



**HSS ADVISORY SDN BHD**  
( 7 2 2 9 5 6 - M )

**Tax & Business Advisors**

# **E-Invoicing**

## **[ Summary ]**

Prepared by: HSS Advisory Sdn Bhd



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# 1. Definition of “e-Invoice”

- **Amendment Section 2 of the ITA 1967, Section 2 of PITA 1967 and Section 2 of the LBATA 1990**
  - Invoice or any **documents** approved by DGIR, issued by any person in relation to “**goods sold**” or “**services performed**”
  - The invoice or documents has gone through an **electronic transmission process** and has been **validated by DGIR.**

**Documents** refer to **Credit Note, Debit Note and Refund Note** [ refund to customer (Buyer) ]



## 2. Transaction Type

- e-Invoice applies to all taxpayers undertaking activities in Malaysia;
  - a. Business providing goods and services; and
  - b. Certain non-business transactions between individuals.

[ *guideline will be provided soon* ]
  
- It covers typical transaction types such as B2B, B2C and B2G



### 3. Targeted Group

1. Association;
2. Body of Persons;
3. Branch;
4. Business Trust;
5. Co-operative Societies;
6. Corporations;
7. Limited Liability Partnership;
8. Partnership;
9. Property Trust Fund;
10. Property Trust;
11. Real Estate Investment Trust;
12. Representative Office and Regional Office;
13. Trust Body; and
14. Unit Trust.



## 4. Implementation Date

No.	Targeted Taxpayers	Implementation Date
1.	Mandatory implementation for businesses with an <b>annual turnover/ revenue</b> of more than <b>RM100 million</b>	<b>1 August 2024</b>
2.	Mandatory implementation for businesses with an annual turnover/ revenue of <b>more than RM25 million and up to RM100 million</b>	<b>1 January 2025</b>
3.	Mandatory implementation for <b>all other taxpayers</b>	<b>1 July 2025</b>

