Crowe

Smart decisions. Lasting value.

Ensuring Compliance with

Malaysia's E-Invoice System

6 March 2024

Mandatory Implementation **Starting 1 August 2024**

The implementation of e-invoice is mandatory under Section 82C of the Income Tax Act, 1967. Every business shall issue an e-invoice for each transaction in respect of goods sold or services performed as either a proof of income or proof of expense for the taxpayers.

The scope of e-invoice implementation covers all types of business transactions, namely:

- Business-to-Government (B2G)
- Business-to-Business (B2B)
- Business-to-Consumer (B2C)

The implementation dates are as follows:

Annual sales turnover (RM) (Reference year: Financial year ended 2022)	**Target implementation date**
Above RM100 million	1 August 2024
From RM25 million to RM100 million	1 January 2025
Below RM25 million	1 July 2025
New businesses commencing from 2023 or after	1 July 2025

Validation of e-invoice by the Inland Revenue Board Malaysia (IRBM)

Any e-invoice issued by a person shall be transmitted electronically to and validated by the IRBM.
The workflow involved between the supplier, buyer and the IRBM are as follows:

1. Issuance of e-invoice by the supplier for sharing with IRBM's MyInvois Portal or API for validation.
2. Near real time validation of e-invoice by the MyInvois Portal with a Unique Identifier Number given to the supplier.
3. Notification of validated e-invoice by the IRBM to both the supplier and the buyer.
4. Sharing of validated e-invoice in PDF format by the supplier to the buyer.
5. E-invoice may be cancelled by the supplier or rejected by the buyer within 72 hours from the time of validation
6. E-invoice is stored in the MyInvois Portal and the records are accessible by the supplier or the buyer.

Penalty for Non-compliance

Section 120(1) provides for a fine of not less than RM200 and not more than RM20,000 or imprisonment not exceeding 6 months or both, if a person fails to issue an e-invoice, a self-billed invoice or a consolidated transaction invoice.

Types of **Documents**

4 types of e-invoice documents for different transactional needs of a business:

Invoice
Records sales transactions, including self-issued invoice

Credit note
Records reduction in the value of the original e-invoice

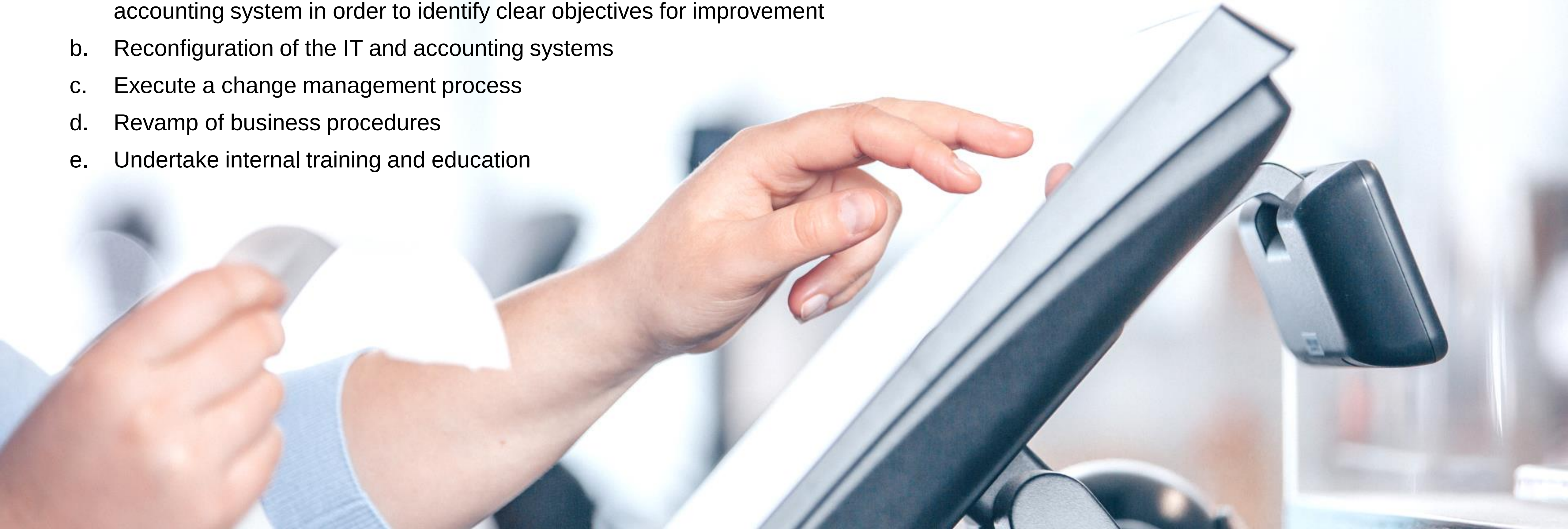
Debit note
Records increase in the value of the original e-invoice

