



IMPLEMENTATION OF E-INVOICE IN MALAYSIA
FREQUENTLY ASKED QUESTIONS (FAQs)
(UPDATED ON 26 FEBRUARY 2024)

PART 1: GENERAL FREQUENTLY ASKED QUESTIONS

1. Is e-Invoice applicable to transactions in Malaysia only?

No, the issuance of e-Invoice is not limited to only transactions within Malaysia. It is also applicable for cross border transactions.

2. Will there be any engagement sessions with IRBM?

IRBM is actively conducting a series of engagement sessions with industry players, tax practitioners, professional bodies and identified stakeholders to provide comprehensive information regarding the implementation of e-Invoice in Malaysia including:

- a) Sharing the planning of action plans, strategies, and status developments regarding the implementation of e-Invoice; and
- b) Obtaining feedback and views through two-way communication between IRBM and taxpayers on the implementation of e-Invoice

3. Who should we reach out to if there are queries or concerns?

For any queries regarding the e-Invoice implementation in Malaysia, kindly send an e-mail to myinvois@hasil.gov.my

4. What is the transmission mechanism to transmit e-Invoices?

IRBM has provided two (2) e-Invoice transmission mechanisms:

1. Through the MyInvois Portal provided by IRBM; and
2. Application Programming Interface (API).

Note: The e-Invoice model in Malaysia adopts the Continuous Transaction Control (CTC) Model, which enables a high level of control through the validation of e-Invoices received by IRBM.

5. What are the thresholds for e-Invoice implementation to be applicable to taxpayers?

All taxpayers are required to implement e-Invoice. e-Invoice will be implemented in phases according to annual turnover or revenue thresholds as stated in the statement of comprehensive income in the FY22 Audited Financial Statements.

Refer to Section 1.5 of the e-Invoice Guideline for further details.

6. Are all industries included in the e-Invoice implementation? Are there any industries exempted?

Currently, there are no industries that are exempted from the e-Invoice implementation.

Note that certain persons and types of income and expense are exempted from e-Invoice implementation. Refer to Section 1.6 of the e-Invoice Guideline for further details.

7. Will all businesses be required to issue e-Invoice?

Yes, all businesses will be required to issue e-Invoice in accordance to the phased mandatory implementation timeline, which is based on the business' annual turnover or revenue threshold.

8. Is there any adjustment window allowed to the supplier to cancel an invoice submitted to IRBM?

Yes, there is a 72-hour timeframe for the e-Invoice to be cancelled by the supplier. Refer to section 2.4.6 of the e-Invoice Guideline for further details.

9. Will IRBM provide any technical guide on system integration to the MyInvois System?

Yes, an e-Invoice Software Development Kit (SDK) had been published on 9 February 2024.

The e-Invoice SDK is a collection of resources related to a set of technical functionalities, Application Programming Interfaces (APIs), and development guidelines. The SDK aims to assist businesses in integrating their existing system to the MyInvois System via API.

Visit the e-Invoice SDK Microsite via the following link <https://sdk.myinvois.hasil.gov.my/> . For any e-Invoice SDK-related queries, e-mail us at sdkmyinvois@hasil.gov.my .

10. How can taxpayers start preparing for the e-Invoice implementation?

When implementing e-Invoice, the three (3) primary factors to consider are:

- **Human resources:** Businesses are advised to assemble a dedicated team equipped with the necessary expertise and capabilities to prepare for the implementation.
- **Business processes:** Conduct a comprehensive review of the current process and procedures in issuing invoice transaction documents.
- **Technology and systems:** Confirm the availability of the necessary resources, data structures and existing IT capabilities to ensure the systems in place comply with the e-Invoice requirements.

11. What are the consequences for failure to issue e-Invoice?

Failure to issue e-Invoice is an offence under Section 120(1)(d) of the Income Tax Act 1967, and will result in a fine of not less than RM200 and not more than RM20,000 or imprisonment not exceeding 6 months or both, for each non-compliance.

12. Are there any incentives provided to taxpayers for the implementation of e-Invoice?

The Malaysian government has announced the following tax incentives or grants in relation to implementation of e-Invoice during Budget 2024.

Tax deduction of up to RM50,000 for each year of assessment given on environmental, social and governance related expenditure, including consultation fee for the implementation of e-Invoice incurred by MSMEs, effective from year of assessment 2024 to year of assessment 2027.

