



E-INVOICE ILLUSTRATIVE GUIDE

Updated on 11 September 2024

Disclaimer:

This illustrative guide aims to enhance taxpayers' understanding of e-Invoice treatments for various scenarios. It is issued for general information only and does not contain final advice or complete information pertaining to a particular topic. Taxpayers should not use it as a legal reference. Taxpayers also are advised to refer to the e-Invoice Guideline and e-Invoice Specific Guideline for more details information and guidance.

Table of Contents

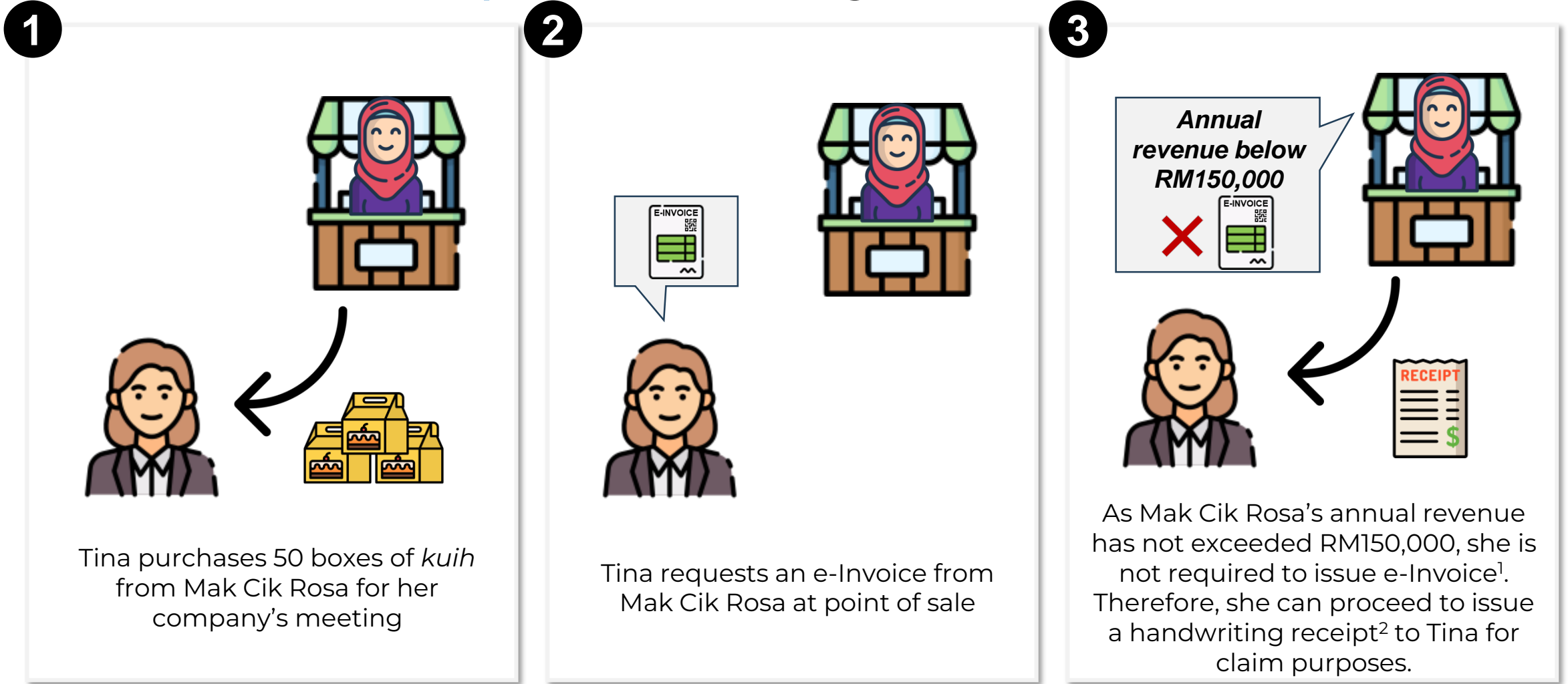
No.	Content	Page
1	Illustrative Guide: <ul style="list-style-type: none"> i. Transactions with Buyers ii. Statements or Bills on a Periodic Basis iii. Disbursement or Reimbursement iv. Expenses Incurred by Employee on behalf of Employer v. Self-billed e-Invoice vi. Transactions which involve payments (whether in monetary form or otherwise) to Agents, Dealers and Distributors vii. Cross Border Transactions viii. e-Commerce Transactions 	3 - 34
2	Resources and References	35 – 36

Transactions with Buyers

Upon implementation of e-Invoice, Sellers are required to provide e-Invoice for all transactions. However, certain Buyers may not require an e-Invoice.

