, with an f^2 value of 0.425, highlighting a significant relationship (Cohen, 2013).

The Q^2 statistic serves as an indicator for evaluating the predictive relevance of the model, particularly concerning endogenous constructs in PLS-SEM. This value reflects the model's capability to forecast data points and the extent to which exogenous variables account for variations in endogenous variables (Stone, 1974; Geisser, 1974). As illustrated in Table 7, a Q^2 value of 0.315 signifies that the model possesses a moderate level of predictive relevance for the endogenous variables, suggesting it can account for approximately 31.5% of the variance observed in the data. This finding indicates that while the model demonstrates a certain degree of effectiveness in predicting outcomes, there remains potential for further enhancement.

5. CONCLUSION

The objective of this research is to examine the factors that influence the willingness of Cambodian citizens to pay personal income tax, should it be implemented in the future by the General Department of Taxation. The study incorporates four latent variables within the framework of PLS-SEM, which include the perceived benefits of taxation, the level of knowledge and understanding regarding tax obligations, the preparedness of citizens for the future implementation of personal income tax, and the willingness of taxpayers to comply with such tax requirements. These variables are represented by a total of 15 manifest variables, distributed as six, three, three, and three, respectively. The analysis demonstrates the presence of convergent validity, as evidenced by the loading factors, Cronbach's alpha, Average Variance Extracted, and Composite Reliability of each indicator. Furthermore, discriminant validity among the variables is confirmed through the Fornell-Larcker criterion.

The findings indicate a substantial positive impact of tax benefits, as well as the knowledge and comprehension of tax obligations, alongside the citizens' preparedness for the future implementation of personal income tax, on taxpayers' willingness to fulfill their personal income tax responsibilities. Consequently, it can be asserted that all proposed hypotheses, namely H1, H2, and H3, received support from the study.

The f^2 statistics indicate that the impacts of BET (0.004) and KUT (0.023) on WTP are negligible, whereas the effect of RCI (0.425) on WTP is considerable. Additionally, the Q^2 statistic value of 0.315 reveals that the model exhibits a moderate predictive relevance concerning the endogenous variables, implying that it can explain roughly 31.5% of the variance present in the data. This outcome suggests that although the model shows a reasonable level of effectiveness in forecasting results, there is still room for improvement.

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