



Asia Tax Insights – Malaysia
Navigating Malaysia's Updated E-Invoice Guidelines

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On 6 April 2024, the Malaysian Inland Revenue Board (“IRB”) has published on its website the updated E-invoice Guidelines, reflecting the significant step forward in Malaysia’s digital transformation journey that aims to enhance efficiency in tax administration and compliance. The following updated Guidelines aim to streamline and standardise the e-invoicing processes for all businesses across Malaysia.

(A) E-Invoice Guideline Version 2.3

The updated E-Invoice Guideline Version 2.3 in Malaysia introduces several significant changes, particularly concerning self-billed e-invoices and the requirement for issuer's digital signatures. These changes aim to enhance the efficiency, security, and reliability of e-invoicing practices in Malaysia.

E-Invoice Guideline Version 2.3	
Self-Billed E-Invoices	<p>The new guideline now includes new categories for issuing self-billed e-invoices, expanding to cover previously exempted areas.</p> <p>(1) Scholarship - previously exempted from issuing e-invoice, scholarships are now included as a category requiring e-invoices.</p> <p>(2) Interest payments where interest payments are generally includes, there are exceptions:</p> <ul style="list-style-type: none"> a. Businesses (e.g., financial institutions, etc.) that charge interest to public at large are exempted, regardless of whether they are businesses or individuals b. Interest payments made by employee to employer are exempted c. Interest payments made by foreign payor to Malaysian taxpayer are exempted
Issuer’s Digital Signature	<p>An electronic signature, a significant addition, to ensure the integrity and non-repudiation of e-invoices. The e-Invoice must be signed using the issuer’s digital certificate.</p> <p>In the cases where the taxpayer engages the services of a service provider, the e-Invoice must be signed using service provider’s digital certificate.</p>

(B) E-Invoice Specific Guideline Version 2.1

The updated E-Invoice Specific Guideline Version 2.1 provides comprehensive instructions on individual shipping recipient details, consolidated e-invoices, cross-border transactions, and currency exchange rates, aiming to improve transparency, efficiency, and accuracy in the e-invoicing processes.

E-Invoice Specific Guideline Version 2.1	
Individual Shipping Recipient Details	The individual Shipping Recipient is required to provide specific details to the supplier for the issuance of an Annexure to the e-Invoice. This requirement ensures that the e-Invoice is accurately generated and reflects the necessary information for tax purposes.
Consolidated E-invoices	<p>To enhance the efficiency of the MyInvois System, the IRB has imposed specific limitations on the submission of consolidated e-invoices. These limitations include:</p> <ul style="list-style-type: none"> (1) a maximum size of 5MB per submission; (2) a maximum of 100 e-Invoices per submission; and (3) a maximum size of 300KB per e-Invoice. <p>The suppliers are permitted to split the receipts into multiple consolidated e-Invoices to comply with the above requirements, ensuring smoother processing and transmission.</p> <p>However, the above consolidation limitations do not apply to self-billed e-Invoices, except in the following specific self-billed circumstances:</p> <ul style="list-style-type: none"> (1) acquisition of goods or services from individual taxpayers, who are not conducting a business; or (2) interest payments to public at large, regardless of businesses or individuals
Cross Border Transaction	<p>For importation of goods, the Malaysian Purchaser is required to issue a self-billed e-Invoice latest by the end of the month, following the month of obtaining customs clearance.</p> <p>As for importation of services, the self-billed e-Invoice should be issued latest by the end of the month, following the month either upon the payment made by the Malaysian Purchaser or the receipt of invoice from the foreign supplier, whichever is earlier.</p> <p>These requirements ensure timely reporting and compliance with tax regulations for cross-border transactions.</p>

E-Invoice Specific Guideline Version 2.1	
Currency Exchange Rate	<p>The Suppliers are required to provide currency exchange rate in the e-Invoices if these e-Invoices need to be converted into Malaysian Ringgit (RM)-equivalent.</p> <p>For the purposes of self-billed e-Invoice for the importation of goods, the Malaysian taxpayers can use their internal currency exchange rate, providing them with flexibility whilst ensuring compliance with tax requirements.</p>

Key Takeaway

For businesses, the next steps are crucial to ensuring compliance with the new guidelines and meeting the implementation timeline in the evolving digital tax landscape of Malaysia. Staying informed, engaging with advisors with expertise and planning ahead are the key steps to comply with the new tax requirements.

References

For more details, you may refer to the link to “Ultimate Guide to E-invoicing in Malaysia”.

<https://www.boardroomlimited.com/my/2024/04/05/ultimate-guide-to-e-invoicing-in-malaysia/>.

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