



e-Invoicing

Highlights from your advisers

Based on the HASiL-CTIM Tax Forum 2024



17 May 2024

KPMG in Malaysia

HASiL-CTIM Tax Forum 2024

e-Invoicing

At the recent HASiL-CTIM Tax Forum 2024, Mr Soh Lian Seng, Head of Tax, KPMG in Malaysia moderated the tax forum discussion with Dr. Rasyidah Che Rosli, Director of Tax Operation Department, IRBM and Puan Hanita Ahmad, General Manager, Finance Business Partner and Taxation of Malaysia Airports Holdings Berhad. The session focused on clarifying the doubts and enquiries received and delineated some of the practical issues that can be foreseen pertaining to adoption of e-Invoicing.

The clarifications obtained from the session include:

Questions	IRBM's responses
<p><u>Adjustment</u></p> <p>Is adjustment (CN / DN / Refund Note) allowed after the financial year end? Is there a cut-off date?</p>	<p>To minimize or prevent disruption to businesses, the IRBM assured that any adjustment (CN / DN / Refund Note) can be issued as per BAU practices, there is no cutoff date. Besides, the recognition of income remains aligned with current accounting standards and unaffected by e-Invoicing, i.e. need not be synchronized.</p>
<p><u>Transitional period</u></p> <p>Can IRBM confirm that CN / DN / Refund Note are not required to be issued by the company for any adjustments made in relation to the invoice issued prior to e-Invoicing implementation?</p> <p>Otherwise, what should the company input for the original e-Invoice UIN since the original invoice issued prior to e-Invoicing implementation has no UIN?</p>	<p>For adjustment (CN / DN / Refund Note) issued for normal invoices which were previously issued before e-Invoicing goes live, the IRBM gives a concession for supplier to input "NA" as the original UIN.</p>
<p><u>Luxury / jewellery industry</u></p> <p>Luxury and jewellery industry is allowed to submit consolidated e-Invoice until further notice. Will IRBM reverse this decision before phase 1 implementation as it will impact business preparation?</p>	<p>The IRBM is in the midst of harmonizing the policies for luxury and jewellery industry such as the definitions and scope of luxury goods. At this juncture, the IRBM allows the industry players to issue a consolidated e-Invoice. Once the harmonization is complete, the IRBM will make an announcement through its micro site on any change in e-Invoicing requirement for this industry.</p>

Questions	IRBM's responses
<p><u>Supplier's MSIC code in e-Invoice</u></p> <p>Understand that supplier's MSIC code is a mandatory data field in e-Invoice. We wish to confirm, should a supplier have two MSIC codes (two business activities), does the supplier need to reflect two MSIC codes in the e-Invoice or only one MSIC code that relates to the sale transaction?</p>	<p>Only input one code which is related to the transaction</p>
<p><u>Foreign purchase</u></p> <p>One invoice was billed by foreign supplier on the cost of goods purchased (importation) and also the services rendered. Can the company issue one self-billed e-Invoice for both acquisition of goods and services or need two separate ones? Is there any limitation in this case?</p>	<p>As the e-Invoicing requirement in terms of timing differs for importation of goods compared to services carried by foreign supplier, businesses should take note on the time gap between the two for the issuance of self-billed e-Invoice. Although a single self-billed e-Invoice is allowed if the time gap is small, the IRBM encourages self-billed e-Invoice for goods to be issued separately from services as best practice.</p>
<p><u>Documentation for importation</u></p> <p>To issue a self-billed e-Invoice for importation of goods, is it compulsory to have the copy of Custom Declaration Form K1 as the proof of importation?</p>	<p>A copy of the Custom Declaration Form K1 is not required to be submitted to the IRBM for validation of e-Invoice but the reference number of the K1 form needs to be input in e-Invoice. Businesses are expected to retain the Form K1 as supporting documentation in the event of a tax audit.</p>
<p><u>Importation</u></p> <p>Can the goods imported from overseas be captured in lump sum during self-billing instead of itemized?</p>	<p>The self-billed e-Invoice for imported goods shall contain the itemized details based on the commercial invoice received from the foreign supplier. The IRBM re-emphasized the importance of inputting the correct classification code.</p>

