eInvoice Most Asked Question

Q1: For approved donations under section 44(6) of the Income Tax Act 1967 and unapproved donations. Do we need to get the e-invoice?

Understanding the e-invoicing requirements for donations, whether approved under section 44(6) or unapproved, is crucial. This understanding is key as it can significantly impact tax deductions and compliance, and it depends on the nature of the transaction and the parties involved.
When a donation is made to a charitable organisation or institution registered with the IRBM and issuing an official receipt, the donor should request the e-invoice. In this scenario, both the official receipt and the e-invoice issued by the charitable organisation or institution play a crucial role in proving the donation for tax purposes.
Donations to approved institutions, organisations, or funds in Malaysia can qualify for tax deductions. The recipient must have approval under Section 44 (6) of the Income Tax Act 1967.
When you donate to such approved entities, you can claim a tax deduction of up to 10% of your aggregate income from all sources.

Q2: My foreign workers do not have permits; how do I claim expenses?

Whether the foreign employee has a work permit or not, as long as they are an employee of your company and on the company's payroll, the payment to them will be considered employment income.
According to the e-invoicing guidelines, employment income is exempted from the e-invoicing requirement. Therefore, you do not need to issue self-billed e-invoices or request e-invoices for payments made to foreign employees who do not have work permits.

Q3: Licensed money lending: Does interest charged need to issue an e-invoice?

For licensed money lending businesses, the requirement to issue e-invoices for interest charges depends on the specific circumstances and the agreement between the lender and the borrower.

Here's what the e-Invoice Specific Guideline (Version 2.1) states regarding interest payments: Section 8.3(g) of the guideline includes interest payments in the list of transactions where a self-billed e-invoice is required, with certain exceptions:

Interest payment, except:

1. Businesses (e.g., financial institutions, etc.) that charge interest to the public at large (regardless of businesses or individuals);
2. Interest payment made by the employee to an employer; and
3. Interest payments made by foreign payors to Malaysian taxpayers.

Based on (i), this means that when a licensed money lending company charges interest to the public at large (both businesses and individuals), the company itself should issue e-invoices or consolidated e-invoices to the borrowers, depending on whether the borrowers require individual e-invoices or not.

Based on this, here are a few scenarios:

1. If the borrower requires an individual e-invoice, the licensed money lending business should issue a normal e-invoice (not self-billed) to the borrower for the interest charges.
2. If the borrower does not require an individual e-invoice, the licensed money lending business can include the interest income in a consolidated e-invoice, aggregating the transactions on a monthly basis and submitting it to the IRBM within the specified timeline (7 calendar days after the month-end).
3. It's important to note that the consolidated e-invoice should still include the necessary details per the e-invoicing guidelines, such as the lender's and borrower's information, interest amount, and the relevant transaction period.

In summary, for licensed money lending businesses:

- If the borrower requests an e-invoice, the lender should issue a normal e-invoice to the borrower for the interest charges.

- If the borrower does not require an e-invoice, the interest income can be included in a consolidated e-invoice and submitted to the IRBM.

As always, it's advisable to maintain proper records of all interest transactions, including the e-invoices issued or consolidated, in accordance with the relevant tax laws and regulations. If there are any specific concerns or unique scenarios, it's best to seek clarification from the IRBM or consult a tax professional for guidance.

Q4: Import of goods: Form K1 on 1/5/2024. Self-billing must be done by 30 June. Can we do it in May 2024?

Yes, you can issue the self-billed e-invoice for the imported goods in May 2024, even if the deadline for issuing it is 30 June 2024.

According to the e-Invoice Specific Guideline (Version 2.1), Section 10.4.8:

"In relation to the importation of goods, the Malaysian Purchaser should issue a self-billed e-Invoice latest by the end of the month following the month of customs clearance being obtained."

This means that if the customs clearance (Form K1) is obtained on 1 May 2024, the self-billed e-invoice should be issued latest by 30 June 2024. However, there is no restriction on issuing the self-billed e-invoice before the deadline.

If you have all the necessary information and details about the imported goods, you can issue the self-billed e-invoice in May 2024.

Issuing the self-billed e-invoice earlier than the deadline may help maintain accurate records for accounting and tax purposes.

Q5: The company purchases items from Alibaba (a Chinese e-commerce platform) and then arranges for a local individual to pay in Chinese Yuan with Alipay.

The Company pays this individual in Malaysian Ringgit, and this individual subsequently uses Alipay to pay the Chinese seller. How should the company generate e-invoices in this scenario? The local individual does not provide an invoice to the Company.
In this case, the local individual is only paying on behalf of your company, and the actual parties in the transaction are your company and the Chinese seller. Therefore, the processing should be as follows:

1. Obtain an invoice or receipt from the Chinese seller as proof of purchase of goods or services.
2. Based on the invoice or receipt provided by the Chinese seller, your company needs to issue a self-billed e-invoice. In the self-billed e-invoice, you need to fill in the details of the Chinese seller, such as company name and address. If some of the required information is unavailable, you can fill in the corresponding alternative information according to the instructions in the e-invoice guide.
3. In the self-billed e-invoice, you need to describe in detail the goods or services purchased from the Chinese seller and supported by the invoice or receipt provided by the Chinese seller as proof.
4. After opening a self-billed e-invoice, submit it to LHDN for validation. The validated self-billed e-invoice can be used as proof of your company's expenses.
   Please note that you need to keep the original invoice or receipt provided by the Chinese seller and all documents and proof of payment related to the transaction for review by the tax office.