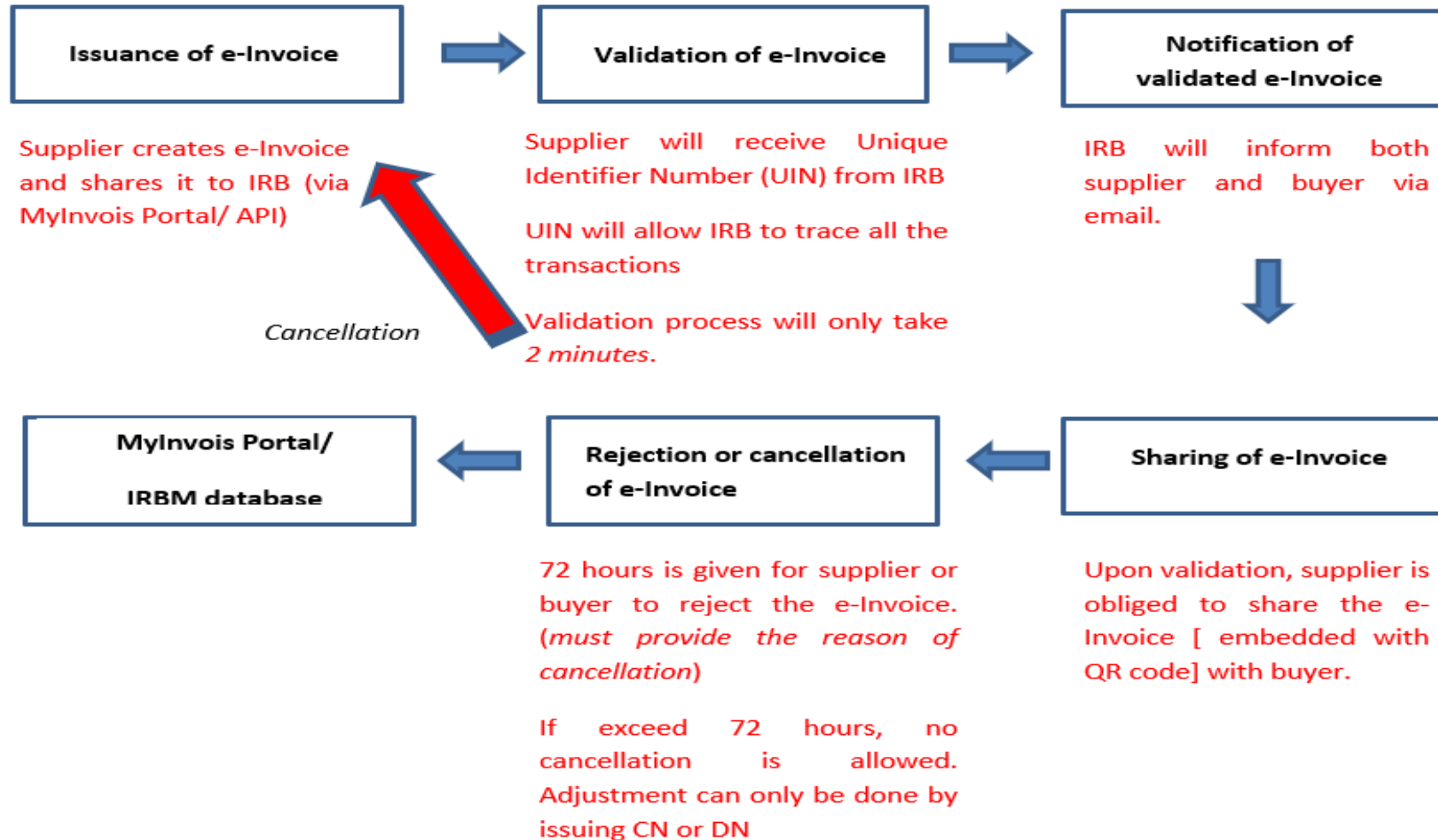


**\*\*Determination of Annual Turnover/ Revenue:**

- 1. WITH** audited financial statements: Based on annual turnover/ revenue stated in the **audited financial statements** for financial year ended **2022**.
- 2. WITHOUT** audited financial statements: Based on annual turnover/ revenue reported in the **tax return** for year of assesment **2022**.
- 3. Change of Accounting Period:** Annual turnover/ revenue will be pro-rated to a 12 month period.



## 5. e-Invoice Mechanism





- **To create an e-Invoice:**

1. 51 required date fields (grouped into 9 categories), 12 additional fields applicable for certain transactions;
2. To attach **digital signatures** to e-Invoice; and
3. XML or JSON format.

FOR ILLUSTRATION PURPOSES ONLY

**Global Telco Sdn Bhd**  
Lot 1, Bangunan Green, Persiaran Jalan, 50480, Kuala Lumpur  
60312346789  
contact.us@globaltelco.com

Supplier TIN: 123456789123  
Supplier Registration Number: 200901111122  
Supplier SST ID: W10-6543-456789123  
Supplier MSIC code: 47413


**E-INVOICE**  
Document code: INV00002  
Unique Identifier No: 123456789-2023-7654335  
Original Invoice Ref. No.: Not Applicable  
Invoice Date and Time: 07/08/2024 12:36:13

Buyer TIN : EI00000000010  
Buyer Name: Soo Ah Chong  
Buyer Identification Number: 790801100000  
Buyer Address: 1, Tingkat 2, Jln Jaya, 40150 Selangor, Malaysia  
Buyer Contact Number (Mobile): 6012334567890  
Buyer Email: sooahchong@gmail.com

Payment mode: Credit Card  
Invoice currency code: MYR

Classification	Description	Quantity	Unit Price	Amount	Disc	Tax Amount	Total Product / Service Price (incl. tax)
003	Smartphone	1	RM2,500.00	RM2,500.00	-	-	RM2,500.00
<b>Subtotal</b>							RM2,500.00
<b>Total excluding tax</b>							RM2,500.00
<b>Tax amount</b>							-
<b>Total including tax</b>							RM2,500.00
<b>Paid by – Credit Card</b>							RM2,500.00

Digital Signature:  
9e83e05bbf9b5db17ac0deec3b7ce6cba983f6dc50531c7a919f28d5fb369etc3  
Date and Time of Validation: 07/08/2024 12:36:15  
This document is a visual presentation of the e-Invoice





## e-Invoice Model

### MyInvois Portal

- ✓ Hosted by IRBM;
- ✓ Suitable for MSMEs with **low volume of transactions**;
- ✓ **Lower cost** and easier adoption; and
- ✓ Manual create e-Invoices individually or bulk upload

### Application Programming Interface (API)

- ✓ Get advise from the accounting software provider;
- ✓ Suitable for a company with a **high volume of transaction**;
- ✓ **Higher costs** but streamlined processes;
- ✓ Configure system integration to auto-generate e-Invoices in XML/JSON format.



