



E-INVOICE IMPLEMENTATION BEST PRACTICES AND CHALLENGES FOR BUSINESSES IN MALAYSIA

14 NOVEMBER 2024

ESCALATE THE PASSION



AGENDA

- 1 OVERVIEW OF E-INVOICE IN MALAYSIA**
- 2 UNDERSTANDING E-INVOICE TREATMENT AND COMMON CHALLENGES**
- 3 PREPARING FOR E-INVOICE IMPLEMENTATION**
- 4 NEW AND UPCOMING FEATURES**

1

OVERVIEW OF E-INVOICE

e-Invoice has been introduced to support the national digital agenda



Drive digital transformation and innovation in businesses



Improve digital inclusivity for Malaysians

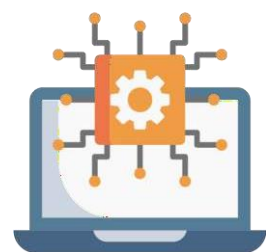


Modernise tax administration and bolster digital services

Benefits of adopting e-Invoice



Simplified and error-reduced invoicing via electronic document creation and submission



Streamlines operations for increased efficiency and saves time and costs



Eases tax filing and integrates systems for accurate reporting

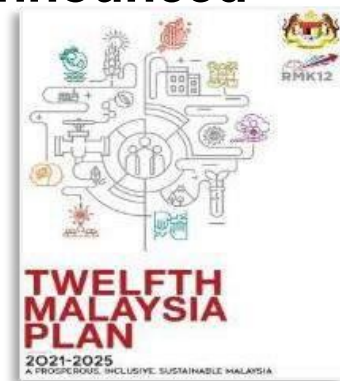


Digitalises financial reporting to meet industry standards

e-Invoice journey in Malaysia began since 2021

2021 – 2022

- e-Invoice conceptualisation began
- Numerous study visits
- **Budget 2023:** e-Invoice implementation announced



2023

- **Budget 2024:** e-Invoice implementation accelerated



13 Oct 2023

- **e-Invoice General and Specific Guidelines issued**



21 July 2023

2024

- **9 Feb:** Software Development Kit (SDK) Live
- **10 Apr:** Sandbox API Live
- **15 May:** Production API Live
- **22 Jun:** Sandbox MyInvois Portal Live
- **29 Jun:** MyInvois Portal Live
- **31 Jul:** MyInvois System officially launched
- **1 Aug:** Phase 1 mandatory implementation (>RM100million annual turnover or revenue)
- **Nov:** MyInvois Mobile App Launch



2025

- **Jan:** Phase 2 mandatory implementation (RM25m to RM100m annual turnover or revenue) **[upcoming]**
- **Jul:** Phase 3 mandatory implementation (all taxpayers) **[upcoming]**

e-invoice is a digital representation of a transaction between Suppliers and Buyers



What is e-Invoice?

- A **digital representation** of a transaction between a Supplier and a Buyer. It **replaces paper or electronic documents** (i.e. PDF, JPEG, DOC and other formats).
- Different **types of e-Invoice documents** that can be issued are:



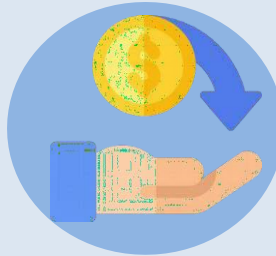
Invoice



Debit note



Credit note



Refund note

Samples of e-Invoice

e-Invoice (JSON/ XML)

SAMPLE

e-Invoice (Visual Representation)

No.	Description	Quantity	Unit Price	Amount	Tax Amount	Rate	Total Product / Service Price (incl. tax)
1	Superstar	1	390.00	390.00	0.00	11.24	399.76
2	Shamboo	1	274.00	274.00	0.00	8.82	284.18
3	Shamboo	1	4.00	4.00	0.28	-	5.19
Sub Total				668.00	0.28	20.06	670.18

SAMPLE

e-Invoice in Malaysia adopts the CTC Model with two (2) transmission mechanisms

CONTINUOUS TRANSACTION CONTROL (CTC) MODEL

A model that enables a **high level of control** through **validation of invoice data received by LHDNM** as well as **allowing flexibility to taxpayers** to decide on their preferred ways to transmit e-Invoice data to LHDNM for **near real-time validation**

1

MyInvois Portal

A portal **hosted by LHDNM** as an option that is **available to taxpayers** at no cost



Accessible to all taxpayers



Available to taxpayers who need to issue e-Invoice but API connection is down

2

Application Programming Interface (“API”)

An API is a set of programming code that enables **direct transmission** between the **taxpayers’ system** and **MyInvois System**

