



e-Invoicing

IRBM's e-Invoice Compliance Review
Framework



19 December 2025

KPMG in Malaysia

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IRBM's e-Invoice Compliance Review Framework

The IRBM has introduced the e-Invoice Compliance Review Framework ("Rangka Kerja Semakan Pematuhan e-Invois") (only available in Malay language), effective 15 December 2025. The Framework establishes guidelines for conducting comprehensive compliance reviews in a fair and transparent manner.

1 Effective date and scope of review

- Effective date: 15 December 2025.
- Only comprehensive reviews are carried out; general reviews do not apply for e-Invoicing compliance review activities.
- Involves reviewing all business records of the taxpayer that must comply with the implementation of e-Invoice (including sales and purchase invoices, receipts, debit notes / credit notes / refund notes, and other source documents of invoices).

2 YA covered and time limit period

- Coverage: generally, up to two (2) YAs.
- Time limit period: prosecution action may be taken up to twelve (12) years from the year of offence [Subsection 121(1) of the ITA; Subsection 59 (1) of the PITA].

3 Case selection

The selection is done through a computerised system analysis based on risk assessment criteria and / or based on various sources of information received. The criteria may change from time to time.

4 Compliance review process

Compliance Review Stage	Details
Initial Notification	<ul style="list-style-type: none">• IRBM will issue a Compliance Review Visit Notification Letter at least fourteen (14) calendar days prior to the visit.• Taxpayers may confirm the dates of visit or apply to postpone the visit with reasonable justification.• If relevant business records are kept abroad by a related company, taxpayers are responsible for making all documents available at their premises prior to the visit.• The abovementioned letter will contain details on the:-

	<ul style="list-style-type: none"> i) date of visit; ii) the lists of records to be prepared; iii) the YAs under review; iv) name of compliance officer; and v) duration of the visit.
IRBM's compliance review visit	<ul style="list-style-type: none"> • A compliance review visit typically lasts between one (1) and three (3) days. However, the duration may be extended depending on transaction complexity, format of recordkeeping and the level of cooperation from the taxpayer. • The comprehensive review is carried out either at the taxpayer's premises or any place the taxpayer and IRBM have agreed upon. • The compliance officers will identify themselves and convey the objective, scope and duration of the review; inform of the role and responsibility of taxpayer; review records on-site; access or download data from electronic systems; and interview relevant personnel.
Review of records	<ul style="list-style-type: none"> • The compliance officer will review all business records including: <ul style="list-style-type: none"> a. Company / business financial records; b. Transaction ledger / payment voucher / bank statement; c. e-Invoice transactions (invoices, debit notes, credit notes and refund notes); and d. other relevant documents. • Under Section 80 of the ITA, Section 33 of the PITA and Section 22D of the LBATA, the compliance officer is allowed to have full access to the taxpayer business records. If necessary, the compliance officer shall be allowed to make copies of the relevant records and documents. • If business records are not kept in full, the e-Invoice compliance review may involve a review or inspection of the taxpayer's non-business records, such as personal bank statements, asset ownership lists, and other documents. The taxpayer will be notified in advance via an official letter or email before a comprehensive review is conducted. • If there is a need to obtain taxpayer's original documents and records, a list and an acknowledgement of receipt of the documents will be prepared and signed by both the compliance officer and the taxpayer or the tax agent. • The issuance of receipts under paragraph 82(1)(b) of the ITA is exempted if the taxpayer issues e-Invoice in respect of goods sold or services provided under Section 82C of the ITA. • Taxpayer who issue consolidated e-Invoice under Subsection 82C(7) of the ITA is still required to issue receipts for every amount received in respect of goods sold or services rendered as provided under subsection 82(2B) of the ITA.