## 6. Scenario Requiring e-Invoice to be issued

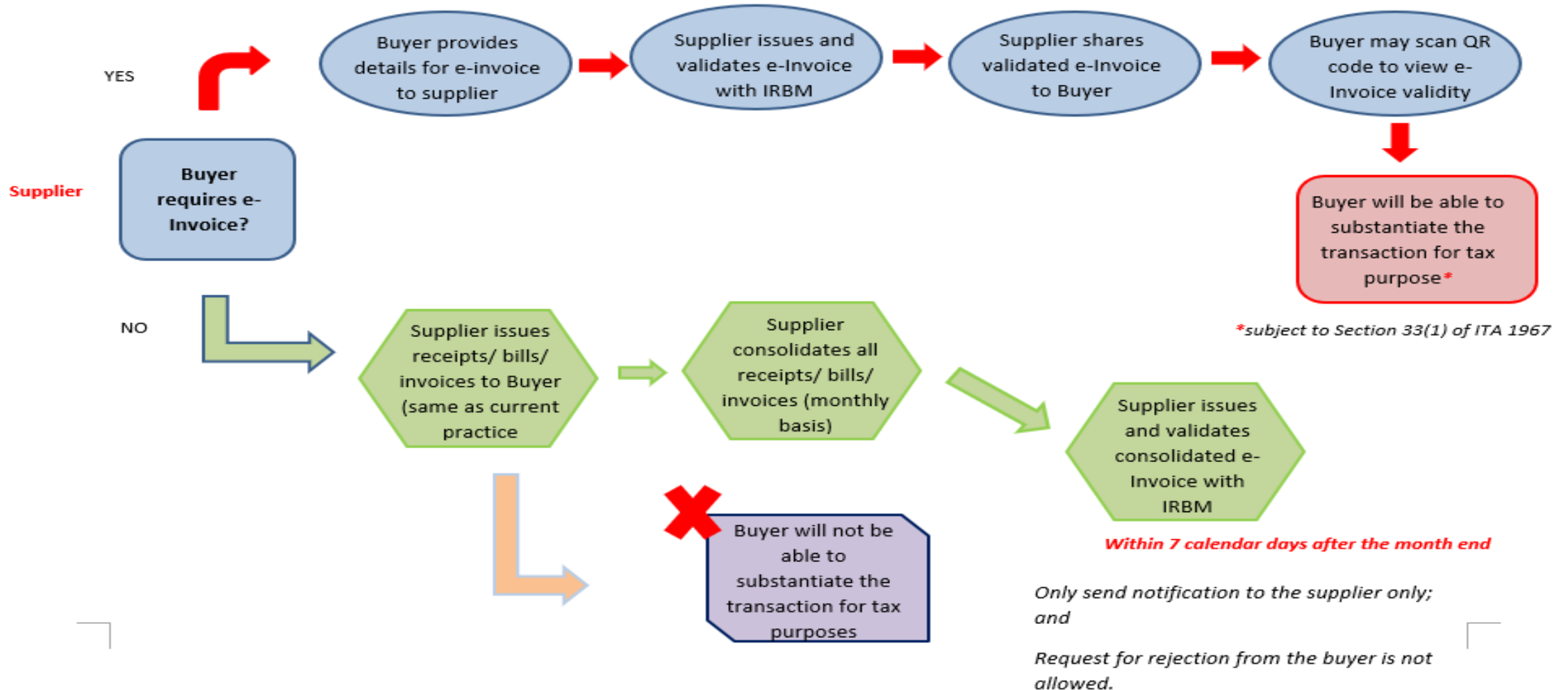
- Proof of **income**;
- Proof of **expenses**

## **7. Scenario in which an e-Invoice is not required**

- Employment Income;
- Pension;
- Alimony;
- Distribution of dividend in specific circumstance;
- Zakat; and
- Scholarship



## 8. Consolidated Invoice (B2C)





# Issuance of Receipts to Buyers



Businesses which implement electronic invoicing are not required to issue receipts to buyers

Businesses which are required to issue consolidated transaction invoice are required to issue printed receipts to buyers

AMENDMEN

Section 82 ITA  
1967



## Company with different branches:

The summary of all the receipts/ bills/ invoices issued by each branch or location is presented as separate line items in the consolidated invoices.