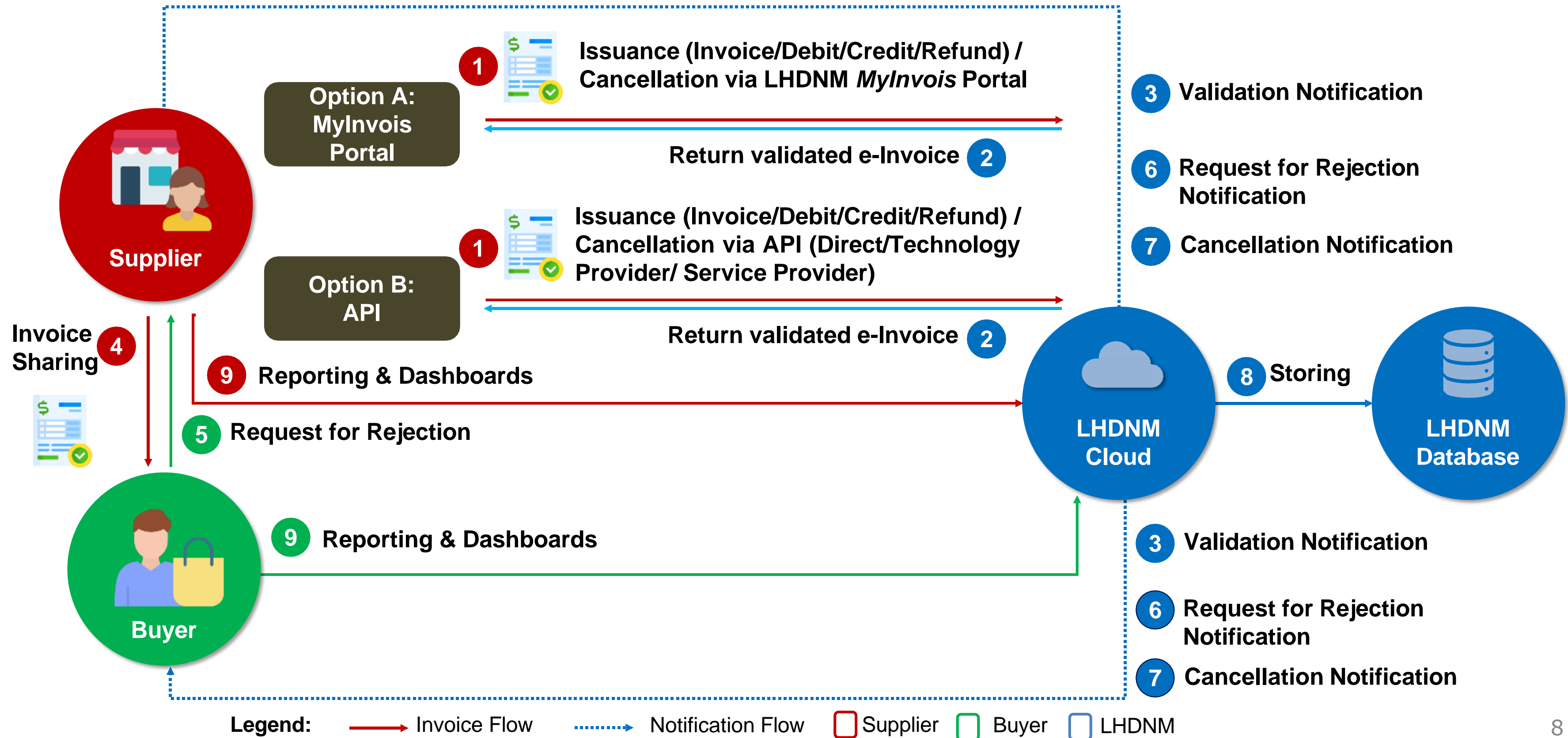


Requires upfront investment in technology and adjustments to existing systems



Ideal for large taxpayers or businesses with substantial transaction volume

Overview of MyInvois System in Malaysia



e-Invoice guidelines and resources provided to assist taxpayers in their implementation

e-Invoice Guidelines and FAQs

- **General Guideline (version 4.0)**
 - Concept of e-Invoice with **explanation for taxpayers**.
 - **Guidance for taxpayers** in determining and assessing readiness for implementation.
- **Specific Guideline (version 3.1)**
 - **Additional details** to the e-Invoice Guideline on specific areas across various industries
 - Include scenarios for better explanation of various e-Invoice treatments
- **Frequently Ask Questions and Specific FAQs based on Industries**

Software Development Kit (SDK)

- **Comprehensive suite of tools, libraries, and resources, complete with APIs and development guidelines, designed to facilitate the seamless integration of business systems with the MyInvois System.**
 - API (Platform & e-Invoice)
 - Types (Invoice, Credit Note, Debit Note, Refund Note, Self-billed, etc)
 - Codes Tables
 - Document Validations Rules
 - Digital Signature

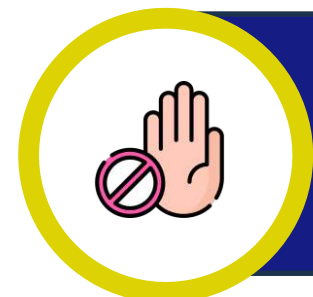
Additionally, a 6-month interim relaxation period has been granted for businesses to align with e-Invoice requirements



Allow issuance of consolidated e-Invoices and consolidated self-billed e-Invoices across all industries



Allow any transaction description within the “Product or Service Description” field



Allow Suppliers to reject any request of e-Invoice for individual transactions



No prosecution for businesses under Section 120 of Income Tax Act 1967

6-month interim relaxation period has been granted for businesses to align with e-Invoicing requirements



