



e-Invoicing: Is Two Months the Answer?

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Overview and Commentary



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Key Message

“Although a two-month deferment has been announced by the Unity Government on the mandatory adoption of e-Invoicing for the first annual turnover threshold category, the deferment may prove too short due to the considerations of many factors. Hence, taxpayers would be wise to have a head start looking into the implementation of e-Invoicing.”

A Later Start to e-Invoicing



The MADANI 2024 Budget announced by the Prime Minister, YAB Dato' Seri Anwar Bin Ibrahim themed "Economic Reforms, Empowering the People" continues to showcase the Unity Government's commitment in raising the living standards of the Rakyat in the current economy.

Emphasising on the importance of addressing tax leakages, the Government has introduced a myriad of measures including e-Invoicing during the re-tabling of 2023 Budget.

e-Invoicing is an initiative introduced by the Government to enhance the efficiency of Malaysia's tax administration by digitalization and

allows for near real-time validation of transactions between a supplier and a buyer, which aims to replace the traditional paper or electronic documents such as invoices, credit notes and debit notes.

A Short Deferment in the e-Invoicing Implementation Timeline May Not be the Answer

Albeit the encouraging response from the Rakyat, many have expressed their woes on the tight implementation timeline including a need for more time to assess the business' readiness to adopt e-Invoicing as well as the resources and costs involved.

Acknowledging the Rakyat's pleas on the e-Invoicing timeline, the Government has announced a two-month deferment on the implementation of e-Invoicing for taxpayers with annual turnover exceeding RM100 million from 1 June 2024 to 1 August 2024.

The Question Remains, Are We Ready for the Change?

The IRB had recently issued the e-Invoice Guideline (Version 2.0) which replaces the e-Invoice Guideline (Version 1.0). Further guidance on specific areas including the e-Invoice treatment and implementation of e-Invoicing has also been provided in the e-Invoice Specific Guideline (Version 1.0) and e-Invoice Catalogue published on 29 September 2023.

Notwithstanding the dialogues held with the IRB and the issuance of the abovementioned guidelines, there remains hesitation and questions surrounding e-Invoicing. It would thus be worthwhile to consider some of the following feedback that may be anticipated:

- i. Further guidance on the e-Invoicing requirements for the specific industries (e.g., insurance, banking and financial institutions, property developer, construction contractor and e-Commerce) due to the uniqueness of the nature of the taxpayers' businesses;
- ii. Based on the e-Invoice Guidelines (Versions 1.0 and 2.0), the software development kit ("SDK") is expected to be issued in Quarter 4 of 2023. However, the SDK has yet to be issued to this day;
- iii. Will there be consideration for tax incentive, tax deduction, tax relief or government grant in assisting taxpayers in the implementation of e-Invoicing?



Although a two-month deferment has been announced by the Unity Government on the mandatory adoption of e-Invoicing for the first annual turnover threshold category, the deferment may prove too short due to the considerations of many factors. Hence, taxpayers would be wise to have a head start looking into the implementation of e-Invoicing:-

- i. Brainstorming and assessing the existing sales scenarios which may be subject to different e-Invoicing requirements;
- ii. Initiating communication on the collection of data for the e-Invoicing required fields;
- iii. Managing internal stakeholders on their changes in roles and responsibilities;

- iv. Identifying external stakeholders for compliance of e-Invoicing requirements, for eg. determining the scenarios for self-billed e-Invoices;
- v. Consideration of the timeline and data fields required for the consolidated e-Invoice; and
- vi. Assessing the system changes to accommodate the 72-hour timeframe for cancellation / rejection of e-Invoice.

Further to the above, the latest Budget announced e-Invoicing for taxpayers by the **other income category** will be enforced in phases with a comprehensive implementation target **by 1 July 2025**.

It remains to be clarified if the implementation target of 1 July 2025 is phased over a specific timeline for the different annual turnover thresholds as announced in the previous e-Invoicing guidelines or **if all taxpayers** are mandated for e-Invoicing **by 1 July 2025**.



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