## Non-Applicable (Non-Consolidation Allowed)

No.	Industry/ Activity	Types of activities or transactions
1	Automotive	Sale of any motor vehicle
2	Aviation	Sale of flight ticket, private charter
3	Luxury goods and jewellery	Details to be provided in due course
4	Construction	Construction contractor undertaking construction contract, as defined in the Income Tax (Construction Contracts) Regulations 2007
5	Wholesalers and retailers of construction materials	Sale of construction materials, regardless of volume sold
6	Licensed betting and gaming	Pay-out to winners for all betting and gaming activities, except (i) casino, and (ii) gaming machines [ until further notice ]
7	Payment to agents/ dealers/ distributors	Payments made to agents, dealers or distributors



## **9. Self-Billed Invoice (allow to issue e-Invoice on behalf of Supplier)**

- a) Payment to agents, dealers and distributors, etc;
- b) Goods sold or services rendered by foreign suppliers;
- c) Profit distribution [ as a proof of income for tax purpose ] – excluding taxpayers who are listed in Bursa Malaysia or companies that are not entitled to deduct tax under Section 108 of the ITA 1967;
- d) e-Commerce transactions [ details will be released in due course ];



## 9. Self-Billed Invoice (allow to issue e-Invoice on behalf of Supplier) – cont'd

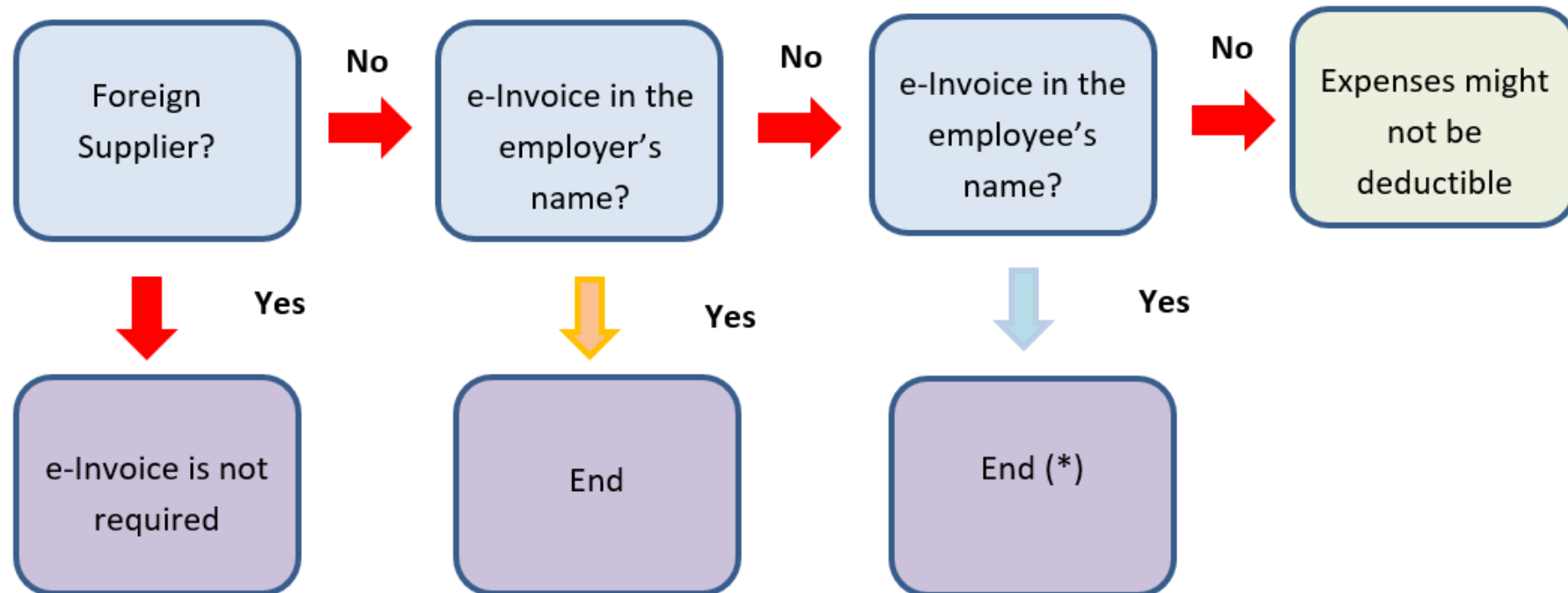
e) Pay-out to all betting and gaming winners; and

f) Acquisition of goods and services from individual taxpayers (who are not conducting a business)

