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Updates on e-Invoice implementation and stamp duty on employment contracts

Extension of time for e-Invoice implementation

The Inland Revenue Board (IRB) issued a media release on 5 June 2025 announcing the Ministry of Finance's (MOF) decision to allow Micro, Small and Medium Enterprises (MSMEs) more time to prepare for the implementation of e-Invoicing. Taxpayers who are scheduled to implement e-Invoice from 1 July 2025 are given an extension of time to 1 January 2026.

The phase commencing from 1 July 2025 will now apply to taxpayers with annual turnover / revenue exceeding RM5 million. In addition, taxpayers with annual turnover / revenue below RM500,000 have been granted exemption from e-invoicing.

The revised thresholds and timeline for phases commencing from 1 July 2025 are as follows:

- **Phase 3** – 1 July 2025 for taxpayers with annual turnover / revenue **exceeding RM5 million** (previously RM500,000) and up to RM25 million
- **Phase 4** – **1 January 2026** for taxpayers with annual turnover / revenue exceeding **RM1 million and up to RM5 million**
- **Phase 5** – **1 July 2026** for taxpayers with annual turnover / revenue **up to RM1 million** (previously RM500,000)
- **Exempted** – Taxpayers with annual turnover / revenue **up to RM500,000** (previously RM150,000)
- **New businesses (years 2023 to 2025)** – **1 July 2026** for businesses commencing during the years 2023 to 2025 with annual turnover / revenue of at least RM500,000
- **New businesses (year 2026 onwards)** – **1 July 2026** or upon date of commencement of operations for businesses which commences in year 2026 onwards. Where the first year's turnover / revenue is less than RM500,000 the implementation date will be 1 January of the second year following the year of achieving an annual turnover / revenue exceeding RM500,000

A six-month grace period from the implementation date, as previously provided, remains applicable to the above new phases, during which taxpayers may issue consolidated e-Invoices as follows:

- All activities / industries are permitted to issue consolidated e-Invoices, including self-billing e-Invoices.
- Any information can be included in the "Product or Service Description" field.
- If a buyer requests an e-Invoice, the seller is also permitted to issue only a consolidated e-Invoice without having to issue an e-Invoice for each transaction.

During the grace period, there will be no prosecution for non-compliance with e-Invoice regulations, provided taxpayers adhere to the requirements for consolidated e-Invoices as stated above.

e-Invoice for transactions exceeding RM10,000

Effective from 1 January 2026, consolidated e-Invoice for any single transaction with a value exceeding RM10,000 will not be permitted. An e-Invoice for each transaction exceeding RM10,000 is required.

Comment: Based on the revised e-Invoice Specific Guideline dated 5 June 2025, the issuance of consolidated self-billed e-invoices for any transaction exceeding RM10,000 appears to be similarly not permitted, as no exception to the RM10,000 threshold is stated.

Stamp duty exemption for employment contracts finalized before 1 January 2025

The IRB issued a media statement today informing that the MOF, after considering the findings from a recent stamp duty audit and the financial impact on employers, has made a decision regarding stamp duty on employment contracts that are subject to a stamp duty of RM10 under item 4 of the First Schedule of the Stamp Act 1949. The MOF has decided to grant a stamp duty exemption as follows:

- **Contracts finalized before 1 January 2025** – exempt from stamp duty and late stamping penalties remitted
- **Contracts finalized from 1 January 2025 to 31 December 2025** – subject to stamp duty but late stamping penalties will be remitted provided the employment contracts are duly stamped on or before 31 December 2025
- **Contracts finalized from 1 January 2026** – subject to stamp duty and any late stamping is subject to penalties

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