Phase 1	Phase 2	Phase 3
1 August 2024	1 January 2025	1 July 2025
<ul style="list-style-type: none"> Mandatory implementation for taxpayers with an annual turnover or revenue of >RM100m 	<ul style="list-style-type: none"> Mandatory implementation for taxpayers with an annual turnover or revenue between RM25m to RM100m 	<ul style="list-style-type: none"> Mandatory implementation for all other taxpayers **
6-Month Relaxation Period		
1 August 2024 To 31 January 2025	1 January 2025 to 30 June 2025	1 July 2025 to 31 December 2025

Taxpayers can leverage the relaxation period given to start implementing e-Invoice

During the relaxation period

- 1 System Integration**
Prepare and implement integration to the MyInvois System or familiarise with LHDNM's MyInvois Portal
- 2 Training and Support**
Ensure proper training for staffs to handle e-Invoice in addition to reaching out for support from LHDNM or service providers if needed
- 3 Transition Preparation**
To transition to full implementation, business should issue individual e-Invoices where possible

After relaxation period is lifted

- 1 Mandatory Compliance**
Adhere to the e-Invoice issuance requirements in accordance with the e-Invoice Guideline and Specific Guideline
- 2 Continuous Monitoring**
Stay updated on any changes and updates to the MyInvois system, e-Invoice guidelines and policy

Exemptions introduced to ease e-Invoice implementation challenges amongst MSMEs

Micro SMEs earning below RM150,000 annually exempted from e-invoicing, says Amir Hamzah

By TARRANCE TAN, RAGANANTHINI VETHASALAM and TEH ATHIRA YUSOF



NATION

Tuesday, 02 Jul 2024
2:35 PM MYT

Related News



NATION: 21 Jul 2024
1,596 of 13,304 micro cluster co-operatives are inactive, says Ramanan



Micro enterprises with annual turnover or revenue of **< RM150,000** are exempted from issuing e-Invoice.

The exemption does not apply to the following taxpayers:

- i. taxpayers with **non-individual shareholders**, or
- ii. taxpayers are **subsidiaries of holding companies**, or
- iii. taxpayers has **related companies/joint ventures** with annual turnover or revenue **> RM150,000**

MSMEs are required to implement e-Invoice starting from 1 January in the second year following the year in which the total annual turnover or revenue exceeds RM150,000

Methods to determine MSME eligibility for e-Invoice implementation:

1

Based on annual turnover or revenue stated in the statement of comprehensive income in the audited financial statements for relevant year

2

Based on annual revenue reported in the tax return for year of assessment relevant year

3

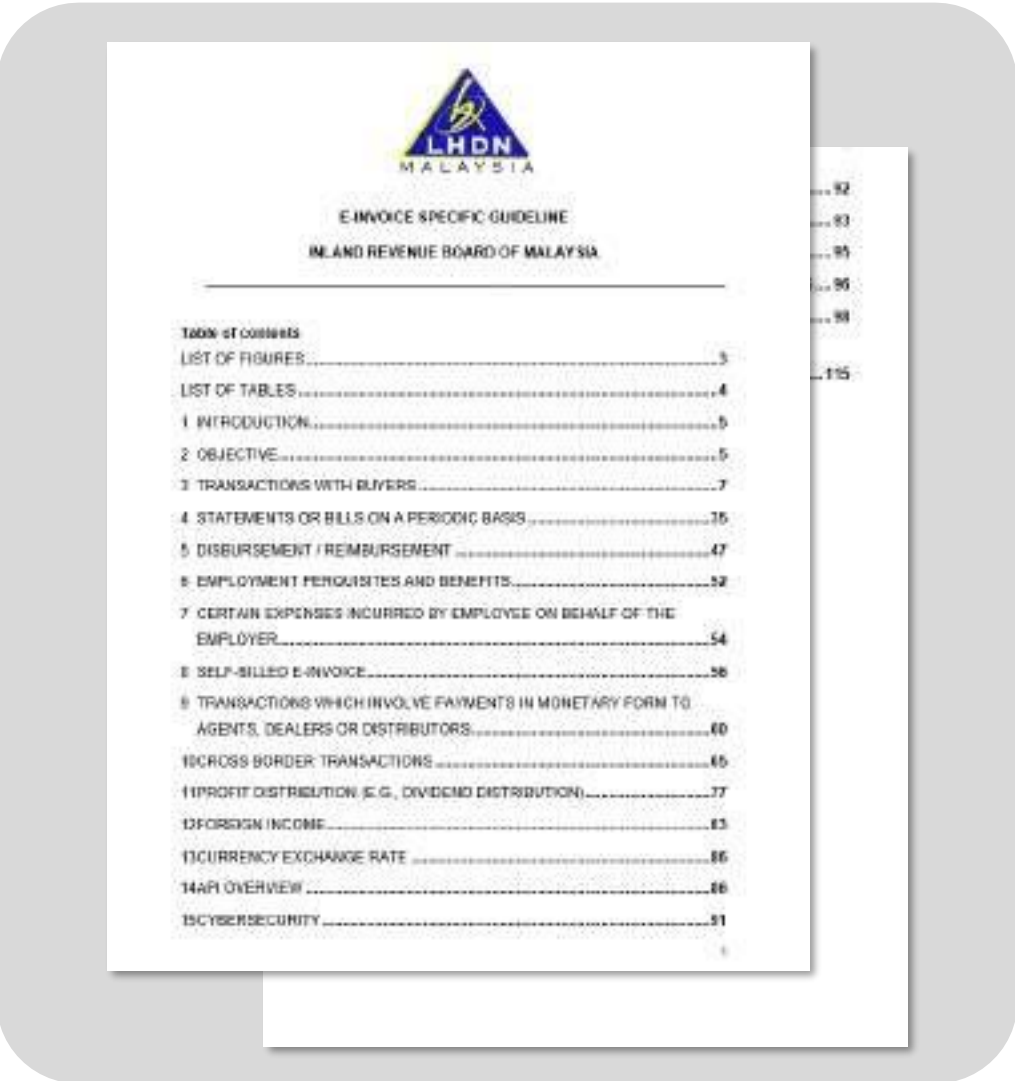
Taxpayers with annual turnover or revenue exceeding RM150,000 for the relevant year