Findings, objection and resolution	<ul style="list-style-type: none"> • Compliance Review Findings Letter will be issued according to the following categories: <ul style="list-style-type: none"> a. Compliant Taxpayer; b. Non-Compliant Taxpayer; or c. Exempt Taxpayer. • Taxpayer who is dissatisfied with the compliance findings issued may formally make an objection within eighteen (18) calendar days from the date of the compliance findings letter by submitting additional information and evidence to support the objection. • If no objection is received within eighteen (18) calendar days from the date of the Compliance Review Findings Letter, the taxpayer is regarded to agree with the findings issued and to make the necessary payment for compound. • Compliance review cases are to be resolved within ninety (90) days from the date of the visit (exceptions apply where further confirmation is needed). • Resolved cases will not be reopened for the same YA and issue. However, if there are other issues or new information received for that YA, the e-Invoice compliance review may be reopened.
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5 Voluntary disclosure

- Taxpayer may make a voluntary declaration in writing via letter or electronic media to :
 - a. The relevant State Operations Director of the e-Invoice; and
 - b. The Employer Audit Section / Director of the Special Branch Division of the IRBM

after the e-Invoice implementation deadline and prior to the commencement of e-Invoice compliance review.

6 Appeal process

The written appeal can be submitted to the Klang Valley Legal Branch or the relevant State IRBM Legal Section for further action after eighteen (18) calendar days from the date the findings letter is issued.

7 Offences and penalties for non-compliance

ITA

Provision of Law	Type of Non-Compliance	Penalty
Paragraph 82(1)(b) of the ITA	<ol style="list-style-type: none"> 1. Failure to issue serially numbered printed receipts for businesses with gross revenue exceeding RM150,000 (sale of goods) or exceeding RM100,000 (sale of services) 2. Failure to keep a copy of each receipt issued 	Fine of not less than RM300 and not exceeding RM10,000 or imprisonment for a term not exceeding one (1) year or both under paragraph 119A(b) of the ITA.
Subsection 82C(1) of the ITA	Failure to issue an electronic invoice (e-Invoice) that contains the details prescribed by the Minister and the DGIR for each sale transaction of goods or services.	Fine of not less than RM200 and not exceeding RM 20,000 or imprisonment for a term not exceeding six (6) months or both under paragraph 120(1)(d) of the ITA.
Subsection 82C(6) of the ITA	Failure to issue self-billed invoice for goods acquired or for services received in accordance with the conditions prescribed by the DGIR.	
	Failure to issue self-billed invoice by an electronic trading platform provider for each transaction for the sale of goods or services rendered by any other person in accordance with the conditions prescribed by the DGIR.	
Subsection 82C(7) of the ITA	Failure to submit consolidated invoice for each sale of goods or service transaction in accordance with the timeline and conditions prescribed by the DGIR.	

PITA

Provision of Law	Type of Non-Compliance	Penalty
Subsection 34B(1) of the PITA	Failure to issue electronic invoice (e-Invoice) that contains the details prescribed by the Minister and the DGIR for each sale transaction of goods or services	Fine of not less than RM 200 and not exceeding RM 20,000 or imprisonment for a term not exceeding six (6) months or both, under section 57B of the PITA.
Subsection 34B(6) of the PITA	Failure to issue self-billed invoices for goods acquired or services received in accordance with the conditions prescribed by the DGIR.	

LBATA

Provision of Law	Type of Non-Compliance	Penalty
Subsection 22DA(1) of the LBATA	Failure to issue an electronic invoice (e-Invoice) that contains details and conditions prescribed by the Minister and the DGIR for each sale transaction of goods or services	Fine of not less than RM200 and not exceeding RM 20,000 or imprisonment for a term not exceeding six (6) months or both under section 22EA of LBATA.
Subsection 22DA(6) of the LBATA	Failure to issue self-billed invoices for goods acquired or for services received in accordance with the conditions prescribed by the DGIR.	
	Failure to issue a self-billed invoice by an electronic trading platform provider for each transaction for the sale of goods or service performed by any other person in accordance with the conditions prescribed by the DGIR.	

