

e-Invoicing

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With the global push on tax administrations to increase efficiency and effectiveness, embracing the use of technology would be a no-brainer. e-Invoicing is one electronic-based tool taking the world by storm, trailblazing across many countries and now have arrived at our shores. The implementation of e-Invoicing in phases was announced by the Government in the 2023 Budget on 7 October 2022. Preparations on infrastructure and pilot project for selected companies are already under way.

As the e-Invoicing initiative is poised to be rolled out as early as 2023, companies and businesses would be wise to assess the integration of their internal systems in the gradual movement in line with the Malaysian Inland Revenue Board (“MIRB”)’s e-Invoicing regime.

What is e-Invoicing

- Electronic Invoicing (e-Invoicing) is the use of electronic or digital invoices that are generated, transmitted and stored electronically in a standardised format
- A structured e-Invoice typically uses UBL, XML, IDOC and EDIFACT format, instead of unstructured invoice data, images, scanned, paper or email invoices with PDF, Word, JPEG, or webpage format
- Based on the latest development, Malaysia’s e-Invoicing may adopt the Continuous Transaction Controls (“CTC” i.e., real-time clearance) model

e-Invoicing Target Timeline



Key message from Soh Lian Seng

Head of Tax
KPMG in Malaysia



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Benefits of e-Invoicing

01

Improve business processes through traceability of movements of documents and receipt of payments

02

Reduce human error through Compliance-by-Design

03

Ease reporting and increase efficiency via integrated system

04

Reduce compliance costs

05

Save time and cost on physical record keeping, printing and manpower

06

Real time reporting

Practical issues to consider

01

Business readiness: customization, configuration and integration of e-Invoicing with existing ERP / accounting software system

02

Stakeholders: involvement, awareness and impact training

03

Security & system stability: cybersecurity / privacy and confidentiality / encryption / spam filter issues

04

Sales mandate threshold : e-Invoicing requirement for other entity on implementation upon reaching the e-Invoicing threshold for one entity

05

Cross border transactions: overseas laws / regulations to be considered (upon mandate)

Our Services

Anticipating the release of the technical guidelines detailing the e-Invoicing infrastructure by the MIRB as well as the introduction of e-Invoicing in phases from 2024 onwards, businesses should start assessing their readiness for the impending implementation of e-Invoicing in Malaysia. We, at KPMG Malaysia can assist with your business needs, leveraging on our comprehensive and holistic approach to support you in your e-Invoicing journey.

Pre-Implementation

e-Invoicing awareness

- Conduct awareness briefing to the companies' stakeholders on e-Invoicing

e-Invoicing readiness assessment

- Perform a high level "as-is" assessment on the client's existing system by assessing the invoicing processes, systems, and data to identify readiness to implement the e-Invoicing requirements
- Review the financial chart of accounts together with the descriptions of documents on the categorization and evaluation of tax treatment

Impact assessment and gap analysis

- Assess and outline areas where companies are required to comply with e-Invoicing mandates. The gap analysis includes a technical specifications analysis regarding the Company's current state for e-Invoicing/reporting as well as the MIRB's e-Invoicing specification / requirements

System requirements study

- Assess and recommend on functional specifications for client's system to support e-Invoicing requirements, including customization, configuration and integration to ensure seamless data exchange as well as provide comments from tax perspective



During

System Implementation and Project Management

- Assist in the implementation of solution to support the e-Invoicing requirements
- Perform testing by reviewing the client's draft e-Invoice / debit note / credit note generated from the system to identify any discrepancy / gap
- Make recommendation(s) on area(s) of improvement in accordance with the MIRB's e-Invoicing specification / requirements
- Provide training and guidance (as required) to stakeholders on the e-Invoicing implementation prior to system going live



Post-implementation

Support and maintenance

- Provide necessary support (as required) on a continuing basis in line with the MIRB's requirements encompassing reviewing the final e-Invoice/debit note/credit note generated from the system in compliance to MIRB's specification / requirements, troubleshooting, system support and system upgrades

Contact us

Petaling Jaya Office

Soh Lian Seng

Partner – Head of Tax
KPMG in Malaysia
lsoh@kpmg.com.my
+603 7721 7019

Tai Lai Kok

Partner – Head of Corporate Tax
KPMG in Malaysia
ltai1@kpmg.com.my
+603 7721 7020

Bob Kee

Partner – Head of Transfer Pricing
KPMG in Malaysia
bkee@kpmg.com.my
+603 7721 7029

Long Yen Ping

Partner – Head of Global Mobility Services
KPMG in Malaysia
yenpinglong@kpmg.com.my
+603 7721 7018

Alvin Gan

Partner – Head of Management Consulting and
Technology Consulting
KPMG in Malaysia
alvingan@kpmg.com.my
+603 7721 7090

Ng Wei Wei

Partner – Tax Dispute Resolution Advisory
KPMG in Malaysia
wwng@kpmg.com.my
+603 7721 7201

Ng Sue Lynn

Partner – Head of Indirect Tax
KPMG in Malaysia
suelynnng@kpmg.com.my
+603 7721 7271

Outstation Offices

Penang Office

Evelyn Lee

Partner – Penang Tax
KPMG in Malaysia
evewflee@kpmg.com.my
+604 238 2288 (ext. 312)

Kota Kinabalu Office

Titus Tseu

Executive Director – Kota Kinabalu Tax
KPMG in Malaysia
titustseu@kpmg.com.my
+6088 363 020 (ext. 2822)

Ipoh Office

Crystal Chuah Yoke Chin

Associate Director – Ipoh Tax
KPMG in Malaysia
ycchuah@kpmg.com.my
+605 253 1188 (ext. 320)

Kuching & Miri Offices

Regina Lau

Partner – Kuching Tax
KPMG in Malaysia
reglau@kpmg.com.my
+6082 268 308 (ext. 2188)

Johor Office

Ng Fie Lih

Partner – Johor Tax
KPMG in Malaysia
flng@kpmg.com.my
+607 266 2213 (ext. 2514)

KPMG offices

Petaling Jaya

Level 10, KPMG Tower,
8, First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor
Tel: +603 7721 3388
Fax: +603 7721 3399
Email: info@kpmg.com.my

Kota Kinabalu

Lot 3A.01 Level 3A,
Plaza Shell,
29, Jalan Tunku Abdul Rahman,
88000 Kota Kinabalu, Sabah
Tel: +6088 363 020
Fax: +6088 363 022
Email: info@kpmg.com.my

Penang

Level 18, Hunza Tower,
163E, Jalan Kelawei,
10250 Penang
Tel: +604 238 2288
Fax: +604 238 2222
Email: info@kpmg.com.my

Johor

Level 3, CIMB Leadership Academy,
No. 3, Jalan Medini Utara 1,
Medini Iskandar,
79200 Iskandar Puteri, Johor
Tel: +607 266 2213
Fax: +607 266 2214
Email: info@kpmg.com.my

Kuching

Level 2, Lee Onn Building,
Jalan Lapangan Terbang,
93250 Kuching, Sarawak
Tel: +6082 268 308
Fax: +6082 530 669
Email: info@kpmg.com.my

Ipoh

Level 17, Ipoh Tower,
Jalan Dato' Seri Ahmad Said,
30450 Ipoh, Perak
Tel: +605 253 1188
Fax: +605 255 8818
Email: info@kpmg.com.my

Miri

1st Floor, Lot 2045,
Jalan MS 1/2,
Marina Square, Marina Parkcity,
98000 Miri, Sarawak
Tel: +6085 321 912
Fax: +6085 321 962
Email: info@kpmg.com.my

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