2

UNDERSTANDING E- INVOICETREATMENT AND COMMON CHALLENGES

Areas of the Specific Guideline for further clarification

Specific Guideline



Published on
29 September 2023
 (updated on 4 October 2024)

Legend: Areas covered today

14 covered areas

- | | |
|---|---|
| Transaction with Buyer | Cross border transactions |
| Statement / bills on a periodic basis | Profit distribution (e.g., dividend distribution) |
| Disbursement and reimbursement | Foreign income |
| Employment perquisites and benefits | Currency exchange rate |
| Certain expenses incurred by employee on behalf of the employer | e-commerce transactions |
| Self-billed e-Invoice | Cybersecurity |
| Transactions which involve payments to agents, dealers or distributors | e-Invoice treatment during interim relaxation period |

Understanding tax deductibility and e-Invoice requirements



Situations requiring issuance of e-Invoice

- Suppliers are required to issue e-Invoice **upon Buyers request**
- Buyers are encouraged to use e-Invoice to ease claiming for tax deduction/ tax relief purposes

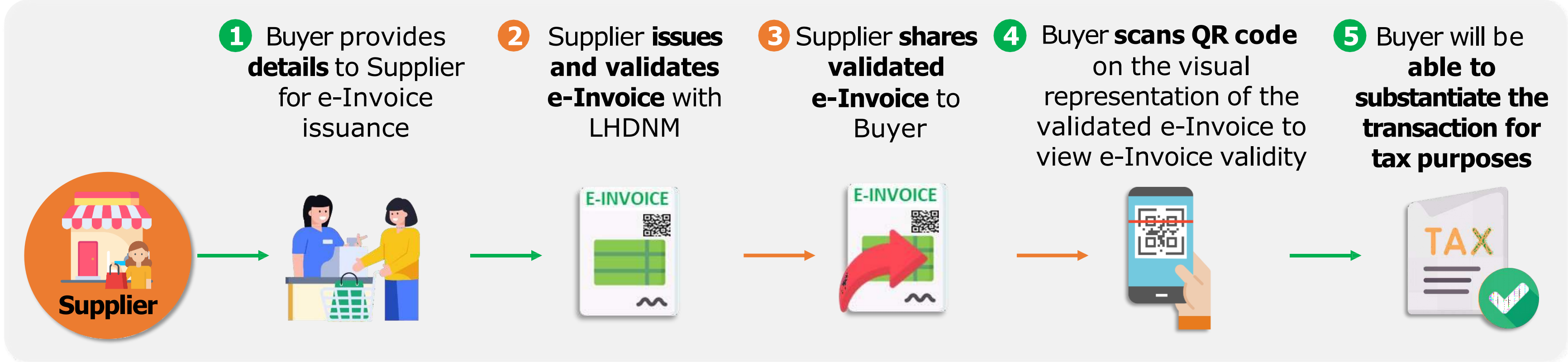


Situations where issuance of e-Invoice may not be required

- If Buyers do not require an e-Invoice, Suppliers can **continue to issue existing documentation** (e.g., receipts)
- Supplier aggregates the receipts and **required to submit consolidated e-Invoice***
- Buyers can use existing documentation (e.g., receipts) for **tax deduction/tax relief** claims

*Note: Selected activities and transactions of industries are not allowed to submit consolidated after the relaxation period

