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Tax Update: E-Invoice July 2024

We are pleased to present the latest edition of our Tax Update. In this issue, we bring you the latest updates on e-Invoicing from the Malaysian Inland Revenue Board (MIRB), focusing on the recent e-Invoice Guidelines, including the updated e-Invoice Guideline (version 3.0), Specific Guideline (version 2.2), and Frequently Asked Questions.

GLOSSARY

Abbreviation / Acronym	Description
FAQs	Frequently Asked Questions dated 28 June 2024
Guideline 2.3	E-Invoice Guideline (Version 2.3) dated 6 April 2024
Guideline 3.0	E-Invoice Guideline (Version 3.0) dated 28 June 2024
MIRB	Malaysia Inland Revenue Board
MITA	Malaysian Income Tax Act 1967
PIN	Personal Identification Number
RMCD	Royal Malaysian Customs Department
Specific Guideline 2.1	E-Invoice Specific Guideline (Version 2.1) dated 6 April 2024
Specific Guideline 2.2	E-Invoice Specific Guideline (Version 2.2) dated 28 June 2024
SST	Sales and Service Tax

INTRODUCTION

The MIRB has published the following in relation to e-Invoice on 28 June 2024: –

General FAQs*	Guideline 3.0** to replace Guideline 2.3	Specific Guideline 2.2** to replace Specific Guideline 2.1	MyInvois Portal User Guide
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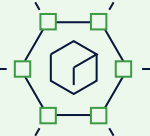

**Currently, there are also nine (9) industry-specific FAQs published by MIRB to facilitate taxpayers' understanding of e-Invoice.*

***Issued under the new section 134A of MITA to facilitate compliance with e-Invoice.*

In addition, MyInvois Portal (Production Environment) is now accessible for issuance and submission of e-Invoices. MyInvois Portal (Testing Environment) is also open for testing for Phase 1 taxpayers (i.e. taxpayers who are required to implement e-Invoicing commencing **1 August 2024**). Taxpayers may refer to this link for more information on MyInvois Portal (Testing and Production Environment) – <https://www.hasil.gov.my/en/e-invoice/myinvois-portal/>

HOW PREPARED ARE YOU ?

At a minimum, businesses should focus on the following three (3) factors: –

Factors	Points to Consider
1) People 	<ul style="list-style-type: none"> Have you formed a dedicated project team to drive and oversee the e-Invoicing implementation? Are your stakeholders (e.g. customers, suppliers, employees) made aware of their roles and responsibilities in the e-Invoice regime (even post-implementation)?
2) Process 	<ul style="list-style-type: none"> Have you reviewed your current invoicing process to incorporate MIRB's requirements on e-Invoice (e.g. self-billed e-Invoice)? Have you collated relevant details from suppliers and customers for purpose of completing the e-Invoice?
3) System 	<ul style="list-style-type: none"> Have you decided on the suitable model for submission of e-Invoice (e.g. MyInvois Portal, direct integration, middleware)? What is your backup plan when the system is down?

To recap, the mandatory e-Invoice implementation timeline will commence in phases (see below): –

Targeted Taxpayers	Implementation Dates
Taxpayers with an annual turnover or revenue of more than RM100 million	1 August 2024 (less than 1 month from now)
Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM100 million	1 January 2025
All other taxpayers (including new businesses commencing operations from year 2023 onwards)	1 July 2025

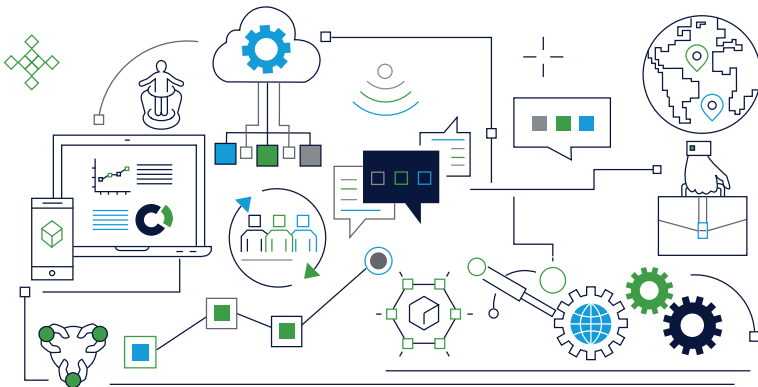
As of to date, there is no sign of deferment on the mandatory e-Invoicing implementation timeline. As the deadline for Phase 1 is approaching, businesses (under Phase 1) must be prepared and get ready for e-Invoicing by **1 August 2024**.

