

Driving The Digital Agenda With E-Invoice

By *BusinessToday* September 9, 2025



Malaysia's tax landscape is undergoing a pivotal transformation with the phased rollout of e-Invoice, a national initiative led by the Inland Revenue Board of Malaysia (HAsiL). Launched at pace and with a clear roadmap for adoption across all business segments, e-Invoice represents a cornerstone of Malaysia's journey toward a digital-first economy.

The government has made an announcement through Budget 2023, the initiative forms a key pillar of the country's broader digitalisation agenda, aligning seamlessly with the 12th Malaysia Plan (12MP), the recently announced 13MP and the MyDigital Blueprint.



With this move, Malaysia joins a growing list of global leaders—including China, Singapore, several European, Latin America countries such as Mexico, Brazil, Chile and others such as South Korea and Turkey—that have fully embraced e-Invoice to modernise tax systems and improve economic transparency.

But what exactly is an e-Invoice? According to the e-Invoice guidelines, it is a machine-readable digital proof of transaction between a supplier and a buyer, and by replacing conventional paper invoices, e-Invoice allows businesses to generate, store and process invoices digitally—bringing speed, accuracy and security to billing and financial documentation.

To understand the broader impact of this transition, BusinessToday spoke exclusively with HASiL Chief Executive Officer Datuk Dr Abu Tariq Jamaluddin. Appointed in December 2023, Datuk Abu Tariq brings more than three decades of experience in direct taxation, policy design and regulatory compliance to the role.

Leading The Charge In Taxation

Under his stewardship, HASiL has taken a proactive, inclusive approach to the national e-Invoice rollout—particularly in addressing the needs of small and medium enterprises (SMEs) and the wider business community.

“This initiative represents a pivotal shift in tax administration,” said Datuk Abu Tariq. “It is not merely about compliance—it is about building a more transparent, efficient and digitally integrated financial ecosystem that supports businesses of all sizes.”

During the interview, Datuk Abu Tariq shared deeper insights into the HASiL's phased implementation strategy and its vision for a streamlined digital economy. Topics discussed included the tangible benefits of e-Invoice and targeted support mechanisms for all taxpayers including SMEs through platforms like Portal MyInvois and MyInvois e-POS.

Datuk Abu Tariq shared that incentive only given regarding tax deduction for SMEs up to RM50,000. Other incentives are Accelerated Capital Allowance from four years to three years or Accelerated Capital Allowance from three years to two years (for taxpayers does not utilised relaxation period).

He also addressed the long-term vision: Positioning Malaysia as a competitive, digitally empowered economy capable of supporting sustainable growth in the age of data and automation.

(From left) Deputy Finance Minister Lim Hui Ying, Finance Minister II Datuk Seri Amir Hamzah Azizan, Prime Minister and Finance Minister Dato' Seri Anwar Ibrahim and Chief Executive Officer of HASiL Datuk Dr Abu Tariq Jamaluddin officiating the 29th Hari HASiL celebration.

A Digital Turning Point For Tax Administration

Datuk Abu Tariq has been deeply involved in the e-Invoice initiative from its earliest stages—essentially from the drawing board. He views this development as a defining moment for Malaysia's tax ecosystem.

“As one of the core components of the national tax transformation agenda, e-Invoice will enable near real-time verification and recording of transactions for Business-to-Business (B2B), Business-to-Consumer (B2C) and Business-to-Government (B2G) interactions,” he stated.

This shift, he explained, is set to significantly enhance transparency, accuracy and accountability in tax reporting. Datuk Abu Tariq explained that businesses can look forward to faster reconciliation, reduced errors and improved audit readiness by minimising dependency on manual documentation, thereby making tax compliance “smarter and more seamless”.

He added that beyond compliance, e-Invoicing is also a catalyst for businesses, particularly micro-SMEs (MSMEs), to embrace digitalisation as a core operational principle, fostering digital inclusivity and good governance essential for sustainable economic growth.

“What we gather is from a practical standpoint, e-Invoice promises several benefits that will improve overall business efficiency because by automating the invoice process, businesses will be able to accelerate documentation workflows, minimise manual data entry and reduce the risk of human error.”

Datuk Abu Tariq shared that streamlining the process actually leads to enhanced financial accuracy, reduced administrative overheads and improved cash flow management.

But what we wanted to know was how this streamlined approach benefits small businesses. The HASiL CEO was quick to enlighten that for small businesses and sole proprietors, the system offers better financial visibility, enabling them to generate sales reports, monitor revenue trends and make more informed decisions, which could contribute to stronger financial planning and eventually business growth.

E-Invoice, he added, also simplifies audit processes by ensuring transactions are traceable and digitally accessible, reducing discrepancies and delays during tax reviews.

However, it's also useful to know that for already digitised businesses, seamless integration with existing ERP systems or accounting software through APIs offers a distinct competitive advantage.

A Comprehensive Support System For Small Businesses

Recognising the unique challenges faced by MSMEs in digitalising, HASiL has introduced various initiatives and programmes for the sector to get on board more seamlessly. These include comprehensive e-Invoice Guidelines, FAQs, educational videos, and complimentary seminars and webinars, which are regularly being held nationwide.