If Buyer requires an e-Invoice, Suppliers will issue an individual e-Invoice



Individual Buyer to provide details



Malaysian

- TIN; and/ or
- Identification Number (e.g) MyKad / MyTentera



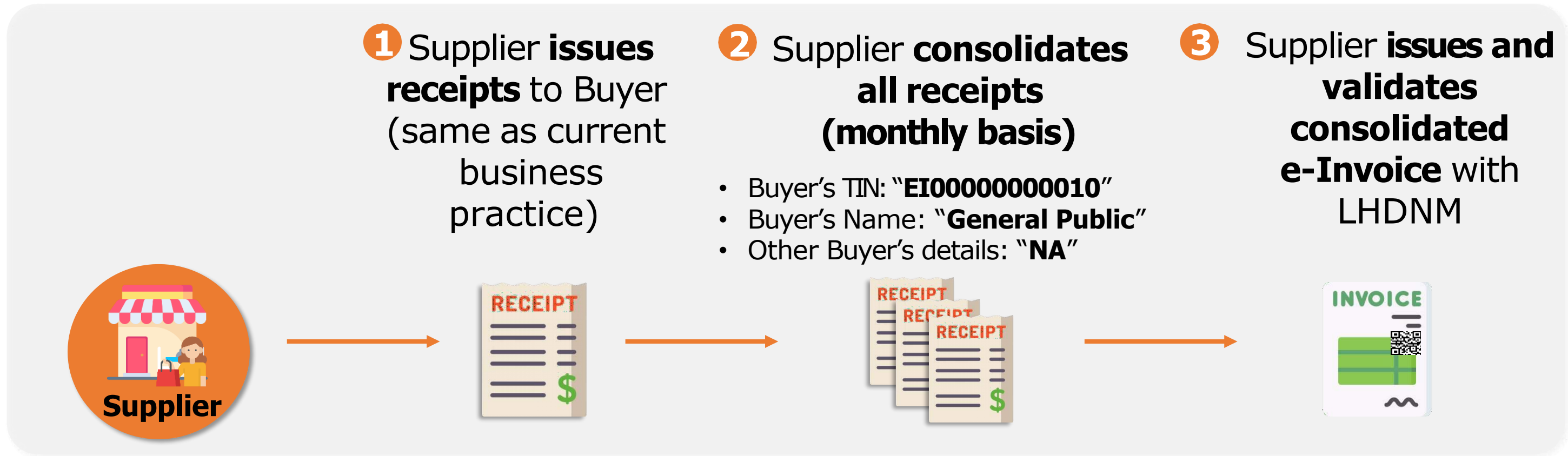
Non-Malaysian

- TIN; and
- Passport number / MyPR / MyKAS identification number

Legend: Supplier Buyer

If Buyers do not require an e-Invoice, Supplier is required to submit consolidated e-Invoice within 7 calendar days after the month end

If Buyers do not request e-Invoice



All business can submit Consolidated e-Invoices EXCEPT for the following activities

 **Automotive**

 **Aviation**

 **Construction**

 **Wholesalers and retailers of construction materials**

 **Agents/dealers/distributors**

 **Luxury goods and jewellery**
(on hold)

 **Licensed betting and gaming**

Legend:  Supplier  Buyer

Employees are required to obtain e-Invoices issued in their employer's name whenever possible, with certain concessions allowed

General Rule

Employees required to request for e-Invoices to be issued under Employer's name (where possible)



LHDNM provides the following concession

- e-Invoices issued in the name of the employee
- Existing supporting documents issued by Supplier
- Foreign Suppliers' bills / receipts

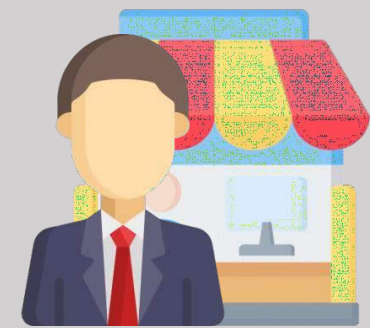
Documents above are allowed as proof of expense

Concessions will only apply if:

1. the perquisites and benefits are **clearly stated in the employer's policy**; or
2. if the employer can **prove that the employee incurred expenses** while acting on behalf of the employer.

Transactions involving payments (whether in monetary form otherwise) to Agents, Dealers or Distributors

Transaction flow between Seller, Agent / Dealer / Distributor and Purchaser



**Seller
(Supplier)**

2

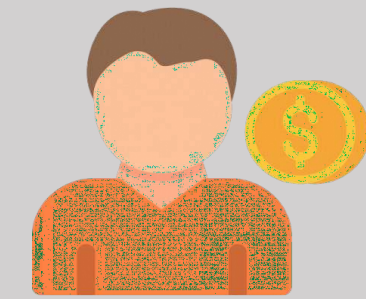
Commission paid to agents, dealers or distributors



**Agent / Dealer / Distributor
(Individual and Business)**

1

Sale of goods or services rendered



**Purchaser
(Buyer)**

- Seller to issue e-Invoice to Purchaser to **record the transaction**
- Seller to issue self-billed e-Invoice to Agent/ Dealer/ Distributor for the payment/ incentives, **regardless if the Agent/ Dealer/ Distributor is an individual or business**

- Agent/ Dealer/ Distributor is **not required** to issue e-Invoice to Purchaser and Seller

Legend:  Supplier  Agent / Dealer / Distributor

For cross-border transactions, the Malaysian Purchaser assumes the role of Supplier and issue a self-billed e-Invoice



- Malaysian Purchaser to issue self-billed e-Invoice:
 - **For Importation of Goods:** Latest by end of following month of customs clearance. Customs form reference number needs to be included.
 - **For Importation of Services:** Latest by end of following month, upon payment made OR receipt of invoice (whichever earlier).