Refund note
Records refund of the overpayment by a buyer

Action Plan
for businesses

Businesses must proactively acquire the necessary knowledge for a smooth transition to the new e-invoice system. Successfully implementing an e-invoice system requires a strategic approach:

a. Conduct a comprehensive gap analysis to understand the shortcomings of the current IT and accounting system in order to identify clear objectives for improvement
b. Reconfiguration of the IT and accounting systems
c. Execute a change management process
d. Revamp of business procedures
e. Undertake internal training and education



How Crowe Can Assist:

Our 3-Phase Approach

We support businesses by working with your teams and IT consultants to identify key implementation issues that are required to be resolved for smooth adoption of the e-invoice system.

Our comprehensive 3-Phase Approach from the discovery stage, moving on to the implementation stage and concluding with the review stage, helps our clients to systematically identify key issues and adopt solutions effectively.

Phase 1: **Discovery**

1. Project team formation
2. Understand the compliance requirements
3. Business model, transaction and process analysis
4. System review
5. Review of strategic issues
6. Gap analysis and proposed implementation plan

Phase 2: **Implementation**

7. Action plan on the system modification / integration and progress monitoring
8. Action plan on the process change, stakeholder communication and progress monitoring

Phase 3: **Review**

9. Final review, users’ acceptance test and trial run to ensure that the interface is working well and processes run smoothly
10. Staff manual and training

Why CROWE?

LHDN’s Pilot Team

We are part of the **<u>LHDN’s e-Invoice pilot team</u>** which will implement e-Invoice effective from 1 May 2024.

IT Support

Our business partner is a PEPPOL member which is also part of MDEC’s Focus Group

Adept technical expertise and knowledge

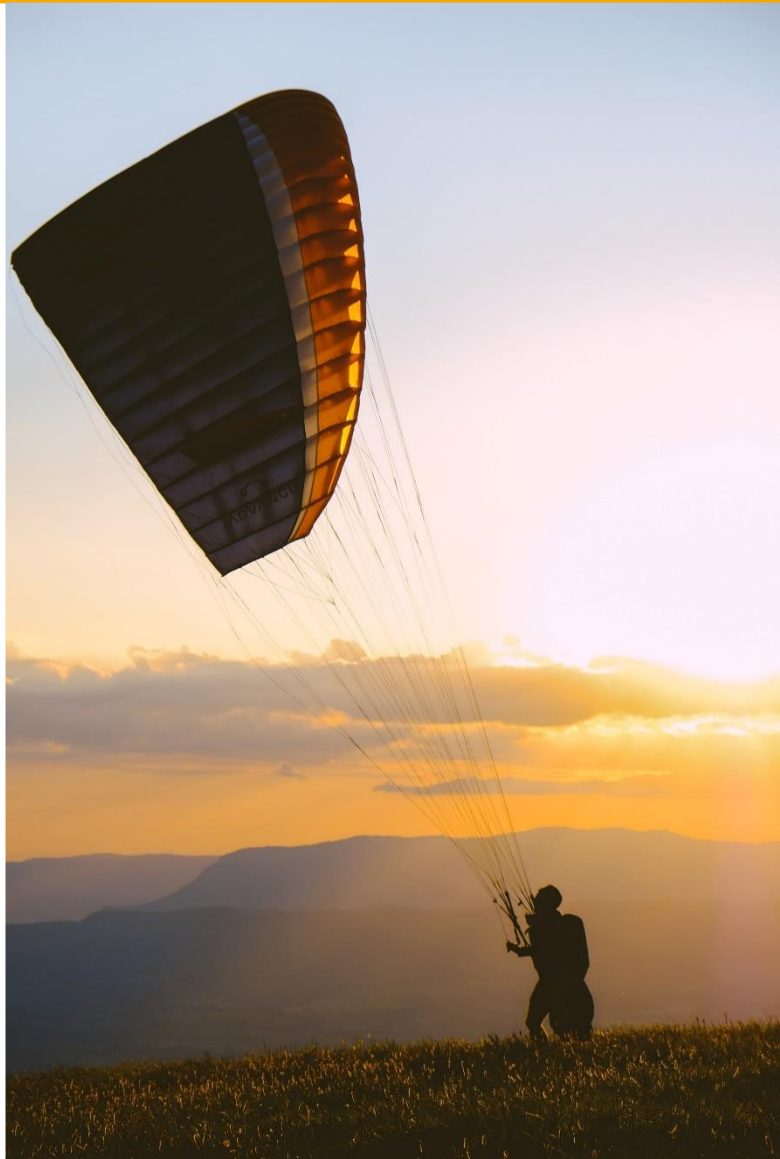
Our tax professionals are equipped with up-to-date technical skills that enable us to deliver a full spectrum of tax services to our valued clients.

