



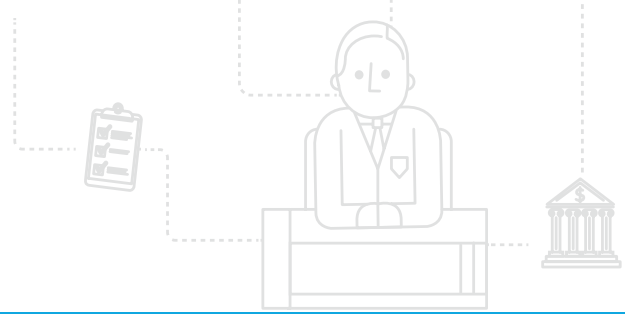
# Tax Update: e-Invoice

RSM Tax Consultants (Malaysia) Sdn Bhd

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# GLOSSARY



Abbreviation / Acronym	Description
MIRB	Malaysian Inland Revenue Board
the Act	Income Tax Act 1967
Guideline 1.0	E-Invoice Guideline (Version 1.0) dated 21 July 2023
Guideline 2.0	E-Invoice Guideline (Version 2.0) dated 29 September 2023
Specific Guideline	E-Invoice Specific Guideline (Version 1.0) dated 29 September 2023
Catalogue	E-Invoice Catalogue dated 12 October 2023

In Budget 2024 (which was tabled on 13 October 2023), the Government proposed to defer the implementation of e-Invoicing as follows:-

Targeted Taxpayers	Current Implementation Date	Proposed Implementation Date
Taxpayers with an annual turnover or revenue of more than RM100 million	1 June 2024	1 August 2024
Taxpayers with an annual turnover or revenue of more than RM50 million and up to RM100 million	1 January 2025	Will be enforced in phases with a comprehensive implementation target by 1 July 2025
Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM50 million	1 January 2026	
All taxpayers and certain non-business transactions	1 January 2027	

Prior to Budget 2024, the MIRB published the following Guidelines and Catalogue in relation to e-Invoice on 29 September 2023 and 12 October 2023:-



Guideline 2.0 to replace Guideline 1.0;



Specific Guideline to provide further guidance on e-Invoice; and



Catalogue showing MSIC code, e-Invoice type, currency code etc for e-Invoice.

To recap, the initial mandatory e-Invoicing was earlier announced to be implemented in stages from 1st June 2024 (now, it has been deferred to 1 August 2024). Please refer to our earlier newsletter dated 8 July 2023 for details on e-Invoicing (Guideline 1.0).

Taxpayers can now access and download the above via MIRB's website:



<https://www.hasil.gov.my/en/e-invoice/e-invoice-guideline-and-catalogue/>

To ease the compliance burden, e-Invoice is not required\* for the following types of income or expense: -



Employment income



Pension



Alimony



Distribution of dividend in specific circumstances (refer to item no. 9 below)



Zakat



Scholarship

\*Please note that the above-list is **not final** and will be reviewed and updated from time to time by the MIRB.

## Some of the key highlights (from Specific Guideline)

Areas	Key takeaways
1. Transactions with buyers	<ul style="list-style-type: none"><li>Suppliers are required to issue e-Invoice to buyers for all transactions.</li><li>For buyers (who do not require e-Invoices), suppliers are allowed to submit consolidated e-Invoices to the MIRB on a monthly basis (within 7 calendar days after the month end) by aggregating the transactions with those buyers except for the following transactions where consolidation of e-Invoice is prohibited:-<ol style="list-style-type: none"><li>Automotive;</li><li>Aviation;</li><li>Luxury goods and jewellery;</li><li>Construction;</li><li>Wholesalers and retailers of construction materials;</li><li>Licensed betting and gaming;</li><li>Payment to agents/dealers/distributors.</li></ol></li></ul>
2. Statements or bills on a periodic basis	<ul style="list-style-type: none"><li>MIRB allows suppliers (who issue statement / bill on a periodic basis) to issue e-Invoice in the format of XML or JSON for MIRB's validation and convert the validated e-Invoice into visual presentation in the form of statements / bills to be sent to buyers.</li><li>Suppliers are allowed to create and submit e-Invoices for MIRB's validation in accordance with the issuance frequency (e.g. monthly, quarterly, yearly etc.).</li></ul>

## 3. Disbursement or reimbursement periodic basis

 **Scenario 1**

Supplier A issues an e-Invoice to the **buyer** and thereafter Supplier B (i.e. a third party / intermediary) pays Supplier A on behalf of the buyer, as agreed between Supplier B and buyer.