- **Foreign Income:** All foreign income received requires an e-Invoice for tax purposes
- **Export Sales:** e-Invoices to be issued as per current issuance timing.
- **Purchases on Foreign e-Commerce Platform:** Malaysian Purchasers are required to issue self-billed e-Invoices
- **Customs Process:** Current process and documentations required by RMCD for importation and exportation of goods, still applies

Legend: → Supplier

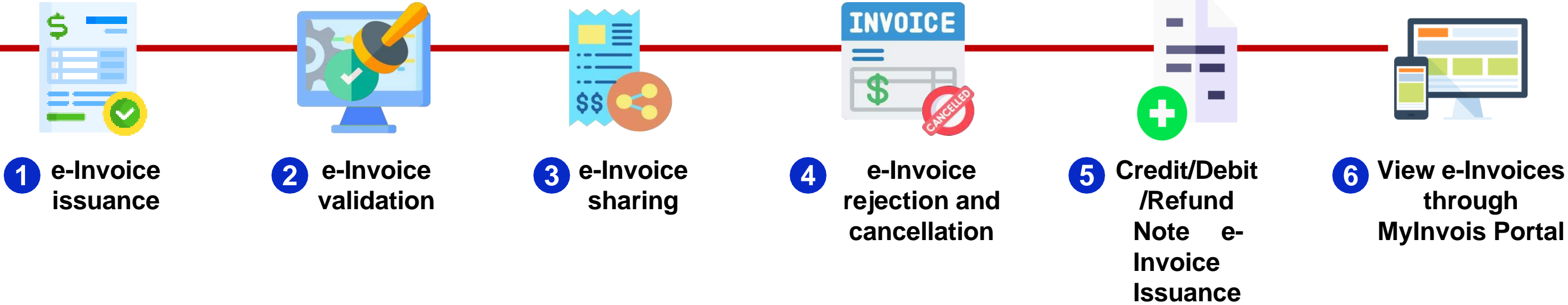
E-commerce platform provider simplifies the e-Invoice journey for the merchant and service providers by issuing on behalf



Brick-and-Mortar Transactions



Merchant



Transactions on local e-Commerce platform








E-commerce platform



View e-Invoices through MyInvois Portal

Merchants / service providers are NOT REQUIRED to issue any e-Invoice / self-billed e-Invoice for transactions conducted on local e-Commerce platform

Common Issues highlighted by taxpayers (1 of 3)

Business Operation Issues	Proposed Solutions
 Obtaining Buyer's Tax Identification Number (TIN) details	HASiL has announced an interim relaxation period to allow additional time for information gathering
 Tax deductibility	Use e-Invoice or existing documentations for tax purposes
 Transacting with businesses in different implementation phases	Transition period still allows usual business practice until mandated implementation phase
 Timing for the issuance of e-Invoice for importation of goods / services	For importation of goods, issuance is allowed in the month following customs clearance. For importation of services, timing of issuance is latest by end of following month upon payment or invoice received (whichever earlier) by a Malaysian Buyer
 Business Registration Number (BRN) information	Ensure BRN is entered correctly

Common Issues highlighted by taxpayers (2 of 3)

Business Operation Issues

Proposed Solutions



Understanding the e-Invoice concept and guidelines

Reach out for support LHDNM support officer or MyInvois Helpdesk



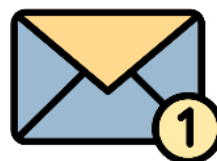
e-Invoice cancellation and rejection requests within 72 hours

Issuance of Credit Note/Debit Note/Refund Note e-Invoice can be done if exceed 72 hours



Treatment of e-Commerce transactions

e-Commerce platforms will issue for merchants who are required to provide their business information to the platform provider



E-mail notifications

Update Taxpayer profile through MyInvois Portal



Access to MyInvois Portal

Director to provide permissions to the identified representatives

Common Issues highlighted by taxpayers (3 of 3)

Technical Operation Issues

Proposed Solutions



Submission sizing limitation

Follow the SDK guidance and minify the files



Certification of service provider

Companies to evaluate on their own criteria (e.g., technology capabilities etc.)



Digital signature requirement

LHDNM provides temporary concession for submission of document version 1.0



MyInvois Portal to support high volume of transactions

Batch upload functionalities



Data security measures

Complies with *Dasar Keselamatan ICT* and ISO standard



Difficulties in accessing the MyInvois Portal

Regularly clear browser's cache to ensure optimal performance

3

PREPARING FOR E- INVOICE IMPLEMENTATION

Get started with e-Invoice on MyInvois Portal



1

Configure First Time Login

- Login to MyInvois Portal via MyTax <https://mytax.hasil.gov.my/>
- Enter **User ID and Password**
- Click **MyInvois**
- Accept **Terms & Conditions**

2

Setup Profile

- Key in information on **Taxpayer Profile**
- Key in information on **User Profile**

3

Setup User Representative Permissions, ERP and Intermediary

- Manage **User Representatives** permission (if required)
- **Register ERP** (generate Client ID and Secret when required)
- **Add Intermediary** if invoices submitted via a 3rd party service provider

4

Start Issuing and Managing e-Invoices

- **Start submitting e-Invoices** in real-time through system

5

Get Support

- Access **tutorials and FAQs** for additional help
- Contact **MyInvois Helpdesk** for assistance
- **Stay updated with key changes and new features** through MyInvois channels

Integrate with MyInvois System using API



1

Review the SDK Documentation

- Identify and appoint **Service Provider** (if required)
- **Review SDK** to understand integration requirements

2

Setup your Development Environment

- **Configure your development environment** to connect with the MyInvois API
- Ensure all necessary **tools and libraries for API integration** are available

3

Test with Sandbox

- Log in to your MyInvois Portal account to **obtain Client ID/ Secret for Sandbox**
- Utilise the Sandbox environment for **testing**
- **Experiment** with creating, submitting and managing e-Invoices

