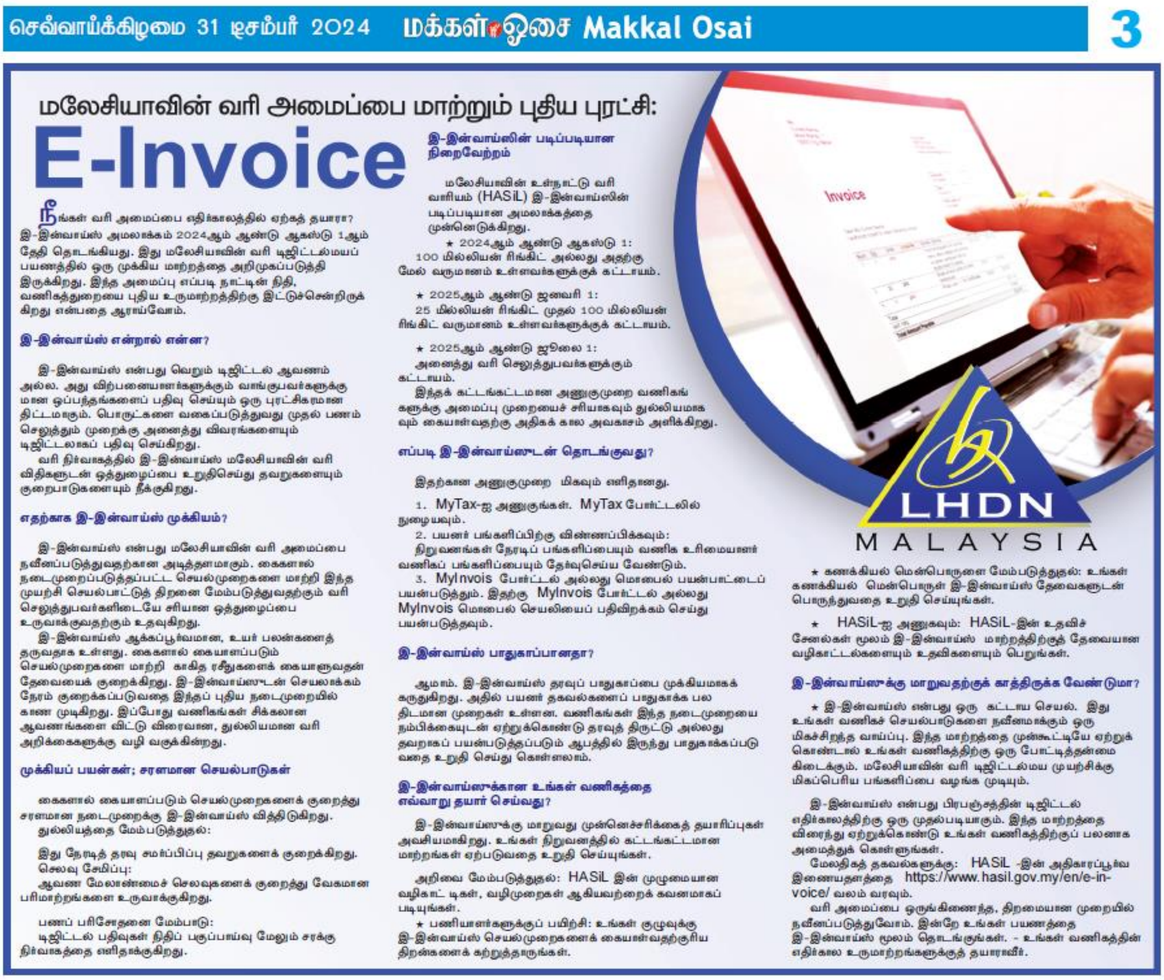
Makkal Osai, 31st Dec. 2024



E-INVOICE REVOLUTION: MOVING FORWARD INTO PHASE TWO – EMPOWERING TAXPAYERS FOR A DIGITAL FUTURE

The implementation of e-Invoice in Malaysia marks a transformative leap in tax administration and the digitization of the national economy. As part of the government's push towards a robust digital ecosystem, e-Invoice is not just a system, but it is a gateway to a more transparent, efficient, and dynamic tax framework. With the first phase successfully rolled out, attention now shifts to the second phase, targeting taxpayers with annual income between RM25 million and RM100 million starting 1 January 2025.