Q6: Company ABC has rented a new office space which is owned by three (3) individuals. The three landlords are individuals who do not conduct business. How should e-invoices be issued?

In this case, Company ABC is required to issue separate self-billed e-invoices to each individual property owner based on their agreed proportion of the rental income.

This means that Company ABC will issue three self-billed e-invoices, one to each landlord, according to their respective shares of the rental payment.

Q7: Do I need to issue a self-billed e-invoice for advance payment to an overseas supplier for import goods? But at that time, I had not yet obtained Form K1.

For advance payments made to overseas suppliers for the import of goods, you do not need to issue a self-billed e-invoice when making the payment. Instead, you should issue the self-billed e-invoice based on the customs clearance date. Here's what you need to do:

1. Obtain the necessary details from the overseas supplier, such as their name, address, and contact information.
2. When the imported goods arrive and customs clearance is obtained, gather the relevant customs documentation (e.g., Customs Form K1).
3. Issue a self-billed e-invoice for the imported goods, including the advance payment, by the end of the month following the month in which customs clearance was obtained.
4. Include all the mandatory fields in the self-billed e-invoice, such as:
    - Your company's information as the buyer (e.g., name, address, TIN)
    - Overseas supplier's details (e.g., name, address)
    - Invoice number and date
    - Description of the imported goods
    - Total amount paid (including the advance payment) and any applicable taxes
    - Reference to the customs clearance documentation (e.g., Customs Form K1 number)

Submit the self-billed e-invoice to IRBM for validation. Once validated, store it securely for record-keeping and audit purposes.

Issuing the self-billed e-invoice based on the customs clearance date ensures compliance with the e-invoicing guidelines for imported goods. The self-billed e-invoice should be issued by the end of the month following the month in which customs clearance was obtained, regardless of when the advance payment was made.

Q8: If the company sells hardware, but the customer belongs to engineering, not construction, can a consolidated e-invoice be issued?

For wholesalers and retailers selling construction materials, the requirement to issue an e-invoice for each transaction applies regardless of whether the buyer is in the construction industry or not.

Based on the e-Invoice Specific Guideline, Section 3.7.2:

"Currently, the activities or transactions of industries where e-Invoice is required to be issued for each transaction are as follows:............5. Wholesalers and retailers of construction materials - Sale of construction materials, regardless of volume sold."

This means that if you are a hardware shop selling construction materials as stated in the 4th Schedule of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, you cannot issue consolidated e-invoices. You must issue an e-invoice for each sale transaction of construction materials.

Even if the buyer is just an engineering company and not doing construction work themselves, you still have to issue an e-invoice per transaction when selling construction materials. The guideline does not differentiate based on the buyer's business activity.

Please note that for B2B transactions, issuing e-invoices is mandatory as the buyer requires them as proof of expenses for tax purposes.

Thus, in summary, as a hardware retailer of construction materials, you need to issue an e-invoice for every sale transaction involving construction materials stated in the 4th Schedule of the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, regardless of whether the buyer is doing construction work or not. Consolidated e-invoicing is not allowed for such sales.

Q9: For intercompany loans, directors' loans, and staff loans, what are the e-invoice implications?

According to the e-invoice specific guideline Section 8.3(g), self-billed e-invoices are required for interest payments, except in the following cases:

- Interest payment, except:
    1. Businesses (e.g., financial institutions, etc.) that charge interest to the public at large (regardless of businesses or individuals);
    2. Interest payment made by an employee to the employer; and

3. Interest payments made by foreign payors to Malaysian taxpayers.

Intercompany loans, directors' loans, and staff loans have different e-invoice implications depending on the nature of the transaction and the parties involved. Let's discuss each scenario:

1. Intercompany Loans:

When a company provides a loan to another related company (e.g., subsidiary, associate, or fellow subsidiary), the borrowing company is required to issue a self-billed e-invoice to the lending company for the interest expense incurred.

2. Directors' Loans:

When a director provides a loan to the company, the company (borrower) is required to issue a self-billed e-invoice to the director (lender) for the interest expense incurred.

The self-billed e-invoice should be issued based on the agreed interest payment terms or schedule.

If the company provides a loan to a director, the company (lender) is not required to issue an e-invoice to the director (borrower) for the loan principal. However, if the director pays interest to the company, the company should issue an e-invoice to the director for the interest income received.

3. Staff Loans:

When a company provides a loan to its staff (employees), the company (lender) is not required to issue an e-invoice to the staff (borrower) for the loan principal.

However, if the staff pays interest to the company, the company should issue an e-invoice to the staff for the interest income received.