4

Go-Live and Start Issuing e-Invoice

- After thorough testing, **switch from Sandbox to Production** environment
- Log in to your MyInvois Portal account to **obtain Client ID/ Secret for Production**
- **Start submitting e-Invoices** in real-time through your system

5

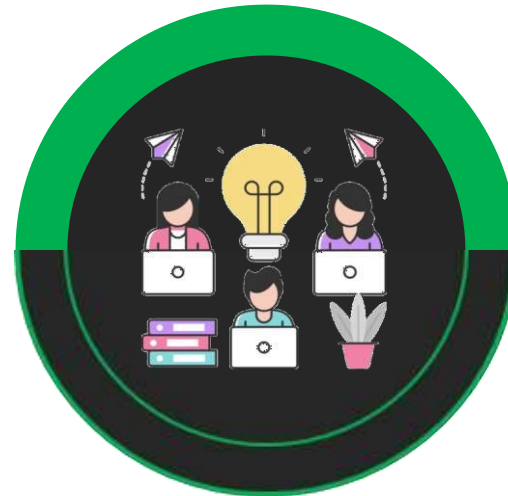
Get Support

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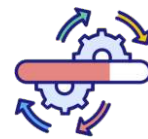
Key Learning: Taxpayers are encouraged to take early actions for smoother transition to e-Invoice

PROACTIVE PIONEERS

who started their journey ahead of mandatory implementation timeline



Identify and fix ERP / accounting system issues early



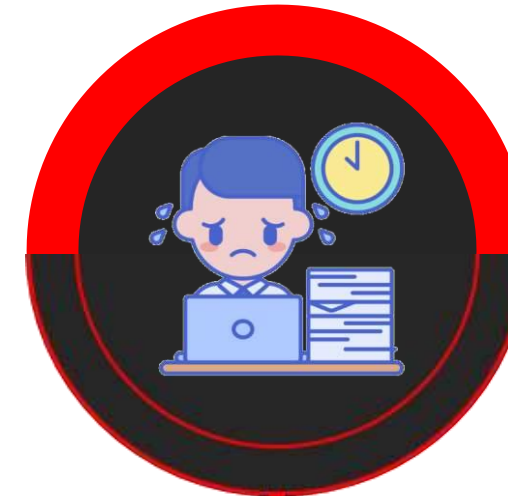
Make changes ahead of time for seamless operations and compliance



Maintain open dialogue with LHDNM, providing updates and seeking guidance as needed



Eliminate last-minute panic through early readiness



REACTIVE ENTRANTS

who began their journey late



Delay in securing service provider's support due to tedious procurement process



Tackling problems as they arise, without proper planning



Challenges in achieving internal consensus (e.g., between IT, finance, tax, etc.) due to tight timeline



Struggling with details collection from stakeholders under time pressure

Early Action, Smooth Transition

Leverage the interim relaxation and ensure ongoing compliance beyond

4

NEW & UPCOMING FEATURES

LHDNM introduced solutions to submit e-Invoices to MyInvois System, namely API and MyInvois Portal



2024

9 Software Development Kit (SDK) Live

15 Production API Live

29 Production MyInvois Portal Live

Phase 1

>RM100m

2025

Phase 2

>RM25m

Phase 3

All taxpayers

February

April

May

June

July

August

October

January

July

10 Sandbox API Live

22 Sandbox MyInvois Portal Live

Upcoming Release:
MyInvois Mobile App Launch

What to look forward to...



e-POS Application

Point-of-Sale application by LHDNM to ease integration with MyInvois system



Taxpayer QR Code

Scannable QR code for effortless population of Buyer's Details fields

e-Invoice submissions since 1 August 2024



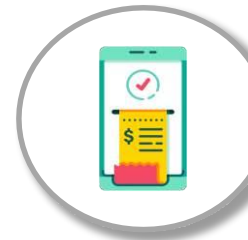
- **> 64.5 million** e-Invoices recorded to date show high compliance rates and growing support high on the implementation of e-Invoicing:
 - **80%** from Phase 1 taxpayers
 - **20%** is voluntary implementation from the taxpayer Phase 2 and 3
- The majority of e-Invoices are sent via:
 - API: **69%** received through ERP; **30%** through Intermediaries
 - Portal: **1%** acceptance
- **70%** of individual e-Invoice transactions are successfully sent indicate the taxpayer's willingness to issue e-Invoice beyond the existing relaxation given.

Enhancements to the MyInvois System after 1st August have further improved its functionality

