

Mandatory e-invoice countdown clock starts next week



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NATION

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CYBERJAYA: In just one week, the one-year countdown begins in earnest for all businesses in the country to switch to the mandatory electronic invoicing (e-invoicing) rule.

Ahead of its full rollout on July 1, 2025, the Inland Revenue Board (LHDN) will be officially launching a free software on June 1 to help businesses, both big and small, ease into the system.

Timeline for e-invoicing implementation in the country

May 24, 2024: More than 60 pilot companies including service providers who are part of the e-invoicing pilot programme can start to issue e-invoices using real business data through Application Programming Interface (API).

Aug 1, 2024: More than 5,000 taxpayers with annual turnover or revenue exceeding RM100mil are required to implement e-invoicing.

Jan 1, 2025: Mandatory for taxpayers with annual turnover or revenue of between RM25mil and up to RM100mil.

July 1, 2025: All other taxpayers including micro, small and medium enterprises, hawkers and petty traders to adopt e-invoicing.

** Failure to comply with the e-invoicing regulations will see a fine of at least RM200 to RM20,000 per infraction.*



TheStargraphics

LHDN chief executive officer Datuk Abu Tariq Jamaluddin (*pic*) said businesses could actually already use e-invoicing when the software was made available for free on May 15.

“The free programme will be officially launched on June 1. More than 60 pilot companies and service providers have committed to issuing e-invoices in a production environment by June 30 this year through the MyInvois integration,” Abu Tariq told The Star in a recent interview.

He added that on Aug 1, the first phase of the project will begin with about 5,000 companies, which record annual earnings of RM100mil and above, adopting the use of e-invoices.

The second phase will begin on Jan 1 next year for companies with annual earnings of between RM25mil and RM100mil.

“The final phase is for all businesses or enterprises offering sales or services to come on board with e-invoicing by July 1 next year,” he added.

The gradual move by LHDN, Abu Tariq said, would help in the seamless transition to e-invoicing, while benefiting taxpayers and the board.

“It will also help stem billions in losses due to the shadow economy and is in line with the nation’s digitisation goals by 2030,” he added.

It was previously reported that the nation lost about RM70bil in tax revenue last year due to illegal activities and tax evasion.

Although a recent survey by LHDN showed about 98% of businesses accepting e-invoicing, Abu Tariq acknowledged that there was pushback from certain quarters, particularly small and medium enterprises (SMEs) and hawkers.

Among their concerns was the fine of between RM200 to RM20,000 for each breach of the e-invoicing regulations, he added.

He explained that companies earning less than RM100mil annually need not use e-invoicing this Aug 1 because they do not fall within the category.

“In general, at the initial stage of implementation, there is no need for taxpayers to get an e-invoice as proof of expenditure,” LHDN had said in response to a recent viral post by Datuk Seri Dr Wee Ka Siong.

The MCA president had questioned the manner in which e-invoicing was being “forced upon businesses, particularly petty traders and hawkers”.

Dr Wee, who is the Ayer Hitam MP, also questioned why businesses had to submit 55 data entry points under the system and whether their data was safe from hackers.

LHDN has since clarified that only six out of the 55 data entry points need to be filled up to complete the e-invoice for automatic appraisals.

Abu Tariq explained that e-invoicing can be filed once a month as a “consolidated invoice.”

The consolidated invoice, he said, represents monthly overall sales and services transactions instead of daily individual entries for each sale.

“This will make compliance easier for micro-businesses because they only need to submit their consolidated invoice once a month.”

However, he noted that consumers or buyers have the legal right to demand e-invoicing receipts once the system is fully implemented on July 1 next year.

“Action can be taken against the seller for failing to do so,” he said.

To allay worries, he said LHDN will deal with non-compliance on a case-by-case basis.

Other criticisms cited as impeding the use of the online filing system were the expected rise in operating cost, lack of mobile phone subsidy or aid, and poor signal coverage in rural areas.

Abu Tariq said LHDN is currently in talks with online platform providers providing cashless payment facilities on how best to capture sales transactions through their scanning or QR code systems.

With one year to go before e-invoicing is fully enforced, he said there is ample time for adjustments and improvements.

He also encouraged SMEs, petty traders and hawkers to start using the free e-invoicing software to familiarise themselves with the system and get their books in order by July 1 next year.