In the rare case where a staff member provides a loan to the company, the company (borrower) should issue a self-billed e-invoice to the staff (lender) for the interest expense incurred.

It's important to note that the e-invoice requirements above apply only to the loan's interest component and not the principal. Issuing e-invoices for interest income or expense ensures proper documentation and compliance with tax regulations. Companies should maintain proper records of all loan transactions, including loan agreements, repayment schedules, interest calculations, and the e-invoices issued. This documentation will be essential for audit purposes and to support the interest income or expense claimed for tax purposes.

Q10: Regarding the disposal of fixed assets, do we need to issue an e-invoice? How about we write them off?

The requirement for issuing an e-invoice for the disposal of fixed assets depends on whether a sale or transfer of ownership is involved.

- If the fixed assets are sold to another party and ownership is transferred in exchange for consideration (e.g., money), an e-invoice should be issued to document the sale. The e-invoice should include the details of the fixed assets, the selling price, and any applicable taxes.
- However, if the fixed assets are written off due to obsolescence, damage, or other reasons, and no sale or transfer of ownership is involved, an e-invoice is not required. In such cases, the write-off should be recorded in the company's accounting system, and appropriate documentation should be maintained for audit and tax purposes.

Q11: Construction e-invoices are issued based on the progress claim, including the retention sum, but the client only paid us, excluding the retention sum. Based on previous practice, we only billed the client based on the Architect Certificate, which, without the retention sum, subsequently passed a journal entry to recognise revenue. How do we address this upon implementing the e-invoice?

In the construction industry in Malaysia, progress claims are periodic requests for payment issued by contractors for work completed during specific periods. Here's how the process typically works:

A) Contract Between Employer and Main Contractor:

- The contractor prepares a progress claim and submits it to the architect.
- The architect verifies the work completed during the month and issues an interim certificate to the employer (with a copy to the contractor).
- The contractor submits their e-invoice, attached with the interim certificate, to the employer for payment.

B) Contract Between Main Contractor and Nominated Subcontractor (NSC):

- The subcontractor initiates the progress claim by preparing and submitting it to the main contractor.
- The main contractor compiles the NSC's claim and submits it as part of their own claim to the architect.
- The architect verifies the work completed by the NSC and issues an interim certificate to the employer (with a copy to the main contractor).
- The NSC submits their e-invoice, attached with the interim certificate, to the main contractor for payment.

Regarding the retention sum, it's important to note that retention sums are typically withheld from progress payments. The Retention Sum is a sum retained by the employer from the contractor's work done amount certified in every claim (usually 10% of total work done certified, thus subjected to a limit of 5% of contract sum); the purpose of the Retention Sum is to be substantiated as a security for the performance of the contractor and to secured against the quality of the workmanship.

In the e-invoicing era, you can handle progress claims and retention sums in the construction industry as follows:

1. e-Invoice Issuance:
   - Based on the architect's interim certificate, issue an e-invoice for the full progress claim amount, including the retention sum.
   - The e-invoice should clearly itemise the amount of work done and the retention sum separately.
   - Submit this e-invoice to the client and the architect's interim certificate.
2. Accounting for Progress Claim:
   - Upon issuing the e-invoice, record the following double entry in your accounting system:

     Dr: Account Receivable (Balance Sheet)
     Dr: Retention Sum Receivables (Balance Sheet)
     Cr: Progress Billing (Balance Sheet)
   - This entry recognises the total progress claim amount, including the retention sum, as receivables and progress billing in the balance sheet.
3. Revenue Recognition:
   - Recognise the revenue in the profit and loss account based on the percentage of completion at the end of each month (if management accounts are crucial) or at year-end.
   - Pass the following journal entry:

     Dr: Progress Billing (Balance Sheet)
     Cr: Revenue (Profit & Loss)
   - This entry transfers the progress billing amount from the balance sheet to the Profit & Loss account as revenue.
4. Payment Receipt and Retention Sum:
   - When the client pays for the progress claim, they typically pay the amount of work done, excluding the retention sum.
   - Record the payment received against the Account Receivable in your accounting system.
   - The Retention Sum Receivables will remain in the balance sheet until the retention sum is actually received from the client or the conditions for its release are met, as per the contract terms.

Q12: For this year's construction work, the architect's certificates are issued after the company's financial year-end, meaning the e-invoice cannot be issued in real time.Can we pass a journal entry to recognise this revenue at the end of the current year?

If the architect's certificate comes after your financial year-end, you should follow these steps:

1. e-Invoice Issuance:
   - Issue the e-invoice based on the date of the architect's certificate, even if it falls in the next financial year.
   - The e-invoice date should reflect the actual date of the architect's certification.
2. Accounting for Progress Claim:
   - Record the double entry for the progress claim in your accounting system：

Dr: Account Receivable (Balance Sheet)
Dr: Retention Sum Receivables (Balance Sheet)
Cr: Progress Billing (Balance Sheet)

3. Revenue Recognition:
   - If the progress claim pertains to work completed in the current financial year but the architect's certificate and e-invoice are issued in the next financial year, you can still recognise the revenue in the current financial year.
   - Pass the following journal entry in the current financial year:

     Dr: Progress Billing (Balance Sheet)
     Cr: Revenue (Profit & Loss)
   - This entry recognises the revenue based on the work completed in the current financial year, even though the formal e-invoice will be issued in the next financial year.