New features



Enhanced search document function with different criteria



Ability to customise visual representation templates



Ability to upload, submit and sign documents in batches

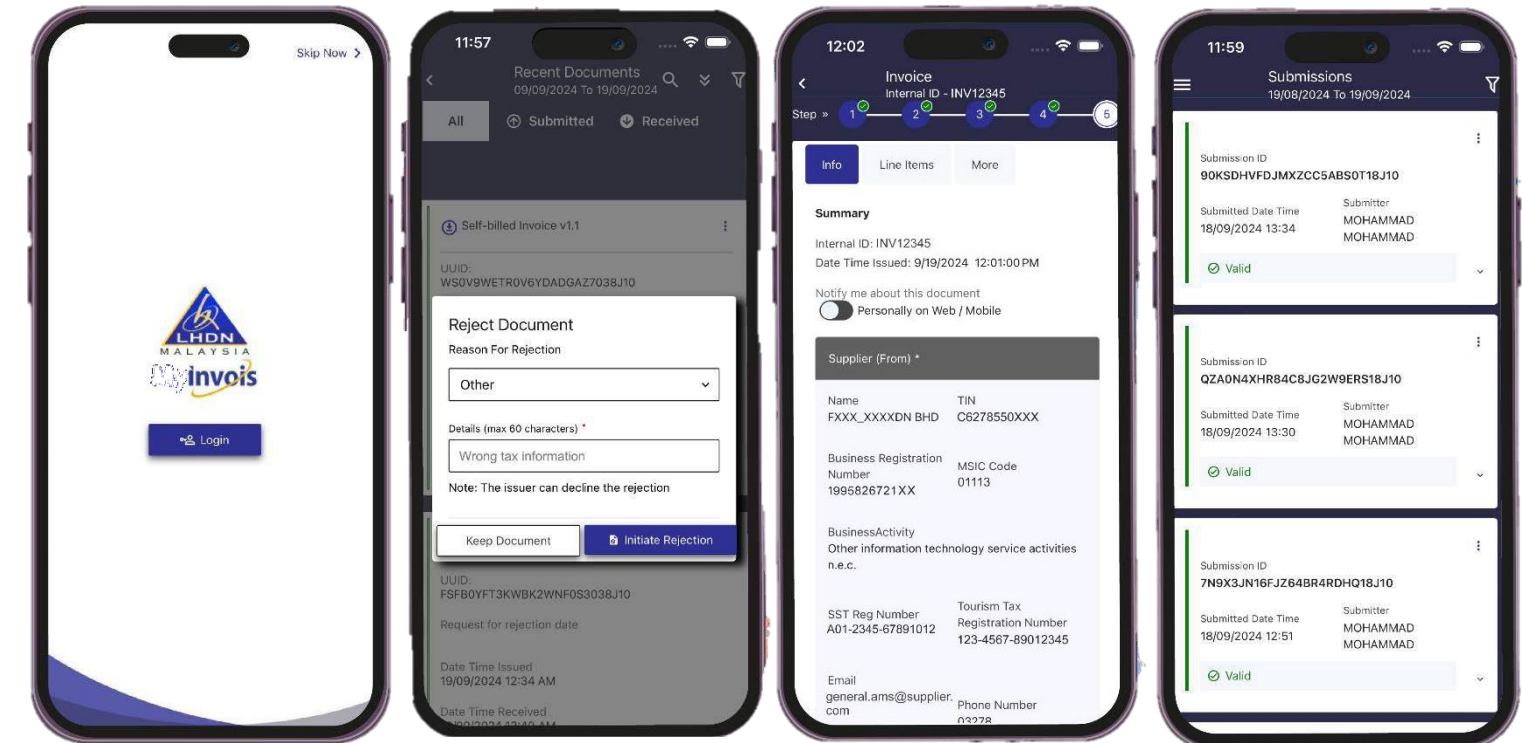


Improved functionality to save, duplicate, and edit draft documents



Document notifications

Recently Released



MyInvois Mobile App

- Free, multi-device digital platform that simplifies e-Invoicing
- Consists of e-invoice issuance and management features similar to MyInvois Portal

Tax incentives and grants are available to assist taxpayers in implementing e-Invoicing



Capital allowance

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% annual allowance for:

- ***Purchase of ICT equipment and computer software packages***
- ***Consultation, licensing and incidental fees related to customised computer software development***

Effective from YA2024



Tax deduction

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





Effective from YA2024 to YA2027

Leverage resources through various channels to gain comprehensive understanding of e-Invoice



General Info and Updates

- e-Invoice **Microsite**
- e-Invoice **social media**

 @myinvoishasil
 @myinvoishasil
 @myinvoishasil
 @myinvoishasil



e-Invoice Guidance

- e-Invoice **General Guideline**
- e-Invoice **Specific Guideline**
- e-Invoice **General FAQ**
- e-Invoice **Industry-Specific FAQ**



MyInvois System

- **Software Development Kit (SDK)**
- **MyInvois Portal User Guide**
- **MyInvois Portal Tutorial Videos**



For more information, scan the QR code or access LHDNM's microsite via LHDNM's official portal at <https://www.hasil.gov.my>

Our help desk is ready to help you in any questions

Emel



- **Emel:**
myinvois@hasil.gov.my
- **Borang Maklum Balas Pelanggan MyInvois**



Telefon



- **+603-8682 8000**
- **Waktu Operasi:**
24 jam (Isnin hingga Ahad)

Chat




- **Waktu Operasi:**
9:00 pg hingga 5:00 ptg
(Isnin hingga
Jumaat) kecuali Hari Cuti
Umum



THANK YOU

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PELAKSANAAN E-INVOIS DI MALAYSIA
e-Invois dilaksanakan secara berperingkat seperti yang berikut:

1 OGOS 2024 Pembayar cukai dengan pendapatan atau jualan tahunan melebihi RM100 juta	1 JANUARI 2025 Pembayar cukai dengan pendapatan atau jualan tahunan melebihi RM25 juta hingga RM100 juta	1 JULAI 2025 Semua pembayar cukai termasuk perniagaan baharu
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Layari www.hasil.gov.my/e-invois atau imbas kod QR di bawah untuk maklumat lanjut