What is e-Invoice? A Glimpse Into its Journey

An e-Invoice is a digital representation that encapsulates transaction details between sellers and buyers, including item descriptions, prices, quantities, and tax information. The first phase began on 1 August 2024, mandating its use for taxpayers with an annual turnover or revenue of over RM100 million. This initiative forms a cornerstone of the 12th Malaysia Plan to propel the nation's digital transformation. Now, as we advance into Phase Two, businesses in the next income tier are gearing up to integrate this revolutionary system, paving the way for complete nationwide adoption by 1 July 2025.

HASiL's Comprehensive Support: Ensuring a Smooth Transition

Recognizing the challenges in this transition, the Inland Revenue Board of Malaysia (HASiL) has rolled out a suite of support initiatives. From detailed e-Invoice guidelines and FAQs to interactive engagement sessions, HASiL ensures that taxpayers are equipped with the knowledge and tools to adopt e-Invoice seamlessly.

Additionally, Taxpayers can access the **MyInvois Portal**, a free platform offering features like e-Invoice submission, profile management, and batch uploads. Complementing this, for on-the-go convenience, the **MyInvois Mobile Application** allows businesses to issue e-Invoices anytime and anywhere. Advanced users can leverage HASiL's **Software Development Kit (SDK)** and **API integration** to customize their systems.

Building on this support, HASiL's dedication is further demonstrated through the provision of over **800 engagement sessions nationwide**, aimed at addressing taxpayer concerns and ensuring that no one is left behind in this digital leap.

Flexibility Through a Grace Period

Transitioning to e-Invoice does not happen overnight. To ease this process, HASiL provides a **six-month relaxation period** for taxpayers. This period allows businesses to consolidate transactions into monthly e-Invoices, offering operational flexibility while they adapt to the new e-Invoice requirements and system.

Addressing Challenges: HASiL's Proactive Solutions

Despite its benefits, the Government recognises the feedback received where taxpayers encounter difficulty in obtaining the information from the other party for the issuance of e-Invoice. To facilitate the e-Invoice process, the Government has, in Budget 2025 announced an amendment to the act that will allow taxpayers to make a Tax Identification Number (TIN) search through a platform that will be provided by HASiL.

Securing Data: Building Trust Through Robust Protection

Data security remains a cornerstone of the e-Invoice system. HASiL employs stringent measures to safeguard sensitive taxpayer information, ensuring that all transactions are managed securely and align with international standards. Taxpayers can trust the system's reliability and compliance with data protection regulations.

Incentives to Accelerate Adoption

To reduce the financial burden on businesses, especially MSMEs, the government offers tax incentives like **deductions for ICT equipment purchases** and **capital allowances for consultancy fees** linked to e-Invoice implementation. These incentives aim to accelerate the adoption process while minimizing costs for businesses.

Preparing for the Future: Steps for Taxpayers

To gear up for Phase Two, taxpayers should:

1. **Enhance Knowledge:** Understand requirements and the e-Invoice guidelines
2. **Train Employees:** Equip your team with the necessary knowledge skills to manage the e-Invoice processes.
3. **Upgrade Systems:** Ensure your accounting software is compatible with the e-Invoice requirements
4. **Consult HASiL:** Seek support and technical assistance from the e-Invoice Help Desk through a live chat service and dedicated agents

A Transformative Journey for Malaysia's Economy

The implementation of e-Invoice is more than a compliance requirement; it's a monumental shift towards digitization, operational efficiency, and economic growth. With support from HASiL such as incentives, phased rollout, and relaxation period granted, taxpayers are given full support to embrace this change. As Malaysia progresses into the second phase, the collective efforts from the businesses, government, and stakeholders are also pivotal to the e-Invoice initiative's success, yielding widespread benefits for the economy and society as a whole.

The future of taxation is here. Be part of the revolution. Embrace e-Invoice, and lead your business into the digital era.