By following these steps, you can ensure compliance with e-invoicing requirements while adhering to the construction industry's accounting principles for progress claims, retention sums, and revenue recognition.

Maintaining proper documentation and consulting with your auditors or accountants is important to ensure that your accounting treatments align with the applicable accounting standards and the specific terms of your construction contracts.

Q13: If the customer does not request an electronic invoice, is it necessary to issue one?

According to the e-invoice Guideline, businesses are still responsible for issuing e-invoices for all transactions, even if customers do not request e-invoices. This ensures the integrity and transparency of transactions and assists the tax authorities in tax management.

However, if B2C customers do not request e-invoices, businesses may choose to issue consolidated e-invoices instead of individual e-invoices for each transaction. Consolidated e-invoices summarize the transactions of customers who did not request e-invoices within a month. Businesses are required to issue consolidated e-invoices within 7 calendar days after the end of the month and submit them to the Inland Revenue Board of Malaysia for validation.

For example, ABC Retail Company made the following sales to customers who did not request electronic invoices in July 2024:

- Store A: 1,000 transactions, receipt numbers from 1001 to 2000, total amount RM50,000
- Store B: 1,500 transactions, receipt numbers from 5001 to 6500, total amount RM75,000

ABC Retail Company can issue the following consolidated e-invoices for July 2024:

1. Issue a consolidated e-invoice for Store A, listing the range of receipt numbers (1001 to 2000) and total sales amount (RM50,000).
2. Issue a consolidated e-invoice for Store B, listing the range of receipt numbers (5001 to 6500) and total sales amount (RM75,000).

These consolidated e-invoices must be issued before August 7, 2024 (i.e., within 7 calendar days after the end of July 2024). Although individual e-invoices are not issued for each transaction, consolidated e-invoices can still be proof of company income for tax purposes.

Therefore, businesses cannot refrain from issuing e-invoices because customers do not request them. They must issue e-invoices for all transactions. However, they can choose to issue consolidated e-invoices for customers who do not request e-invoices to streamline the process and reduce administrative work.

Q14: Do I need to get the e-invoice when purchasing goods or services from a foreign supplier?

It is a common misconception that businesses in Malaysia do not need to issue e-invoices when purchasing goods or services from foreign suppliers. However, this is not true.

According to the e-invoice guidelines, when a Malaysian company purchases goods or services from a foreign supplier, it is required to issue a self-billed e-invoice to document the expense for tax purposes. This requirement applies even if the foreign supplier does not issue a Malaysian e-invoice.

Here's how the process works:

1. The foreign supplier issues a commercial invoice or receipt to the Malaysian company for the goods or services.
2. The Malaysian company, as the buyer, is required to issue a self-billed e-invoice based on the commercial invoice or receipt from the foreign supplier.
3. In the self-billed e-invoice, the Malaysian company should include all the necessary details as per the e-invoice guidelines, such as the foreign supplier's name, address, and registration number (if available), as well as the details of the goods or services purchased.
4. If certain required details are unavailable or not applicable to the foreign supplier, the Malaysian company should input "NA" or the appropriate alternative information specified in the e-invoice guidelines.
5. The self-billed e-invoice must be submitted to the Inland Revenue Board of Malaysia for verification, as per the e-invoice submission procedures.
6. The verified self-billed e-invoice serves as proof of the Malaysian company's expenses for tax deduction purposes.

Malaysian businesses need to maintain proper records of all transactions with foreign suppliers, including commercial invoices or receipts, self-billed e-invoices, and supporting documents, in case of a tax audit or review by the authorities.

In summary, the misconception that businesses do not need to issue e-invoices for purchases from foreign suppliers is false. Malaysian companies must issue self-billed e-invoices for such transactions to comply with the e-invoice requirements and facilitate accurate tax reporting.

Q15: For expenses paid on behalf of the company, must it be issued under employee’s name?

It is incorrect to say that expenses paid on behalf of a company must be invoiced electronically in the employee's name. This is a common misconception.

According to the e-invoicing guidelines, when an employee pays expenses on behalf of a company, they should be invoiced electronically in the company's name wherever possible. This allows the company to claim these costs directly as a business expense.

However, in some cases, issuing e-invoices in the company's name may not be feasible. The Inland Revenue Board of Malaysia has provided concessions in such cases.

1. Where an e-invoice in the company's name is impossible, the employee may request an e-invoice or any existing supporting document.
2. The company can use the e-invoice issued in the employee's personal name or any existing supporting document issued by the suppliers as proof of business expenses.
3. To prove that the expenses were incurred for the company's business, the company needs to prepare relevant documents, such as
   - Employee reimbursement forms
   - Company's expense reimbursement policy
   - Other supporting documents such as minutes of meetings, travel itineraries, etc.

