



**BoardRoom**  
Smart Business Solutions

---

**Asia Tax Insights – Malaysia  
E-Invoicing Implementation:  
Key Updates and Relaxation Measures**

16<sup>th</sup> August 2024

## Asia Tax Insights - Malaysia

### E-Invoicing Implementation: Key Updates and Relaxation Measures

**Cheong Woon Chee & Eunice Hooi**

With the mandatory e-invoicing implementation on 1 August 2024, businesses in Malaysia with an annual turnover exceeding RM100 million have now embarked on this new digital tax compliance journey.

Recognizing the complexities and potential challenges in transitioning to e-invoicing, the Inland Revenue Board of Malaysia (IRBM) has introduced certain flexibilities and relaxation measures, outlined in the E-Invoice Guideline Version 3.2 and *E-Invoice Specific Guideline Version 3.0*. These guidelines were released on 26 July 2024, with subsequent updates issued on 30 July 2024, to facilitate a smooth transition and ease the implementation process.

#### E-Invoice Guideline Version 3.2

The updated E-Invoice Guideline Version 3.2 introduces key exemptions aimed at reducing the compliance burden on small businesses.

E-Invoice Guideline Version 3.2 - Exemptions from E-Invoicing Implementation	
Taxpayers with an annual turnover or revenue of less than RM150,000	<b>Turnover Threshold for Exemption for Small Businesses</b> <ul style="list-style-type: none"> <li>➤ Taxpayers with an annual turnover or revenue of less than RM150,000 are exempted from the requirement to implement e-invoicing.</li> </ul>
	<b>Receipt Issuance</b> <ul style="list-style-type: none"> <li>➤ These taxpayers are not required to issue receipts to customers.</li> </ul>
	<b>Consolidated E-Invoice</b> <ul style="list-style-type: none"> <li>➤ These taxpayers are not required to issue consolidated e-invoices to the IRBM.</li> </ul>

## E-Invoice Specific Guideline Version 3.0

The updated E-Invoice Specific Guideline Version 3.0 provides additional clarifications on the treatment of e-invoices during a six-month interim relaxation period. This period is intended to allow businesses time to adjust their operations before fully complying with the new requirements.

Below is the summary of the implementation date and interim relaxation period, as well as the key aspects of the relaxation measures and incentives for early e-invoicing implementation.

	Targeted Taxpayers	Implementation Date	Interim Relaxation Period
I	Taxpayers with an annual turnover or revenue of more than RM100 million	1 August 2024	1 August 2024 to 31 January 2025
II	Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM100 million	1 January 2025	1 January 2025 to 30 June 2025
III	All other taxpayers	1 July 2025	1 July 2025 to 31 December 2025

		Key Relaxation Measures & Incentives
I	Consolidated E-Invoices	<p>Taxpayers are permitted to issue consolidated e-invoices covering all activities and transactions across all industries, rather than issuing individual invoices for each transaction.</p> <p>This measure aims to simplify the invoicing process, particularly for businesses with high transaction volumes.</p>
II	Consolidated Self-Billed Invoices	<p>For specific circumstances, taxpayers can issue consolidated self-billed e-invoices. This applies to the following scenarios:</p> <ul style="list-style-type: none"> <li>(a) Payments to agents, dealers, and distributors</li> <li>(b) Goods sold or services rendered by foreign suppliers</li> <li>(c) Profit distributions, including dividend distributions</li> <li>(d) Electronic commerce (e-commerce) transactions</li> <li>(e) Payouts to winners in betting and gaming activities</li> <li>(f) Transactions with individuals not conducting a business</li> <li>(g) Interest payments, with certain exceptions: <ul style="list-style-type: none"> <li>- Interest charged by financial institutions or similar entities to the public</li> <li>- Interest payments made by employees to employers</li> <li>- Interest payments made by foreign payors to Malaysian taxpayers.</li> </ul> </li> <li>(h) Claims, compensation, or benefit payments from insurers' insurance business.</li> </ul>
III	Flexibility in Transaction Descriptions	<p>Taxpayers are granted the flexibility to enter any transaction description in the "Product or Service Description" field within the e-invoice. This flexibility accommodates diverse business practices and transaction types.</p>

		Key Relaxation Measures & Incentives
IV	Waiver of Individual E-Invoice Issuance	Even if requested by the buyer (for e-invoices) or supplier (for self-billed e-invoices), taxpayers are not required to issue individual e-invoices or self-billed e-invoices, provided they comply with the consolidated invoicing requirements as outlined above.
V	Non-Compliance Relief	During this interim period, as long as the taxpayers comply with the consolidated e-invoicing requirements, they will not face prosecution under Section 120 of the Income Tax Act 1967 for non-compliance with the general e-invoicing rules. This provides a safeguard against potential legal action while taxpayers adapt to the new system.
VI	Incentives for Compliance	As an additional incentive, taxpayers that successfully implement e-invoicing according to the set timeline will benefit from a shortened capital allowance claim period. The claim period will be reduced from three years to two years, providing a financial advantage to encourage early adoption of e-invoicing practices.

## The Next Steps for Businesses

With the relaxation of e-invoicing requirements, businesses should view this window period as an opportunity to refine and optimize their invoicing processes. It is crucial for businesses to assess their current systems, identify any gaps in compliance, and make the necessary adjustments to take advantage of the streamlined processes and incentives.

Businesses are also encouraged to seek professional advice to navigate the complexities of e-invoicing implementation and to ensure compliance with the updated guidelines.