Some of the key highlights (from Guideline 3.0 and Specific Guideline 2.2)

Areas	Key takeaways										
1) Income or expenses exempted from e-Invoice or self-billed e-Invoice	<ul style="list-style-type: none"> ▪ Income or expenses exempted from e-Invoice (including self-billed e-Invoice) have been expanded to include the following: - <ul style="list-style-type: none"> ◦ Contract value for buying or selling securities or derivatives traded on a stock exchange or derivatives exchange in Malaysia or elsewhere ◦ Disposal of shares of a company incorporated in or outside Malaysia and not listed on the stock exchange (except where the disposer is a company, limited liability partnership, trust body or co-operative society). 										
2) Sharing of e-Invoice	<ul style="list-style-type: none"> ▪ Taxpayers are allowed to share either the validated e-Invoice / self-billed e-Invoice (i.e. in XML or JSON format) or a visual representation (in PDF format) of the validated e-Invoice / self-billed e-Invoice with buyers / suppliers (until further notice). 										
3) E-Invoice statuses	<ul style="list-style-type: none"> ▪ Submitted e-Invoice will undergo a series of validations within the MyInvois System to ensure its compliance to data field requirements, formats and standards set by the MIRB. Upon validation, the e-Invoice will be assigned with a status (see below): <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #009688; color: white;"> <th style="text-align: left;">Statuses</th> <th style="text-align: left;">Description</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e0f2f1;">Submitted</td> <td style="background-color: #e0f2f1;">E-Invoice has been successfully transmitted to MyInvois System and passed the immediate validations (e.g. e-Invoice structure, core fields)</td> </tr> <tr> <td style="background-color: #e0f2f1;">Valid</td> <td style="background-color: #e0f2f1;">E-Invoice has passed all immediate and background validations (i.e. has met all MIRB's requirements on data field, formats and standards)</td> </tr> <tr> <td style="background-color: #e0f2f1;">Invalid</td> <td style="background-color: #e0f2f1;">E-Invoice has failed one or more validation checks (due to incorrect data field requirements, formats and standards set by the MIRB)</td> </tr> <tr> <td style="background-color: #e0f2f1;">Cancelled</td> <td style="background-color: #e0f2f1;">E-Invoice has been cancelled and is no longer valid.</td> </tr> </tbody> </table>	Statuses	Description	Submitted	E-Invoice has been successfully transmitted to MyInvois System and passed the immediate validations (e.g. e-Invoice structure, core fields)	Valid	E-Invoice has passed all immediate and background validations (i.e. has met all MIRB's requirements on data field, formats and standards)	Invalid	E-Invoice has failed one or more validation checks (due to incorrect data field requirements, formats and standards set by the MIRB)	Cancelled	E-Invoice has been cancelled and is no longer valid.
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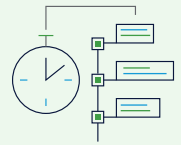