Therefore, when an employee pays an expense on behalf of the company, the priority should be to obtain an e-invoice in the company's name. Suppose an e-invoice in the company's name is not available. In that case, an e-invoice in the employee's personal name or any existing supporting document issued by the suppliers can also be used as proof of business expenses as long as the company can provide the relevant documentation to prove that these expenses were incurred by the employee in question for the company business.

Companies should have a clear expense reimbursement policy and communicate it to employees to ensure that they follow the correct process when making payments on behalf of the company. Where possible, employees should obtain e-invoices in the company's name, e-invoices in their personal name, or any existing supporting document issued by the suppliers for the company's tax deduction purposes.

Q16: Do sellers have to issue e-invoices to buyers for every transaction on e-commerce platforms?

It is incorrect to say that for every transaction on an e-commerce platform, the seller (Merchant) must issue an e-invoice to the buyer (Buyer). This is a common misconception.

According to the e-invoicing guidelines, on e-commerce platforms, the e-commerce platform provider (e.g. Shopee, Lazada, etc.) has the responsibility to act as a vendor and e-invoice each transaction when the buyer requests an e-invoice. This means:

1. when a buyer purchases goods or services on an e-commerce platform, the e-commerce platform provider is required to issue an e-invoice to the buyer rather than the seller issuing an e-invoice directly to the buyer.
2. If the buyer does not request an e-invoice, the e-commerce platform provider can aggregate all the transactions that did not request an e-invoice within a month and issue a consolidated e-invoice to be submitted to the Inland Revenue Board of Malaysia for validation within seven (7) calendar days after the end of the month.
3. The e-commerce platform provider must issue a self-billed e-invoice to the seller to record the revenue the seller receives from selling goods or services on the platform. This self-billed e-invoice serves as proof of the seller's revenue.
4. Finally, the e-commerce platform provider needs to e-invoice the seller to record the fees paid by the seller for using the platform's services, such as commissions, promotional fees, and so on.

Therefore, on e-commerce platforms, sellers are not required to issue e-invoices directly to buyers. This responsibility lies with the e-commerce platform provider. The seller only needs to receive a self-invoiced e-invoice from the e-commerce platform provider as proof of his income.

This arrangement simplifies the e-invoicing process in e-commerce transactions and ensures compliance while reducing the administrative burden on sellers.

The e-commerce platform provider, as the supplier, is responsible for collecting the buyer's information, issuing the e-invoice and submitting the invoice data to the Malaysian Inland Revenue Board for validation.

Sellers should maintain communication with the e-commerce platform provider to understand the platform's e-invoicing policy and ensure timely receipt of self-invoiced e-invoices from the e-commerce platform for the purpose of tax filing and responding to tax audits.

Q17: E-invoices are mandatory for large companies, while small businesses may be exempt from this requirement?

The notion that only large enterprises are required to issue e-invoices and that small businesses are exempt is a common misconception. In reality, all businesses in Malaysia, regardless of their size, are required to implement e-invoicing by the prescribed timeline set by the Inland Revenue Board of Malaysia (IRBM).

According to the e-invoice guidelines, the implementation of e-invoicing will be carried out in phases based on the company's annual turnover:

1. Businesses with an annual turnover exceeding RM 100 million must implement e-Invoicing from 1 August 2024.
2. Businesses with an annual turnover exceeding RM 25 million but not exceeding RM 100 million must implement e-Invoicing from 1 January 2025.
3. All other businesses must implement e-Invoicing from 1 July 2025.

This phased approach ensures that all businesses, including small and medium enterprises (SMEs), have sufficient time to prepare for the implementation of e-invoicing and adjust their systems and processes as needed.

It is important to note that there are no exemptions for small businesses. All businesses, irrespective of their size or industry, are required to comply with the e-invoicing requirements once the implementation date for their turnover category comes into effect.

Failure to comply with the e-invoicing requirements may result in penalties and legal consequences, as the law stipulates.

Small businesses should take proactive steps to understand the e-invoicing requirements, assess their readiness, and make necessary preparations to ensure a smooth transition to the e-invoicing system. This may include:

1. Updating their accounting and billing systems to support e-Invoicing
2. Training staff on the e-invoicing processes and requirements
3. Communicating with suppliers and customers about the changes in invoicing practices

4. Seeking guidance from tax professionals or attending workshops organised by IRBM

By dispelling the misconception that small businesses are exempt from e-invoicing, all businesses can ensure timely compliance and avoid potential penalties. Embracing e-invoicing will help businesses streamline their invoicing processes and contribute to the overall digitalisation of the Malaysian economy.

Q18: E-invoicing is very complex and requires specialised technicians to operate it?

It is a common misconception that e-invoicing is complex and requires specialised technicians to operate. In fact, e-invoicing systems are designed to simplify the invoicing process and make it easier for businesses to comply with tax compliance requirements.

While it's true that e-invoicing requires some technical preparation and staff training, most businesses are capable of adapting to the change.

Here are some key points that show that e-invoicing is not as complicated as it seems.

