



**IMPLEMENTATION OF E-INVOICE IN MALAYSIA**  
**FREQUENTLY ASKED QUESTIONS (FAQs) FOR CONSTRUCTION INDUSTRY**  
(UPDATED ON 30 NOVEMBER 2023)

No	Question	Response
1.	Would an e-Invoice be required for charges to sub-contractors, including penalties?	Yes, an e-Invoice is required to be issued by contractors (as defined in the Income Tax (Construction Contracts) Regulations 2007) for charges to sub-contractors.
2.	What is the e-Invoice treatment for progress claim on a construction of a property?	<p>Under the circumstance that a certification of work done is not required, contractor is required to issue an e-Invoice in relation to the progress claim on the construction of property to substantiate the income generated.</p> <p>Where a certification of work done is required, the e-Invoice can be issued upon obtaining the certificate.</p>

No	Question	Response
3.	<p>There may be circumstances where the main contractor will purchase materials on behalf of the owner.</p> <p>Under such situation, the main contractor will purchase the materials from vendors / sellers / traders. Thereafter, the contractor will include the said purchases in its progress billing to the owner.</p> <p>Upon the implementation of e-Invoice, will the same arrangement continue to apply or will the main contractor be required to modify its current processes?</p>	<p>Main contractor is allowed to continue their current billing arrangement.</p> <p>With the implementation of e-Invoice, the invoices issued by the main contractor will need to e-Invoices.</p>
4.	<p>Company A intends to sell construction materials to related companies.</p> <p>If Company A is mandated to implement e-Invoice in Phase 1 of the implementation timeline, should they issue e-Invoices to the related companies?</p>	<p>Yes, an e-Invoice will be required to be issued upon the sale of construction materials to related companies.</p> <p>Note that consolidated e-Invoice is not allowed for the sale of construction materials as defined under the Construction Industry Development Act 1994.</p>