Areas	Key takeaways						
4) Information sharing between MIRB and RMCD	<ul style="list-style-type: none"> Pursuant to Section 138(4)(aa) of the MITA, e-Invoice submitted by taxpayers to the MIRB will be shared with the RMCD. As such, taxpayers may use the same visual representation of e-Invoice which contains the required particulars for Sales Tax Act 2018 and Service Tax Act 2018 for SST purposes (where relevant). 						
5) Self-billed e-Invoice	<ul style="list-style-type: none"> Transactions that required self-billed e-Invoice has been expanded to include the following: - <table border="1" data-bbox="491 721 1465 1093"> <thead> <tr> <th data-bbox="491 721 837 891">Transactions</th> <th data-bbox="837 721 1107 891">Supplier</th> <th data-bbox="1107 721 1465 891">Buyer (To assume the role of Supplier to issue self-billed e-Invoice)</th> </tr> </thead> <tbody> <tr> <td data-bbox="491 891 837 1093">Claim, compensation or benefit payments from the insurance business of an insurer</td> <td data-bbox="837 891 1107 1093">Policyholder / Beneficiary</td> <td data-bbox="1107 891 1465 1093">Insurer</td> </tr> </tbody> </table>	Transactions	Supplier	Buyer (To assume the role of Supplier to issue self-billed e-Invoice)	Claim, compensation or benefit payments from the insurance business of an insurer	Policyholder / Beneficiary	Insurer
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6) Consolidation of e-Invoice	<ul style="list-style-type: none"> Consolidation of e-Invoice is not applicable to self-billed e-Invoice except for: - <ol style="list-style-type: none"> Transactions with individuals (who are not conducting a business) Interest payment to general public (regardless of businesses or individuals) Claim, compensation or benefit payments from the insurance business of an insurer to individuals (who are not conducting a business). 						



HOW WE CAN ASSIST

No.	Scope of Services
1	Customised awareness training (i.e. Understanding e-Invoicing)
2 a) b)	Getting Ready for e-Invoicing Readiness assessment (i.e. Gap analysis) Assisting with implementation (Tax support)
3	Assisting with implementation (System Configuration) – If required, we can introduce the Technology Integration Provider to you*



**Please note that this will be under a separate engagement between the Company and the Technology Integration Provider.*



TAX PROFESSIONAL TEAM

Dato' Robert Teo

Head of Tax

T +603 2610 2886

E robertteo@rsmmalaysia.my

CORPORATE TAX COMPLIANCE

Anston Cheah

Executive Director

T +603 2610 2829

E anston.cheah@rsmmalaysia.my

Lim Sok Juan

Associate Director

T +603 2610 2842

E limsj@rsmmalaysia.my

Nicole Chong

Director

T +603 2610 2830

E nicole.chong@rsmmalaysia.my

Soong Kim How

Associate Director

T +603 2610 2848

E soongkh@rsmmalaysia.my

TAX ADVISORY

Anston Cheah

Executive Director

T +603 2610 2829

E anston.cheah@rsmmalaysia.my

Lee Pei Fern

Manager

T +603 2610 2995

E leepf@rsmmalaysia.my

INDIRECT TAX

Mayadevi Karpayah

Director

T +603 2610 2831

E mayadevi@rsmmalaysia.my

Kalvinder Singh

Senior Manager

T +603 2610 2863

E kalvinders@rsmmalaysia.my

TAX AUDIT AND INVESTIGATION

Anston Cheah

Executive Director

T +603 2610 2829

E anston.cheah@rsmmalaysia.my

Rachel Low

Associate Director

T +603 2610 2988

E lowwl@rsmmalaysia.my

PERSONAL TAX

Mayadevi Karpayah

Director

T +603 2610 2831

E mayadevi@rsmmalaysia.my

Lynda Harun

Senior Manager

T +603 2610 2832

E lynda@rsmmalaysia.my

TRANSFER PRICING

Anston Cheah

Executive Director

T +603 2610 2829

E anston.cheah@rsmmalaysia.my

Bavahni Kumar

Assistant Manager

T +603 2610 2863

E bavahni.kumar@rsmmalaysia.my

RSM Tax Consultants (Malaysia) Sdn Bhd

5th Floor, Penthouse, Wisma RKT,
Block A, No.2 Jalan Raja Abdullah Off Jalan Sultan Ismail,
50300 Kuala Lumpur,
Malaysia

Johor Bahru Office

Suite 16-02, Level 16, Menara Landmark,
No. 12, Jalan Ngee Heng,
80000 Johor Bahru,
Malaysia

General Email askus@rsmmalaysia.my
Website www.rsmmalaysia.my

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