1. Support from the government: The Inland Revenue Board of Malaysia (IRBM) provides comprehensive guidelines, training resources, and technical support to help businesses smoothly transition to the e-invoicing system. This includes the MyInvois Portal, API integration guide, and FAQs
2. Flexible Submission: Organisations can choose to submit e-invoices manually through the Inland Revenue Board of Malaysia's (IRBM) e-Invoicing Portal, or through the API for system integration and automated submission. The portal provides a user-friendly interface that is easy for employees to learn and use.
3. Accounting Software Integration: Many accounting software vendors are in the process of updating their products to support e-invoice functionality. This means that organisations can generate and submit e-invoices within their existing accounting systems without the need for separate technical staff.
4. External service providers: Organisations can choose to work with external service providers to help them implement an e-invoicing system. These service providers have the expertise and technical resources to provide an end-to-end solution.
5. Gradual implementation: The implementation of e-invoicing is done in phases with different implementation dates set based on the annual turnover of the business. This gives businesses enough time to prepare and adapt to the new process.

While e-invoicing does require some technical preparation, most businesses are able to achieve this through internal resources or external support.

The variety of support and resources available from the government and service providers makes the implementation of e-invoicing simpler and more straightforward than many people think.

Organisations should take the following steps to ensure a smooth transition to an e-invoicing system.

1. Understand e-invoicing requirements and best practices
2. Assess the readiness of their current systems and processes
3. Develop an implementation plan, including staff training and system upgrades
4. Communicate with suppliers and customers about changes to e-invoicing.
5. Take full advantage of the support and resources offered by government and service providers

By proactively preparing and seeking support, organisations can overcome concerns about the complexity of e-invoicing, make a smooth transition to a new way of invoicing, achieve compliance and improve operational efficiency.

Q19: Does e-invoicing require the purchase of expensive software and equipment?

Businesses often worry that issuing e-invoices requires expensive software and equipment. However, this is not necessarily true. The government and various service providers offer cost-effective solutions to help businesses implement e-invoicing without significant financial burden.

Here are some key points that address this misconception:

1. Free e-invoicing portal: The Inland Revenue Board of Malaysia (IRBM) provides a free e-invoicing portal called MyInvois for businesses to create, submit, and manage e-invoices. This portal is accessible to all businesses, regardless of size or financial capabilities.

2. Affordable API integration: Businesses that prefer to integrate e-invoicing capabilities into their existing accounting or ERP systems can use the API (Application Programming Interface) provided by IRBM. Many accounting software providers offer affordable e-invoicing modules or plugins that seamlessly integrate with the MyInvois system.
3. No need for special equipment: e-invoicing does not require special hardware or equipment. Businesses can use their existing computers and internet connectivity to access the MyInvois portal or integrate e-invoicing into their systems.
4. Scalable solutions: Service providers offer e-invoicing solutions that cater to businesses of different sizes and needs. These solutions often come with flexible pricing models, such as pay-per-use or subscription-based plans, which can be more cost-effective than purchasing expensive software licenses upfront.
5. Long-term cost savings: While some initial costs may be associated with implementing e-invoicing, such as staff training and system upgrades, these investments can lead to significant long-term cost savings. e-Invoicing streamlines the invoicing process, reduces manual errors, and saves on paper and printing costs.

To ensure a cost-effective implementation of e-Invoicing, businesses should:

1. Assess their current systems and processes to identify the most suitable e-Invoicing approach (e.g., using the MyInvois portal or integrating with existing software)
2. Evaluate the costs and benefits of different e-invoicing solutions available in the market
3. Consider the long-term benefits of e-invoicing, such as improved efficiency, reduced errors, and better cash flow management
4. Take advantage of the free resources and support provided by IRBM and other government agencies
5. Plan for a phased implementation to spread out the costs and minimise disruptions to business operations

By understanding the various cost-effective options for implementing e-invoicing, businesses can overcome the misconception that it requires expensive software and equipment. With proper planning and support, businesses of all sizes can successfully adopt e-invoicing and reap its benefits without incurring significant financial burdens.

Q20: Must electronic invoices be issued in real-time?

The statement that e-invoicing must be done in real-time is a common misconception.

While it is a good practice to issue e-invoices in real time, Malaysia's e-invoicing guidelines do not make it mandatory for businesses to do so.

Below are some key points regarding the timing of e-invoicing:

1. Normal Issuance Time: According to the e-invoicing guidelines, businesses should issue e-invoices as soon as possible after the sale or transaction is completed. This usually means within a few days of the transaction date or delivery date.However, the exact invoicing time may vary depending on the industry and type of transaction.
2. Consolidated e-invoices: For customers who have not requested an e-invoice, businesses have the option of issuing a consolidated e-invoice.The consolidated e-invoice summarises all transactions with these customers within a month and the consolidated e-invoice is issued and submitted to the Inland Revenue Board of Malaysia (IRBM) for validation within the 7th day of the following month.
3. Self-Billed e-invoice: Under certain circumstances, such as purchases of goods or services from foreign suppliers, businesses are required to issue self-billed e-invoices.Depending on the type of transaction, the time for issuing a self-billed e-invoice varies, but it should normally be issued within a reasonable time after the transaction has been completed.
4. Credit and debit notes: Businesses need to issue credit or debit notes when the original e-invoice needs to be corrected or adjusted. These notes should be issued as soon as possible after the adjustment amount is determined to reflect the change in the transaction.
5. Technical constraints: In some cases, due to technical constraints or system failures, an enterprise may not be able to issue e-invoices in real time.