When Supplier B issues an e-Invoice to the buyer, Supplier B's e-Invoice should only include service fee charges for sale of goods / provision of service and exclude payment settled on behalf of buyer.

When Supplier B issues an e-Invoice to the buyer, Supplier B's e-Invoice will include service fee charges and reimbursement / disbursement separately.

 **Scenario 2**

Similar to Scenario 1 except that Supplier A issues an e-Invoice to Supplier B.

## 4. Employment perquisites and benefits

- Employees are required to request for e-Invoices to be issued under their respective employers' name.
- To ease the compliance burden, the following concessions are available:
  - a. E-Invoice can be issued under the name of the employee
  - b. Employer and employee are not required to issue self-billed e-Invoice for payment made to foreign suppliers for perquisites and benefits\*.

*\*Applicable only if the perquisites and benefits are clearly stated in the employer's policy.*

## 5. Certain expenses incurred by employee on behalf of the employer

- Similar to above Item no. 4, the concession where self-billed e-Invoice is not required will only be applicable if the employer is able to justify that the employee is acting on its behalf when the employee pays for that expenses incurred overseas. MIRB will accept the foreign bills / receipts / invoices as a proof of expense.

## 6. Self-billed invoice

- Self-billed e-Invoice is allowed for transactions set out in **Table 1** where the buyer (instead of the supplier) is to assume the role of supplier to issue e-Invoice.

## 7. Cross border transactions

 **Scenario 1**

Malaysian Supplier to Foreign Buyer

The Malaysian supplier is required to issue e-Invoice to the foreign buyer.

The Malaysian buyer is required to issue a self-billed e-Invoice to document the expense. Refer to item (b) in **Table 1**.

 **Scenario 2**

Foreign Supplier to Malaysian Buyer



## Areas

## Key takeaways

### 8. Profit distribution (e.g. dividend distribution)

- **Domestic profit / dividend distribution**
  - Companies that are not entitled to deduct tax under Section 108 of the Act and taxpayers who are listed on Bursa Malaysia will be exempted from self-billed e-Invoice on dividend distribution. Other taxpayers that distributes profits are to assume the role of suppliers to issue e-Invoice. Refer to item (c) in **Table 1**.
- **Foreign profit / dividend distribution**
  - Recipient of the foreign dividend is required to issue an e-Invoice to document as a proof of income for tax purpose.

### 9. Foreign income

- Recipient of the foreign income is required to issue the e-Invoice within the same month of receiving the foreign income in Malaysia as a proof of income for tax purposes.



# REFERENCE



**Table 1:** Parties involved in self-billed e-Invoice

No.	Transactions	Supplier	Buyer (To assume the role of Supplier to issue self-billed e-Invoice)
a)	Payment to agents, dealers, distributors, etc.	Agents, dealers, distributors, etc.	Taxpayer that makes the payment
b)	Goods sold or services rendered by foreign suppliers	Foreign suppliers	Malaysian buyer
c)	Profit distribution (e.g., dividend distribution)	Recipient of the distribution	Taxpayer that makes the distribution
d)	e-Commerce  <i>Note: Further details will be released by the MIRB in due course.</i>	Merchant, service providers (e.g., driver, rider)	e-Commerce/ Intermediary platform
e)	Pay-out to all betting and gaming winners <i>Note: Pay-outs to winners in relation to betting and gaming (i) in casino and (ii) from gaming machines are currently exempted from self-billed e-Invoice until further notice.</i>	Recipient of the pay-out	Licensed betting and gaming provider
f)	Acquisition of goods or services from individual taxpayers who are not conducting a business	Individual taxpayer providing goods or services	Person acquiring goods or services



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