PART 2: SCOPE AND PROCESS FREQUENTLY ASKED QUESTIONS

13. How do taxpayers issue an e-Invoice to a non-Tax Identification Number (TIN) holder such as foreign (non-Malaysian) buyers?

Suppliers are required to obtain buyer's details from the foreign buyers for the purposes of e-Invoice issuance.

In relation to TIN to be input in the e-Invoice, supplier may use "EI0000000020" for foreign buyers without TIN. Refer to Section 10.5 of the e-Invoice Specific Guideline for further details.

14. Should taxpayers register with Companies Commission of Malaysia (SSM) input both the old and new business registration number when issuing an e-Invoice?

Taxpayers registered with SSM are required to input the new business registration number (12-digit characters) for the purposes of e-Invoice issuance.

Taxpayers in Sabah and Sarawak are required to input the business registration number provided by local authority.

15. Which TIN should individual taxpayers use for the purposes of e-Invoice?

For the purposes of e-Invoice, individual taxpayers should provide TIN with prefix of "IG". Please refer to e-Invoice Guideline for more details on how to retrieve and verify TIN.

16. How long does it take for an e-Invoice to be validated by IRBM

The e-Invoice validation by IRBM will be done in near real-time.

17. Do businesses need to submit an e-Invoice within the same day the transaction is being made?

There is no specific requirement on the timing of e-Invoice issuance, except in specific cases such as consolidated e-Invoice, self-billed e-Invoice for importation of goods / services and e-Invoice for foreign income. Where any specific legislation is applicable, you may proceed to follow as per the said legislation.

18. What is the timeframe to issue e-Invoice adjustments (i.e., debit note, credit note and refund note) after the 72-hours validation period?

There is no timeframe restriction for suppliers to issue e-Invoice adjustments. Taxpayers may follow their respective company policy for any e-Invoice adjustments.

As foreign suppliers and/or buyers generally do not use MyInvois System, any e-Invoice adjustments would be done through issuance of debit note, credit note, and refund note e-Invoice.

19. Which types of income fall into the scope for e-Invoice, considering taxpayers may have a range of income sources of contributing to their annual turnover (e.g., interest income, investment income, gains from investment disposal)?

e-Invoice is required for all types of income and expenses, excluding certain types as outlined in the e-Invoice General Guideline and e-Invoice Specific Guideline.

Kindly note that the abovementioned exemptions are subject to periodic review and updates.

20. Prior to full implementation, there may be suppliers who do not issue e-Invoice as they have not reached the mandatory implementation phase/date. In this situation, will IRBM accept normal invoices issued by these suppliers?

During the transitional period, all taxpayers will be allowed to provide either normal bill/receipt/ invoice (as per current business practice) or validated e-Invoice to substantiate a transaction for tax purposes until full implementation and e-Invoicing legislations have been enforced.

21. Do buyers need to issue self-billed e-Invoices to record expenses when dealing with suppliers located in rural areas with poor internet connectivity?

Kindly note that self-billed e-Invoice is only allowed for certain transactions as stated under the e-Invoice Specific Guideline.

Businesses who are facing poor internet connectivity and lack infrastructure to issue e-Invoice are advised to approach the nearest IRBM branch located across all states in Malaysia for further discussions.

22. Does the MyInvois Portal allow for e-Invoice to be created and stored in draft form prior to finalisation and issuance?

Yes, the supplier will be able to create e-Invoice in draft or proforma. e-Invoice will only be accepted once the validation is successful.

23. Does the MyInvois Portal allow for editing of information after the e-Invoice has been verified by IRBM?

No, the supplier would need to cancel the e-Invoice within 72 hours from time of validation and reissue a new e-Invoice.

Any changes after 72 hours from time of validation would require the supplier to issue a new e-Invoice (i.e., debit note, credit note, refund note e-Invoice) to adjust the original e-Invoice issued. Thereafter, a new e-Invoice would be required to be issued accordingly.

24. What does IRBM validate in the e-Invoice?

IRBM validation includes a series of checks to ensure the e-Invoice submitted to IRBM conforms to the e-Invoice format and data structure as specified by IRBM. Refer to section 2.4.3 of the e-Invoice Guideline for further details.