In such cases, businesses should issue e-invoices as soon as possible after the issue is resolved and retain relevant documentation for tax audits.

While real-time e-invoicing is ideal, businesses should issue e-invoices within a reasonable timeframe based on their business processes and industry practices.

Here are some tips to ensure timely e-invoicing:-

1. Establish a clear invoicing process and timeline and communicate it to employees
2. Automate the invoicing process as much as possible to reduce manual intervention and delays
3. Monitor and review invoicing regularly to ensure adherence to schedules
4. Communicate with suppliers and customers to ensure that information required for electronic invoicing is available in a timely manner
5. Maintain documentation and take timely corrective action in the event of technical issues or delays

In conclusion, while real-time e-invoicing is a desirable goal, Malaysia's e-invoicing guidelines do not mandate organisations to issue e-invoices in real-time.

Businesses should issue e-invoices within a reasonable timeframe based on their business needs and industry practices, and take steps to ensure the timeliness and accuracy of the invoicing process.

Q21: Do sales of goods or services to government agencies require an invoice?

The notion that businesses do not need to issue e-invoices when selling goods or services to government agencies is a misconception. In fact, businesses are required to issue e-invoices for all commercial transactions, including those with government entities, unless specifically exempted by the e-invoicing guidelines.

Here are some key points that clarify this misconception:

1. e-Invoicing applies to B2G transactions: e-Invoicing requirements apply to Business-to-Government (B2G) transactions, just as they do to Business-to-Business (B2B) and Business-to-Consumer (B2C) transactions. Businesses must issue e-invoices when supplying goods or services to government or government agencies.
2. No general exemption for government transactions: The e-invoicing guidelines do not provide a general exemption for transactions with government entities. Businesses are expected to follow the same e-invoicing process and requirements for government customers as other customers.
3. Government procurement systems: Some government agencies may have their own procurement systems or portals that require suppliers to submit invoices in a specific format. In such cases, businesses should clarify with the government agency whether e-Invoices generated through the MyInvois system will be accepted or if a different invoicing process is needed.

By understanding that e-invoicing requirements generally apply to sales made to government or government agencies, businesses can ensure compliance and avoid potential penalties. It is crucial to stay informed about the specific exemptions and requirements related to government transactions and to seek clarification when needed.

Q22: Do retailers using a POS system not need to issue e-invoices because the POS system already records all transactions?

This understanding is misconceived. In Malaysia, retailers are required to issue electronic invoices even if they use the POS system.

Q23: Do e-invoices issued through the POS system need to be submitted to LHDN for validation?

This understanding is also incorrect. e-invoices issued through the POS system still need to be submitted to the Malaysian Inland Revenue Board (LHDN) for validation.

According to the Malaysian e-invoicing Implementation Guidelines, all e-invoices issued through the POS or other systems must be submitted to the LHDN's MyInvois system for validation. The e-invoice will only be legally valid once it has been validated by LHDN.

The validation process includes

1. The supplier submits the e-invoice data to LHDN via the API or MyInvois portal;
2. The LHDN's MyInvois system validates the e-invoice in real time;
3. If the data is correct, LHDN sends the validated e-invoice to the supplier and assigns a unique identifier number.
4. The supplier is required to share the LHDN-validated e-invoice with the buyer as proof of the transaction.

Therefore, regardless of whether the e-invoice is generated through a POS system, corporate ERP system or any other means, suppliers are required to submit it to LHDN's MyInvois system for validation, which is a mandatory requirement for the implementation of e-invoicing in Malaysia to ensure transaction compliance.

Q24: Does e-invoicing using the POS system eliminate the need to keep paper receipts?

This understanding is also incorrect. Even if an e-invoice is issued using the POS system, the retailer is still required to keep relevant paper receipts or other supporting records.

According to the Malaysian e-Invoicing Guidelines, it is required to.

1. Electronic invoices are issued and submitted to the Inland Revenue Board of Malaysia for validation, primarily to meet tax compliance requirements and record transaction income and expenditures.
2. However, a validated e-invoice by itself is not a complete substitute for traditional transaction documents such as receipts and invoices.
3. Whether using a POS system or other means to issue electronic invoices, businesses still need to retain sufficient original records and documents as supporting transaction evidence.

Therefore, after using the POS system for e-invoicing, retailers do not completely abandon the practice of keeping paper receipts. Instead, they need to continue to retain paper receipts and other original transaction records to provide supporting evidence for future audits. Both e-invoices and original records must be retained.

Q25: E-invoices issued via the POS system cannot be rejected or cancelled by customers.?