Questions	IRBM's responses
<p><u>Self-billed e-Invoice for individual supplier</u></p> <p>As Guideline stated that individual who is not conducting business is exempted from issuing e-Invoice, does this mean that buyers who acquire goods or services from individual suppliers who are not conducting business are required (i.e. compulsory) to issue self-billed e-Invoice / consolidated self-billed e-Invoice on such acquisitions once e-invoicing is fully implemented by 1 July 2025 and cannot treat the normal invoice / receipt from the individual supplier as proof of expense?</p> <p>As a buyer, how do we determine whether an individual supplier is conducting a business? It will be difficult for businesses to determine whether to request e-Invoice from that individual or issue a self-billed e-Invoice.</p>	<p>As a general concept, the responsibility to issue an e-Invoice is on the supplier / issuer and the implementation will follow the issuer's timeline whether it is Phase 1, 2 or 3. During the transition period, both traditional invoice / e-Invoice is accepted as supporting document.</p>
<p><u>Interest expense (foreign bank)</u></p> <p>Foreign bank charged interest and issued normal statement to the company. Does the company need to issue self-billed e-Invoice?</p>	<p>As foreign banks are not subject to e-Invoice implementation, it is not required for them to issue e-Invoice.</p> <p>As such, the company need to issue the self-billed e-Invoice.</p>
<p><u>Interest expense (intercompany)</u></p> <p>What is the reason that intercompany interest payment is required to be self-billed?</p>	<p>It is the policy's decision that the person making the interest payment should prepare the self-billed e-Invoice.</p>
<p><u>Absence of e-Invoice</u></p> <p>Can the business issue a self-billed e-Invoice as proof of expense for purchases made from local businesses which refuse to issue an e-Invoice or does not have TIN due to tax evasion?</p>	<p>No, the company is not allowed to do so. Self-billed e-Invoice is only allowed for those circumstances or transactions listed in item 8 of the Specific Guideline.</p>

Questions	IRBM's responses
<p><u>MyInvois portal</u> How many users can login to MyInvois portal?</p>	<p>The IRBM's MyInvois portal permits multiple users to access it simultaneously without user number limitations. A similar authorization procedure applies where company directors have the power to grant access to staff or officers to issue e-Invoices using the MyInvois portal.</p>
<p><u>QR code</u> QR code for everyone like MySejahtera?</p>	<p>To ensure seamless experience from the buyer side, the IRBM will provide a QR code which buyers can retrieve in their MyInvois account from the MyTax portal. The QR code allows buyer to provide their details to the supplier.</p>
<p><u>Charges by the local authority</u> Since local authority is exempted from having TIN number, is the company required to issue a self-billed invoice for payments of quit rent and assessment to substantiate these expenses for tax deduction purposes?</p>	<p>A self-billed e-Invoice is not required for payment of quit rent and assessment charged by local authorities.</p>

Summary

Though the existing accounting recognition policies and retention of supporting documents would remain principally unaffected by the adoption of e-Invoicing, it is important for businesses to understand and stay informed on development of e-Invoicing regulations. The forum also reinforced the importance to have an impact assessment analysis conducted in order to close any gaps in the business operations, documentation and system requirement. Consideration should also be given on the potential practical implications of e-Invoicing.

There is never a time which is the best time for everyone. As the saying goes, *a journey of a thousand miles begins with a single step*. The sooner businesses embark on their journey in implementing e-Invoicing, the more advanced their progress will be. As misinterpretation or unintentional omission during the learning stage may be inevitable, we would like appeal to the Government to consider not imposing any penalties for non-compliance during the transition and initial stages. This will certainly encourage the spirit of cooperative compliance and give businesses the courage to stride forward in implementing e-Invoicing.

The above is solely based on the discussion during the HASiL-CTIM Tax Forum 2024 and is subject to changes by IRBM from time to time. You are advised to refer to the latest guidelines which can be found in the IRBM's portal.

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

Abbreviation	Reference
BAU	Business As Usual
CN	Credit Note
DN	Debit Note
ITA	Income Tax Act, 1967
IRBM	Inland Revenue Board of Malaysia
MSIC	Malaysia Standard Industrial Classification
QR	Quick Response
TIN	Tax Identification Number
UIN	Unique Identified Number

Contact Us

Petaling Jaya Office

Soh Lian Seng

Partner – Head of Tax and
Tax Dispute Resolution
lsoh@kpmg.com.my
+603 7721 7019

Tai Lai Kok

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

Bob Kee

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

Long Yen Ping

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

Alvin Gan

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

Ng Wei Wei

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

Ng Sue Lynn

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

Outstation Offices

Penang Office

Evelyn Lee

Partner
evewflee@kpmg.com.my
+603 7721 2399

Kota Kinabalu Office

Titus Tseu

Executive Director
titustseu@kpmg.com.my
+603 7721 2822

Ipoh Office

Crystal Chuah Yoke Chin

Associate Director
ycchuah@kpmg.com.my
+603 7721 2714

Kuching & Miri Offices

Regina Lau

Partner
reglau@kpmg.com.my
+603 7721 2188

Johor Bahru Office

Ng Fie Lih

Partner
flng@kpmg.com.my
+603 7721 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

Penang

Level 18, Hunza Tower,
163E, Jalan Kelawei,
10250 Penang
Tel: +604 238 2288
Fax: +604 238 2222
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

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

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

Johor Bahru

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

Ipoh

Level 17, Ipoh Tower,
Jalan Dato' Seri Ahmad Said,
30450 Ipoh, Perak
Tel: +603 7721 3388
Email: info@kpmg.com.my

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



www.kpmg.com.my/Tax

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 KPMG Tax Services Sdn. Bhd., a company incorporated under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.