25. Will the supplier's invoice number remain in the invoice document or will a different invoice number be assigned by IRBM upon the return of the validated e-Invoice to the supplier?

The supplier's invoice number will remain as a separate field in the same invoice document for the purpose of the supplier's internal reference and tracking.

Upon validation, the supplier will receive a validated e-Invoice, together with date and time of validation, validation link and a Unique Identifier Number assigned by IRBM.

26. What is the e-Invoice treatment for deposits?

In cases where the deposit is refundable, the issuance of e-Invoice is not required. However, if the deposit is non-refundable, issuance of e-Invoice is required.

27. What is the e-Invoice treatment for director fees?

Where the Director has entered into contract for service, the Director is required to issue e-Invoice to the company for any income received.

However, where the Director has entered into contract of service, the fees are considered as part of employment income. Currently, this is being exempted from issuance of e-Invoice as per the e-Invoice Guideline. Kindly note that the exemptions are subject to periodic review and updates.

28. Is an e-Invoice required for disbursements and reimbursements?

An e-Invoice may be required for disbursements and reimbursements, subject to the situation. Refer to Section 5 of the e-Invoice Specific Guideline for further details.

29. Is an e-Invoice required for return of monies to buyers?

Yes, a refund note e-Invoice is required for return of monies to buyers, with the following exception:

1. Payment made wrongly by buyers
2. Overpayment by buyers
3. Return of security deposits

30. For the purposes of issuing self-billed e-Invoices, can the Malaysian buyer consolidate all invoices received from the same foreign supplier?

No. At this juncture, a separate self-billed e-Invoice must be issued for each individual transaction.

31. In relation to acquisition of goods from foreign suppliers, when will the Malaysian buyers be required to issue a self-billed e-Invoice?

The Malaysian buyers are required to issue a self-billed e-Invoice once Royal Malaysian Customs Department's (RMCD) clearance is obtained on the imported goods. The buyers would have to include the appropriate details as listed in the e-Invoice annexure on importation of goods.

32. In relation to acquisition of services from foreign suppliers, when will the Malaysian buyers be required to issue a self-billed e-Invoice?

The Malaysian buyers are required to issue a self-billed e-Invoice upon:

1. payment made by the Malaysian buyer; or
2. receipt of invoice from foreign supplier,

whichever is earlier.

33. Do we need to issue e-Invoice for intercompany charges?

Yes, an e-Invoice is required to be issued for intercompany charges.

34. Is e-Invoice required for inter-department / inter-division transactions within the same company?

No e-Invoice is required for inter-department/ inter-division transactions with the same company. However, businesses may issue e-Invoice between inter-department / inter-division, depending on the businesses' practices.

35. Is an individual landlord required to issue e-Invoice to the tenant for rental of property?

Where the individual landlord is conducting a business, an e-Invoice is required to be issued to the tenant.

Where the individual landlord is not conducting a business, the tenant (if they are a business) would be required to issue a self-billed e-Invoice for the rental of property.

36. In relation to importation and exportation of goods, are taxpayers required to provide a copy of e-Invoice to JKDM for customs clearance?

In relation to importation and exportation of goods, the current process adopted by JKDM is applicable upon the implementation of e-Invoice. Any changes will be communicated by JKDM.

37. Does e-Invoice comply with Royal Malaysian Customs Department (RMCD) documents for RMCD clearance?

e-Invoice requirements as outlined in Appendix 1 of the e-Invoice Guideline have taken into consideration the information required by both IRBM and RMCD. Both IRBM and RMCD may use the e-Invoice for tax purposes.

However, note that existing documents required by RMCD for RMCD clearance would still apply.

38. Is there a registration requirement for technology providers to participate in the implementation?

There is no registration requirement at this juncture. However, technology providers are responsible to ensure the functionality and reliability of their API integration with IRBM.

39. Do technology providers need to apply for a certification in Malaysia in order to provide the CTC e-Invoice solution?

Not at this juncture. However, this may change in the future. Kindly refer to IRBM's Official Portal for any latest updates on the latest position.

PART 3: SYSTEMS, DATA SECURITY AND PRIVACY FREQUENTLY ASKED QUESTIONS

40. Does Personal Data Protection Act 2010 govern the processing of e-Invoice?

Finance (No. 2) Act 2023 has outlined that the provisions of the Personal Data and Protection Act 2010 shall not apply to any personal data processed for e-Invoice issued or transmitted to the Director General.