This understanding is incorrect. Regardless of whether the e-invoice is issued through a POS system or other means, the buyer has the right to request that the e-invoice containing incorrect information be rejected or cancelled within a certain period of time.

According to Malaysia e-Invoice Guidelines:

1. once the e-invoice is validated by the Inland Revenue Board of Malaysia, the system will notify both the supplier and the buyer.
2. Once the buyer receives the validated e-invoice, the buyer has 72 hours to check the e-invoice for errors (e.g. TIN, company registration number, price, quantity, etc.).
3. If the buyer finds any errors, he/she can request to reject the e-invoice within 72 hours via the Inland Revenue Board of Malaysia's MyInvois portal or API interface, stating the reason for rejection.
4. Upon receipt of the buyer's rejection request, the supplier can cancel the e-invoice through the system within 72 hours if he agrees that there is an error.
5. Once 72 hours have passed, the buyer can no longer request a rejection, nor can the supplier cancel it. Any changes need to be made by issuing a new e-invoice (credit/debit note).

Therefore, no matter what system the e-invoice is issued by, the buyer has the right to review and request rejection/cancellation within 72 hours of receipt to ensure the accuracy of the transaction information. This also applies to e-invoices issued by POS systems.

Q26: Can the POS system automatically issue different types of e-invoices for different customer types (e.g. individuals or businesses)?

This understanding is partially correct; the POS system itself does not automatically issue different types of e-invoices for different types of customers (individuals or businesses). However, it can be set up and integrated accordingly to achieve this functionality.

According to the Malaysian e-invoicing Guidelines：

1. Suppliers need to collect personal details such as personal name, TIN, ID number, contact details, etc.
2. For corporate customers, suppliers need to collect company details such as company name, TIN, business registration number, address, etc.
3. E-invoices need to be filled in accurately with the customer's details, and the information requirements for personal and business customers are essentially similar.

Therefore, the POS system usually cannot recognise the customer type and issue the corresponding invoice automatically, so the operator must input the customer information manually. However, the POS system can support this requirement in the following ways:

1. The system sets up different customer classification and information templates so operators can select the corresponding templates to fill in the information according to the customer type.
2. Integration with Customer Relationship Management (CRM) system to retrieve stored customer details from CRM and automatically populate the invoices.
3. Identify the customer by scanning the code, membership card, etc.; the system automatically matches and fills in the corresponding customer information.

Therefore, although the POS itself cannot automatically differentiate between different customers, it is feasible to issue compliant e-invoices for different customers through the appropriate settings and system integration, but only requires system support and human involvement.

Q27: Does using the POS system for e-invoicing eliminate the need to use the MyInvois Portal or API?

This understanding is incorrect. Even if e-invoicing is done using the POS system, retailers must submit the e-invoice data to the Malaysian Inland Revenue Board (LHDN) for validation via the MyInvois portal or API.

According to Malaysia's e-invoicing implementation guidelines:

1. all e-invoices must be validated through the Malaysian Inland Revenue Board's (LHDN) MyInvois system, irrespective of the system or method through which they were generated.
2. The POS system can help generate the e-invoice data. However, it is still necessary to upload this data manually through the MyInvois portal or submit it to the Inland Revenue Board of Malaysia through the API interface as a system integration.
3. The e-invoice will only be legally validated by the Malaysian Inland Revenue Board as proof of income for suppliers and as proof of expenditure for buyers.
4. The Malaysian Inland Revenue Board will assign a unique identifier number to each validated e-invoice to prevent data tampering.
5. Using a POS system does not mean that e-invoice data submission to the Malaysian Inland Revenue Board can be skipped.

Therefore, even if retailers use the POS system to issue e-invoices, they are still required to transmit the e-invoice data to the LHDN for validation using the MyInvois portal or API interface, a mandatory compliance requirement.

The POS system is only one part of the issuance process and does not replace the entire process of submitting the data to the Malaysian Inland Revenue Board.

Q28: E-invoices issued through the POS system do not require displaying a QR code; is this correct?

This understanding is incorrect. Regardless of whether the e-invoice is issued through the POS system or by other means, the visual presentation version of the e-invoice (e.g. PDF format) provided to the buyer needs to contain a QR code.

According to the Malaysian e-Invoice Guidelines:

1. Once the supplier's e-invoice data is verified through the Inland Revenue Board's MyInvois system, the system will provide a unique identifier number.
2. The supplier must embed this unique identifier number into the visually displayed version of the e-invoice to prevent data tampering.
3. The embedding is done by generating a QR code on the visual version of the e-invoice, which contains the e-invoice's unique identifier number and a link to the validation.
4. The buyer can scan the QR code to verify the authenticity and status of the e-invoice.
5. The QR code on the visually displayed version is mandatory whether the e-invoice is issued through a POS system, online platform, or other means.

Therefore, even if retailers use the POS system for e-invoicing, they are still required to transmit the e-invoicing data to LHDN for validation using the MyInvois portal or API interface, a mandatory compliance requirement.

The POS system is only one part of the issuance process and cannot replace the entire process of submitting data to the Malaysian Inland Revenue Board.