- *Whoever fails to issue self-billed invoice, fine of less than RM200 and not more than RM20,000 or imprisonment not exceeding 6 months or both.*



## 10. Employment Perquisites and Benefits/ Expenses Incurred by Employees on Behalf



*\*It must be stated in the employer's policy*



## 11. Foreign Income

- An e-Invoice would be required for all foreign income received in Malaysia from outside of Malaysia as **proof of income** for tax purpose.
- The income recipient must issue e-invoice **within the same month** the income is received in Malaysia.



## 12. Intercompany Billing

- DEF Company Sdn Bhd (DEF) is a subsidiary of ABC Company Sdn Bhd (ABC). On 1 September 2024, HR Hiring Sdn Bhd has provided recruitment services to DEF amounting to RM10,000 and an e-Invoice has been issued by HR Hiring Sdn Bhd to DEF.
- As DEF is tied on cashflow, ABC has paid, on behalf of DEF, RM10,000 to HR Hiring Sdn Bhd and records an amount owing from DEF in its accounting books. Subsequently, DEF has repaid the amount owing to ABC (i.e: RM10,000) on 31 December 2024.



## 12. Intercompany Billing – cont'd

➤ There is no requirement for an e-Invoice to be issued by:

- a) HR Hiring Sdn Bhd to ABC; and
- b) ABC to DEF

as there is no sale or transaction being concluded between the said parties.



## **13. What if API system is failed to function?**

- **To use MyInvoice Portal → Bulk Upload (excel)/Manual Input → UIN is given and syn invoices in the system**



# **14. Tax Incentives/ Grants in relation to the Implementation of e-Invoice as announced in Budget 2024**





<b>Digitalisation Grant</b>	<b>Capital Allowance</b>	<b>Tax Deduction</b>
<p>Digitalisation grant of up to RM5,000 for MSME (total allocation of RM100 million) for the upgrade of:</p> <ol style="list-style-type: none"><li>1. Sales System</li><li>2. Inventory System</li><li>3. Digital Accounting System</li></ol>	<p>Reduction in the capital allowance claim period from 4 years to 3 years, where the capital allowance rate will be revised to 40% initial allowance, and 20% of annual allowance for:</p> <ol style="list-style-type: none"><li>1. Purchase of ICT equipment and computer software packages;</li><li>2. Consultation, licensing and incidental fees related to customised computer software development</li></ol> <p><b>Effective from 2024</b></p>	<p>Tax deduction of up to RM50,000 for each YA be given on ESG-related expenditure, including consultation fee for the implementation of e-Invoice incurred by MSMEs</p> <p><b>Effective from YA2024 to YA2027</b></p>



## 15. Offences



Failure to issue an invoice, a self-billed invoice or a consolidated transaction invoice

**Fine of not less than RM200 and not more than RM20,000 or imprisonment not exceeding 6 months or both**

### AMENDMENTS

- Subsection 120(1) ITA 1967
- New provision in PITA 1967



## 16. Disclosure of Information



The Director General of Customs and Excise and any officer under his supervision are given access to electronic invoice information in performing their functions

### AMENDMENTS

- Section 138 ITA 1967
- Section 71 PITA 1967



## Sources

1. Inland Revenue Board of Malaysia, E-Invoice Guideline (Version 2.1), 28 October 2023;
2. Inland Revenue Board of Malaysia, E-Invoice Specific Guideline (Version 1.1), 28 October 2023; and
3. Budget 2024: Economic Reforms, Empowering the People, 13 October 2023



**HSS ADVISORY SDN BHD**  
( 7 2 2 9 5 6 - M )

**Tax & Business Advisors**

**Level 13A-03-03A, PJX-HM Shah Tower,  
16A, Persiaran Barat, 46050 Petaling Jaya, Selangor**

**Tel: +603-79320501**

**Website: [hssadvisory.com.my](http://hssadvisory.com.my)**

**Email: [admin@hssadvisory.com.my](mailto:admin@hssadvisory.com.my)/  
[info@hssadvisory.com.my](mailto:info@hssadvisory.com.my)**

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