Subsection 22DA(7) of the LBATA	Failure to submit consolidated invoices for each sale of goods or service rendered in accordance with the timeline and conditions prescribed by the DGIR.	
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8 Practical checklist for taxpayers

- 1 Assess the impacted processes and scenarios/transaction flows for income, expenses, and invoice integration, and confirm that data fields meet DGIR specifications through a comprehensive compliance assessment to determine gaps that need to be aligned with IRBM requirements.
- 2 Review issuance workflows (including self-billed and consolidated invoices) and align them with e-Invoicing requirements and system controls by performing a timeliness check to evaluate the issuance processes against IRBM-prescribed timeframes and compliance requirements.
- 3 Maintain complete records (including source documents) for at least the statutory retention period and ensure they are easily retrievable on-site by facilitating document reviews for proper record management and retrieval.
- 4 Establish an internal appeal protocol to compile evidence within 18 days, if required, and track the 90-day resolution window, with advisory support and communication with IRBM officers and/or the tax agent to ensure timely responses during reviews.
- 5 Consider making a voluntary disclosure where gaps are identified prior to the commencement of an audit by the IRBM, through a compliance review (health check).

Source for the IRBM's e-Invoice compliance review framework: Official portal of [MIRB](#)

How KPMG Can Help

Our Services

The nationwide roll-out of e-Invoicing is transforming how businesses operate. Staying compliant is not just a requirement - it's an opportunity to streamline processes and strengthen tax governance.

KPMG Malaysia offers a comprehensive, practical approach to guide organizations - ensuring compliance, enhancing operational efficiency, and realizing the full benefits of a digital tax environment.

[KPMG e-Invoicing service](#)



1

e-Invoicing Readiness Review

- **Compliance Assessment:** Identify gaps in processes and procedures in alignment with the IRBM's e-Invoicing requirements.
- **Timeliness Check:** Evaluate the timeliness of the issuance of e-Invoices / self-billed e-Invoices / consolidated e-Invoices to assess adherence to the prescribed timeframes as stipulated under the IRB's requirements.

2

Representation to IRBM – during e-Invoicing compliance review

- **Document Review in relation to e-Invoices:** Analyze and review the samples selected by the IRBM to assess their compliance with e-Invoicing requirements.
- **IRBM Liaison:** Coordinate meetings and manage communication with IRBM officers.
- **Advisory Support:** Address queries, strategize responses, and follow through until the review is finalized.

The table below sets out the various abbreviations and references used in this publication.

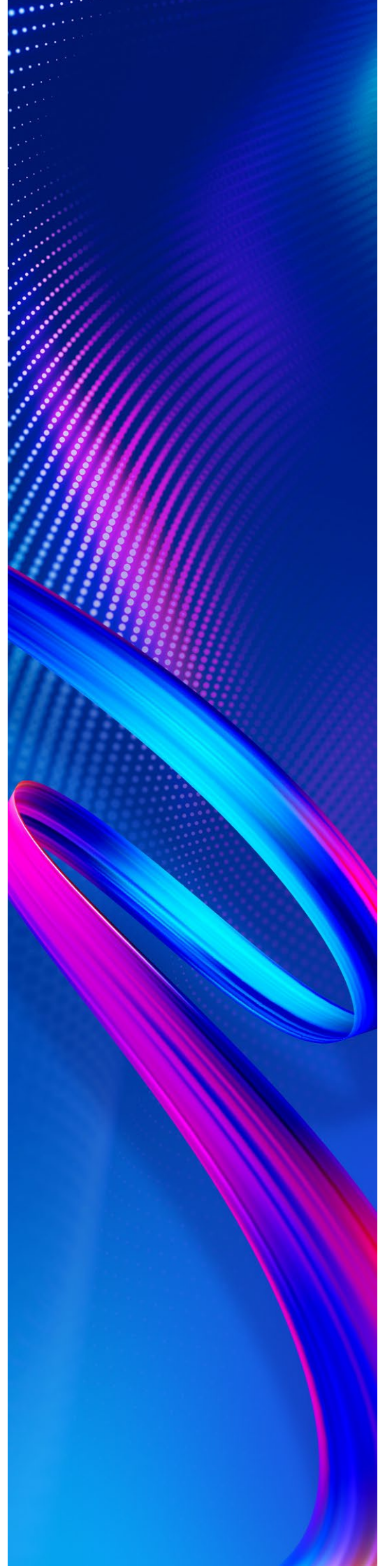
	Reference
DGIR	Director General of Inland Revenue
LBATA	Labuan Business Activity Tax Act 1990
PITA	Petroleum (Income Tax) Act 1967
ITA	Income Tax Act, 1967
IRBM	Inland Revenue Board of Malaysia
YA	Year of Assessment

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