Extensive experience and industry specialization

Our tax team has a soundtrack record and in-depth experience in managing a variety of assignments for clients from various industry backgrounds, including GST implementation.

Good rapport with tax authorities

We have established a good working relationship with the tax authorities and other regulatory bodies which enable us to meet our clients’ needs with efficiency and effectiveness.



Crowe

Our Offices (West Malaysia)

Kuala Lumpur
Level 16, Tower C,
Megan Avenue II,
12 Jalan Yap Kwan Seng,
50450 Kuala Lumpur,
Malaysia

+603 2788 9999 Main

Contact: Poon Yew Hoe
Email: yewhoe.poon@crowe.my

Penang
Level 6, Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah,
10050 Penang, Malaysia

+604 227 7061 Main
+604 227 8011 Fax

Contact: Eddy Chan
Email: eddywaihun.chan@crowe.my

Melaka
52 Jalan Kota Laksamana 2/15,
Taman Kota Laksamana, Seksyen 2,
75200 Melaka, Malaysia

+606 282 5995 Main
+606 283 6449 Fax

Contact: Patrick Wong
Email: patrick.wong@crowe.my

Ipoh
59C, Hala Pusat Perdagangan
Canning 1,
Pusat Perdagangan Canning II,
30350 Ipoh,
Perak, Malaysia

+605 237 8800 Main

Contact: Choong Kok Keong
Email: kokkeong.choong@crowe.my

Klang
Suite 50-3, Setia Avenue,
No. 2, Jalan Setia Prima SU13/S,
Setia Alam, Seksyen U13,
40170 Shah Alam,
Selangor, Malaysia

+603 3343 0730 Main

Contact: Michael Ong
Email: michael.ong@crowe.my

Johor Bahru
E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey 1,
Kota Southkey, 80150 Johor Bahru,
Johor, Malaysia

+607 288 6627 Main
+607 338 4627 Fax

Contact: Patrick Wong
Email: patrick.wong@crowe.my

Muar
8, Jalan Pesta 1/1,
Taman Tun Dr. Ismail 1,
Jalan Bakri, 84000 Muar,
Johor, Malaysia

+606 952 4328 Main
+606 952 7328 Fax

Contact: Ng Kim Kiat
Email: kimkiat.ng@crowe.my

Our Offices (East Malaysia)

Kuching
2nd Floor, C378, Block C,
iCom Square,
Jalan Pending,
93450 Kuching, Sarawak, Malaysia

+6082 552 688 Main
+6082 266 987 Fax

Contact: Kenny Chong
Email: kenny.chong@crowe.my

Miri
Lot 2395, Block 4,
Bulatan Business Park,
Jalan Bulatan Park,
98000 Miri, Sarawak, Malaysia

+6085 658 835 Main
+6085 655 001 Fax

Contact: Matthew Wong
Email: matthew.wong@crowe.my

Sabah
Damai Plaza 3, 3rd Floor, C11,
Jalan Damai 88300, P.O. Box 11003,
88811 Kota Kinabalu, Sabah, Malaysia

+6088 233 733 Main
+6088 238 955 Fax

Contact: Michael Tong
Email: michael.tong@crowe.my

Bintulu
1st floor, Lot 4542-4543,
Jalan Abang Galau Shophouse,
Kampung Masjid, 97000
Bintulu, Sarawak, Malaysia

+6086 333 328 Main
+6086 334 802 Fax

Contact: Lau Hin Siang
Email: hinsiang.lau@crowe.my

Sibu
1st & 2nd Floor, No. 1 Lorong
Pahlawan 7A2, Jalan Pahlawan,
96000 Sibu, Sarawak, Malaysia

+6084 211 777 Main
+6084 216 622 Fax

Contact: Morris Hii
Email: morris.hii@crowe.my

Labuan
Office Suite 1662,
Level 16(A), Main Office Tower,
Financial Park Complex Labuan,
Jalan Merdeka,
87000 Labuan, Malaysia

+6087 584 798 Main

Contact: Lean Wei Ee
Email: weiee.lean@crowe.my

Contact us

Crowe Malaysia PLT
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

Tel: +603 2788 9999
www.crowe.my

About Crowe Malaysia PLT

Crowe Malaysia is the 5th largest accounting firm in Malaysia and an independent member of Crowe Global. The firm in Malaysia has more than 10 offices, employs over 1,200 staff, serves mid-to-large companies that are privately-owned, publicly-listed and multinational entities, and is registered with the Audit Oversight Board in Malaysia and the Public Company Accounting Oversight Board in the US.

About Crowe Global

Crowe Global is one of the top 10 accounting networks with over 200 independent accounting and advisory firms in more than 145 countries. For almost 100 years, Crowe has made smart decisions for multinational clients working across borders. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects.