



Taxavvy

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Latest Guidelines on e-Invoicing



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The Inland Revenue Board (IRB) had issued a media release on 21 July 2023 announcing the publication of the e-Invoice Guideline Year 2023 Version 1.0 (“Guideline 1.0”).

Following that, on 30 September 2023 the IRB has issued a media release on the following:

- e-Invoice Guideline Version 2.0 (“Guideline 2.0”),
- e-Invoice Specific Guideline Version 1.0 (“Specific Guideline”), and
- e-Invoice Catalogue,

all dated 29 September 2023.

The media release is available on the IRB’s website www.hasil.gov.my (Home > Media Release 30 September 2023).



Guideline 2.0 provides an update to the Guideline 1.0. This is supported by the Specific Guideline and the e-Invoice Catalogue. The Specific Guideline provides guidance on specific areas of e-Invoice adoption and the e-Invoice Catalogue provides guidance on the expected standard responses for certain mandatory data fields.

Please refer to [TaXavvy 15-2023](#) dated 22 July 2023 for our views of the Guideline 1.0.

Below are the key highlights covered in this TaXavvy:

Profit Distribution

Exemptions

Self-Billings

Industry Specific

Staff Benefits & Expenses

B2C

Disbursement & Reimbursement

Data Fields

Profit Distribution	Exemptions	Self-Billings	Industry Specific
<p>Companies declaring dividends which are single tier as well as taxpayers who are listed on Bursa Malaysia will be exempted from self-billed e-Invoice requirements on dividend distribution.</p>	<p>There are exemptions for certain persons from issuing e-Invoice (including self-billed e-Invoice), e.g. Government, State government, etc.</p> <p>There are exemptions available for certain types of income and expenses, e.g. employment income, pension, alimony, zakat, scholarship, etc.</p>	<p>Transactions that require self-billings include payment to agents / dealers / distributors, foreign supply of goods / services, profit distribution, e-commerce, pay-out to all betting / gaming winners and acquisition of goods/services from individual taxpayers (non-business related).</p>	<p>Certain businesses, industries, sectors (e.g. healthcare, telecommunication, financial institutions, insurance, etc.) practice the issuance of statements or bills to record multiple transactions, which are acceptable documents for e-Invoicing purposes.</p>
Staff Benefits & Expenses	B2C	Disbursement & Reimbursement	Data Fields
<p>Payments in relation to perquisite and benefit made to foreign suppliers, both employer and employee are not required to issue self-billed e-Invoice. Foreign supplier's receipts, bills or invoices are acceptable as proof of expense.</p> <p>Businesses will be allowed to use the e-Invoice issued in the name of the employee as proof of expense.</p>	<p>Certain B2C transactions where e-Invoices are not required by the end consumers, it is business as usual for suppliers. Suppliers can submit a consolidated e-Invoice on a monthly basis, within 7 calendar days after the month end.</p> <p>Consolidated e-Invoice is not allowed for certain activities or transactions such as automotive, aviation, luxury goods, construction, etc.</p>	<p>The e-Invoicing requirements would follow the contractual obligations. The requirements have been set to ensure that only a single transaction is validated even though there may be multiple / duplicated steps within the overall transaction flow.</p>	<p>There are some changes to the data fields where 53 data fields (based on Guideline 1.0 - Appendix 1) have been updated to 51 data fields (based on Guideline 2.0 - Appendix 1). The changes involved the exclusion of the Supplier's Website data field and reclassification of Product Tariff Code data field to Appendix 2.</p> <p>Based on the Specific Guideline there is an expectation for all mandatory fields per Appendix 1 of the Guideline 2.0 to be completed with certain preset data.</p>

Key takeaways

Timeline

According to the latest guidelines, e-Invoicing implementation for Phase 1 appears to be on track for 1 June 2024. The Software Development Kit will be available in the fourth quarter of 2023.

Proof of Expense / Transitional Period

During the transitional period, all taxpayers will be allowed to provide either normal bill / receipt / invoice (as per current business practice) or validated e-Invoice to substantiate a transaction until full implementation has taken place.

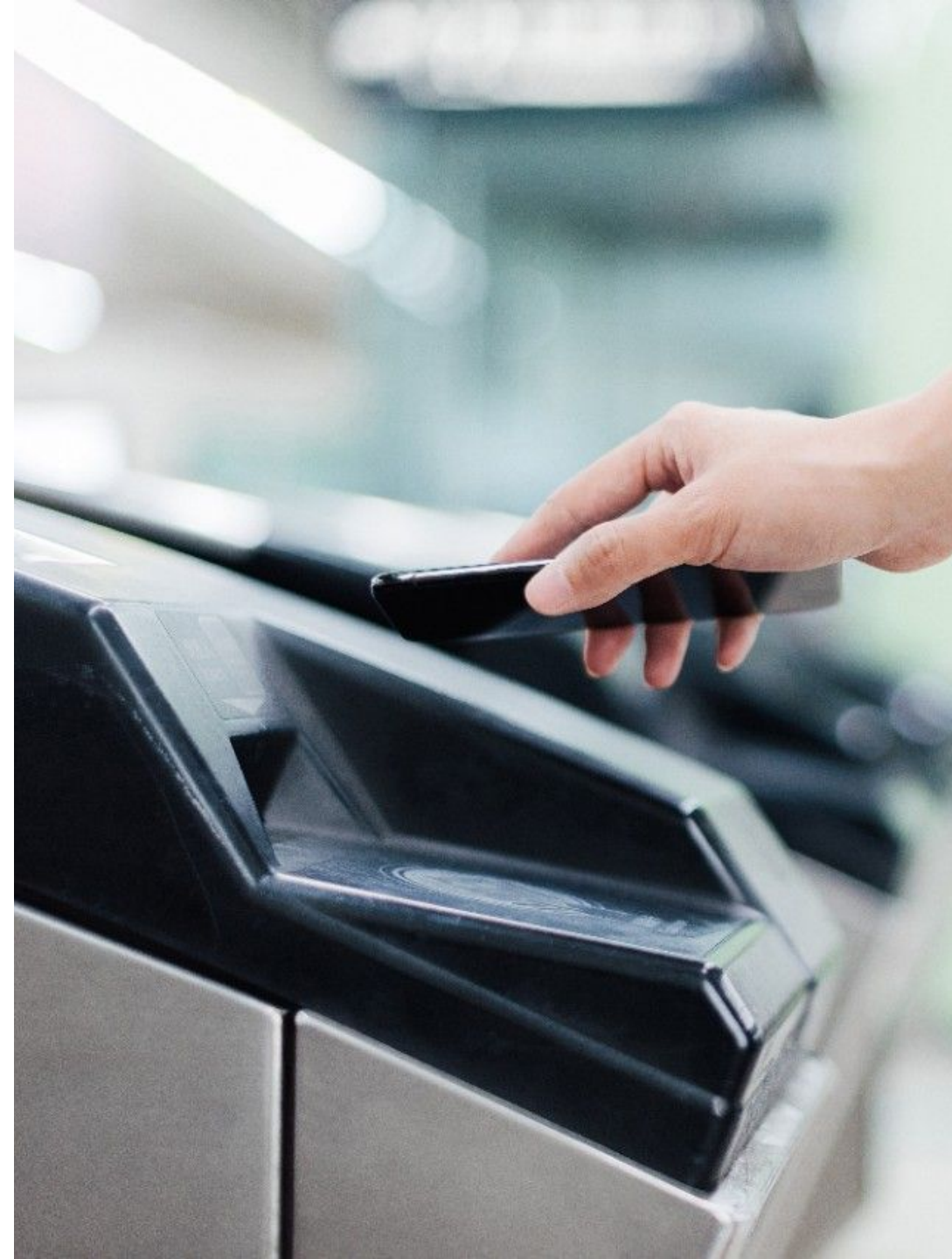
There is no obligation for buyer to make sure they have received and stored a validated invoice from IRB as proof of expense until full implementation. This seems to suggest that the use of e-Invoice as proof of expense may not be entirely possible until full implementation in 2027.

Retailer Web Portals / Mobile Apps Created for e-Invoice

The Specific Guideline seems to suggest (not mandatory) businesses to create an online platform (e.g. Retailer Web Portal / Mobile App) for customers to request e-Invoice from. This will be an additional cost to businesses to develop and maintain this online platform.

Consolidated e-Invoice

In terms of B2C transactions, there are 2 categories of buyers (one who requests / one who does not requests for an e-invoice), the supplier will need to be able to segregate the transactions which need to be consolidated versus those that have been validated. This may result in separate coding or identification of the transactions to enable the buyer to request for an e-invoice. This could be a mammoth task.



Key takeaways (con't)

Business as Usual / Flexibility

The principle of “business as usual” seems to be adopted by IRB in the latest guidelines. This further strengthens the view that the existing commercial invoice structure should remain the same.

The Specific Guideline provides that business may use other forms of e-invoice consolidation to suit business needs. This is a welcome flexibility.

Exceptions / Exemptions

The scope to qualify for exceptions/exemptions for e-Invoicing is limited. Therefore, we would encourage taxpayers to start their impact assessment to obtain a better understanding of their business scenarios. This is to prepare in the event of seeking clarifications on areas that are not covered in any of the guidelines.



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