41. Does the API solution offer security and encryption services?

Yes, through the necessary Network & Security monitoring tools to ensure data security and privacy. Additionally, the API solution will utilise industry standard encryption protocol to ensure information transmitted remains confidential and secure.

42. How would IRBM monitor and audit the e-Invoice data security and privacy?

IRBM adopts a high standard of data security in managing data of taxpayers. These are the steps that will be taken in monitoring and auditing the e-Invoice data security and privacy:

1. IRBM will assess the data protection needs – Before IRBM starts monitoring and auditing the e-Invoice data security and privacy, IRBM will identify what kind of data that IRBM collects, processes, stores, and shares through the e-Invoice system. By having that process in place, IRBM will always understand the legal and contractual obligations that apply to the data, such as data privacy laws or specific industry standards. From the data protection needs, IRBM can define the data security and privacy policies and objectives.
2. Implementation of data protection controls – In order to protect the e-Invoice data from unauthorised access, modification, loss, or disclosure, IRBM will implement appropriate technical and organisational controls. These may include encryption, authentication, access control, backup, firewall, antivirus, and logging.
3. Monitoring and auditing data protection performance and incidents – This can be done by benchmarking the performance against the objectives and industry best practices and reporting, investigating, resolving, and learning from any data breaches, errors, complaints, or violations that may affect the e-Invoice data.
4. Review and improve the data protection practices – IRBM will use the results of the monitoring and auditing activities to identify any gaps, weaknesses, or opportunities for improvement in the data protection policies, controls, performance, or incidents.

43. Is there any specific application required to scan the QR code?

The QR code will only contain a link to the validated e-Invoice. Hence, any device (e.g., mobile camera, QR code scanner application) capable of scanning a QR code will be able to scan the QR code.

44. What are the measures taken by IRBM in protecting the confidentiality of e-Invoice submitted to IRBM?

IRBM will ensure that the data are always secured by complying with *Dasar Keselamatan ICT LHDNM* and *Surat Pekeliling Am: Garis Panduan Pengurusan Maklumat Melalui Perkomputeran Awan (Cloud Computing) Dalam Perkhidmatan Awam*.

To protect e-Invoice from unauthorised access, modification, loss, or disclosure, IRBM will comply to industry standards and implement appropriate cybersecurity measures including encryption, authentication, access controls, firewalls, and more.

Additionally, IRBM will ensure that the system is in compliance and certified with ISO/IEC 27001 Information Security Management System (ISMS) and ISO 22301 Business Continuity Management System (BCMS)

45. What is the file format sent to IRBM for validation purposes?

Supplier must generate e-Invoice in XML or JSON file format to IRBM for validation purposes.

46. Can a company use a combination of transmission mechanisms (API and MyInvois Portal)?

Yes. Taxpayers are recommended to perform reconciliation to ensure no duplication of e-Invoice submitted to IRBM.

47. What is the workaround in the event that the MyInvois System is down?

System will be available 99.97% of the time. However, in the event that IRBM's system is down, suppliers are given 72 hours to issue an e-Invoice once system is available. A retry mechanism shall be implemented in supplier's system to submit the e-Invoices once the system is available.

As for MyInvois Portal, supplier should periodically check the portal to determine if it is back online. Refer to section 14.4 of the e-Invoice Specific Guideline for further details.

48. Can taxpayers adopt Peppol as the transmission mechanism for e-Invoice?

Taxpayers are allowed to select any transmission method including using the Peppol Service Providers, that is most suited to their business nature and preference. Any service providers in the market that can comply to IRBM's API requirements are welcomed.

Refer to Section 2.2 of the e-Invoice Guideline or MDEC's official portal at <https://mdec.my> for further details.

For any queries regarding e-Invoicing using Peppol, kindly e-mail to clic@mdec.com.my .

49. Is MyInvois Portal able to accept large volume of e-Invoices from taxpayers?

MyInvois Portal supports both individual and batch e-Invoice generation through spreadsheet upload for processing multiple transactions.

MyInvois System will undergo testing with actual estimated volume of e-Invoices before its go-live. Additionally, it is designed to scale up additional computing resources as and when required.