Interestingly, HASiL provides free access to the MyInvois Portal and the MyInvois Mobile App, which allows taxpayers to manage profiles, handle e-Invoice documents through submission, validation, rejection, cancellation and viewing functionalities.

On top of the app, HASiL also launched the MyInvois e-POS System, a free digital Point-of-Sale platform specifically designed for micro and small businesses. This tool enhances operational efficiency by offering standard POS features alongside the ability to issue e-Invoices at the point of transaction or upon buyer request, acting as a key enabler for nationwide adoption.

The free MyInvois Portal and e-POS system ensures that even the smallest businesses can comply without incurring additional software costs.

Beyond this, the tax authority provides various platform to support taxpayers, as dedicated support teams, to develop cost-effective solutions tailored for smaller businesses, ensuring flexibility in choosing digital solutions. Dedicated customer support teams, online helpdesks, nationwide outreach programmes and strategic partnerships with government agencies and business chambers further strengthen engagement and promote widespread readiness.

Incentives For A Smoother Transition

With a strong emphasis on assisting small business owners, the government stepped up with a range of incentives, including special tax deductions and accelerated capital allowance claims.

For example:

- **ESG-Related Tax Deductions:** Under Budget 2024, MSMEs can claim tax deductions of up to RM50,000 per year of assessment (from 2024 to 2027) for ESG-related expenditures, which include consultation fees for e-Invoice implementation.
- **Accelerated Capital Allowance:** The capital allowance claim period for the purchase of ICT equipment, computer software packages and related consultation/licensing fees has been reduced from four years to three years, with a revised rate of 40% initial allowance and 20% annual allowance. Budget 2025 further relaxed this for taxpayers who did not utilise the interim relaxation, allowing full claims over two years with a 20% initial and 40% annual allowance.

Apart from financial incentives, HASiL has taken it upon itself to actively collaborate with MDEC and SME Corp to promote awareness and education, ensuring a “whole-of-government approach” for strategic and technical support.

Navigating The Transition With Confidence

Despite strong support measures and incentives, unforeseen challenges can still arise during the adoption of new technological systems—such as system breakdowns, unstable internet connections or other disruptions. However, businesses are assured that HASiL is prepared to accommodate such scenarios with understanding and flexibility.

Datuk Abu Tariq was quick to address these concerns, noting that businesses will be granted a six-month relaxation period upon entering their mandatory e-Invoice phase, depending on their revenue category.

“During this period, taxpayers are not required to issue e-Invoices for each individual transaction. Instead, they may submit consolidated e-Invoices covering all activities and transactions,” he explained. “No penalties will be imposed during this period, provided the consolidated e-Invoice requirements are met.”

Datuk Dr Abu Tariq Jamaluddin, CEO of HASiL, delivering a speech at the Jelajah Mega e-Invois held at Dewan Wawasan, Kompleks Kerajaan Jalan Tuanku Abdul Halim.



Datuk Abu Tariq emphasised that the HASiL's priority during the early stages is education and enablement, not enforcement.

“Our main objective during the early phase of e-Invoice implementation is to educate taxpayers, not to penalise them,” he stressed.

This grace period gives businesses sufficient time to understand the system requirements, prepare their internal processes and adapt gradually before full compliance becomes mandatory.

The Journey Has Begun

While the majority of companies are slated to begin their e-Invoicing journey in 2026, early adopters, specifically those with annual revenue exceeding RM100 million, have already come on board and are engaging seamlessly with the HASiL's system.

According to HASiL data, as of Aug 6, 2025, more than 90,000 companies have adopted the e-Invoicing platform, collectively generating over 436 million e-Invoices. Phase 3, which started on July 1, 2025 (the relaxation period ending on Dec 31, 2025), onboard businesses with annual revenue between more than RM5 million and RM25 million. This group primarily consists of SMEs, a category that encompasses over one million companies nationwide. The volume of documents and transactions is therefore expected to increase significantly.

Addressing concerns about system capacity, Datuk Abu Tariq reassured businesses that the system's cloud infrastructure has been rigorously stress-tested and is fully capable of scaling with demand. In fact, he emphasised that the system is capable of a high volume of documents and has been ready for Phase 2 since January this year.

The HASiL CEO also gave an insightful message to the business community: “The e-Invoice initiative is more than just a compliance requirement—it is an opportunity to transform how businesses manage their financial processes. Embracing e-Invoice means embracing efficiency, transparency and future-readiness.”



He encouraged businesses, from multinational corporations to growing SMEs, to view this as a strategic move: To review internal processes, digitise operations and invest in upskilling teams. “Early adoption will not only ease the transition but also position businesses for greater competitiveness in a data-driven economy,” he affirmed.

Embracing e-Invoice means embracing efficiency, transparency and future readiness.”
– Datuk Abu Tariq

“Ultimately, e-Invoice is about building a more resilient and transparent business ecosystem that benefits not only individual enterprises but the nation’s economy as a whole.”