This section is designed to outline various scenarios that Sellers might encounter when interacting with Buyers, with the goal of enhancing Sellers' comprehension of specific e-Invoice procedures.

Illustration 1: MSMEs with annual revenue or turnover below RM150,000 are exempted from issuing e-Invoices



***Notes:**

1. MSMEs with an annual revenue or turnover of below RM150,000 are exempted from submitting an e-Invoice and may choose do so voluntarily.
2. According to Section 82 of the Income Tax Act 1967, every person who carries on a business in Malaysia has the duty to keep proper documentation and give receipts. Business with annual revenue exceeded RM150,000 (from sale of goods) or RM100,000 (from performance of services) is required to issue a printed receipt serially numbered for every transactions.

Illustration 2: Buyers can request for an e-Invoice at point of sale

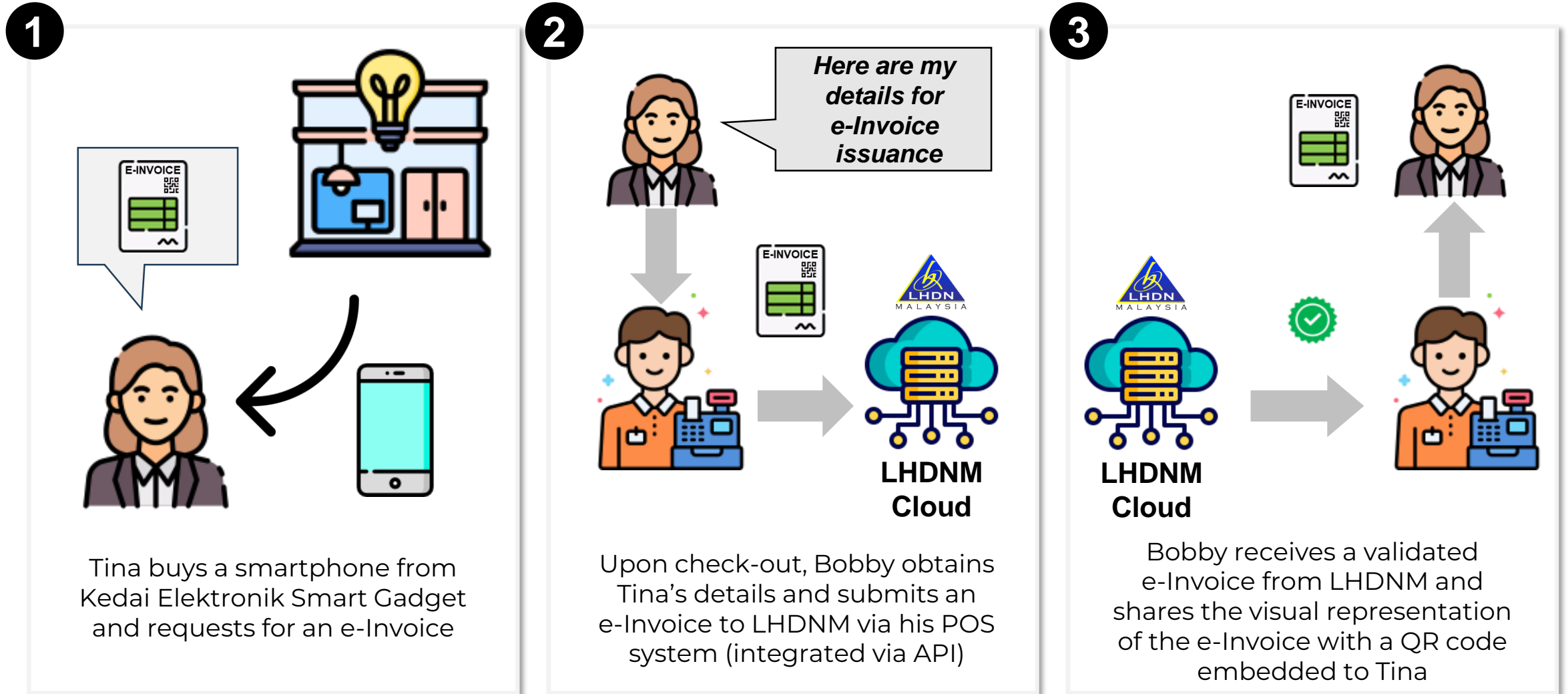


Illustration 3: Buyers can request for an e-Invoice after point of sale, but before month-end of purchase

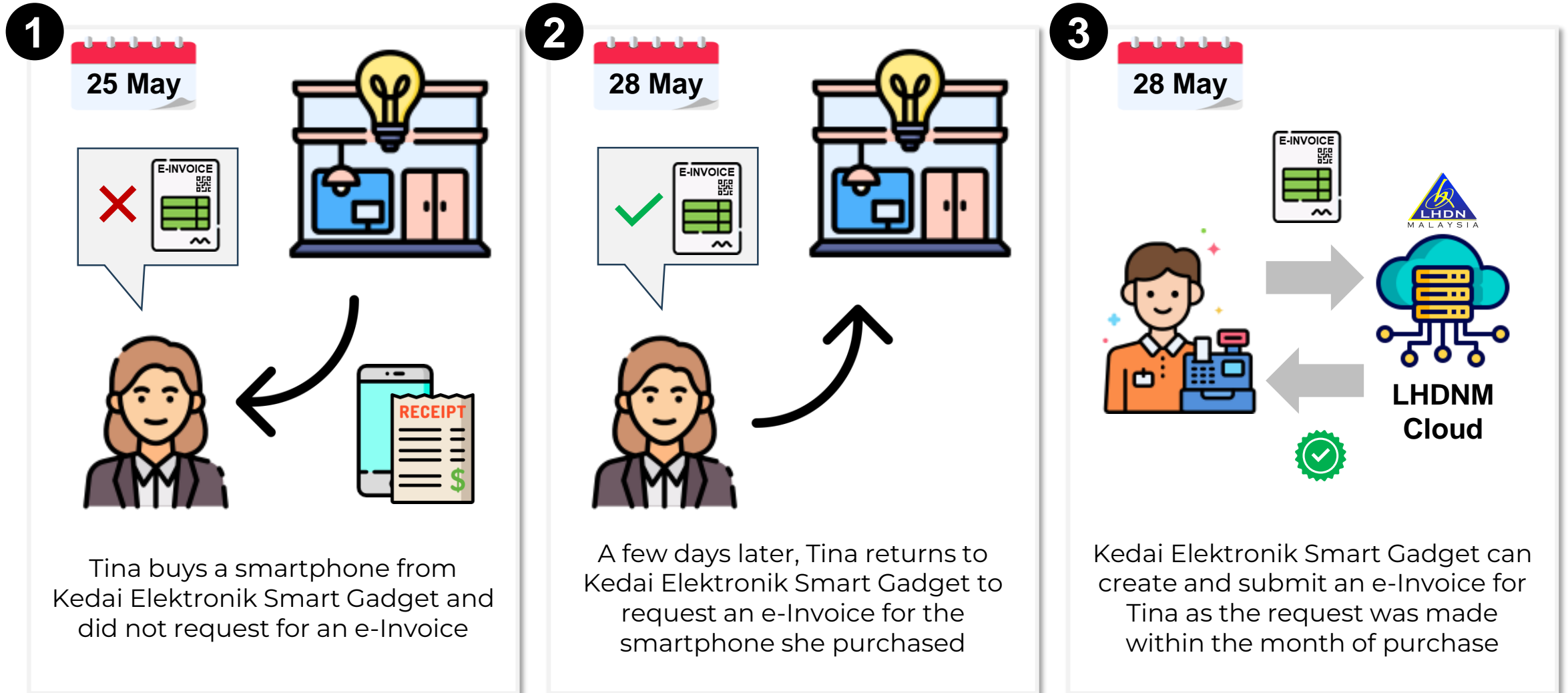
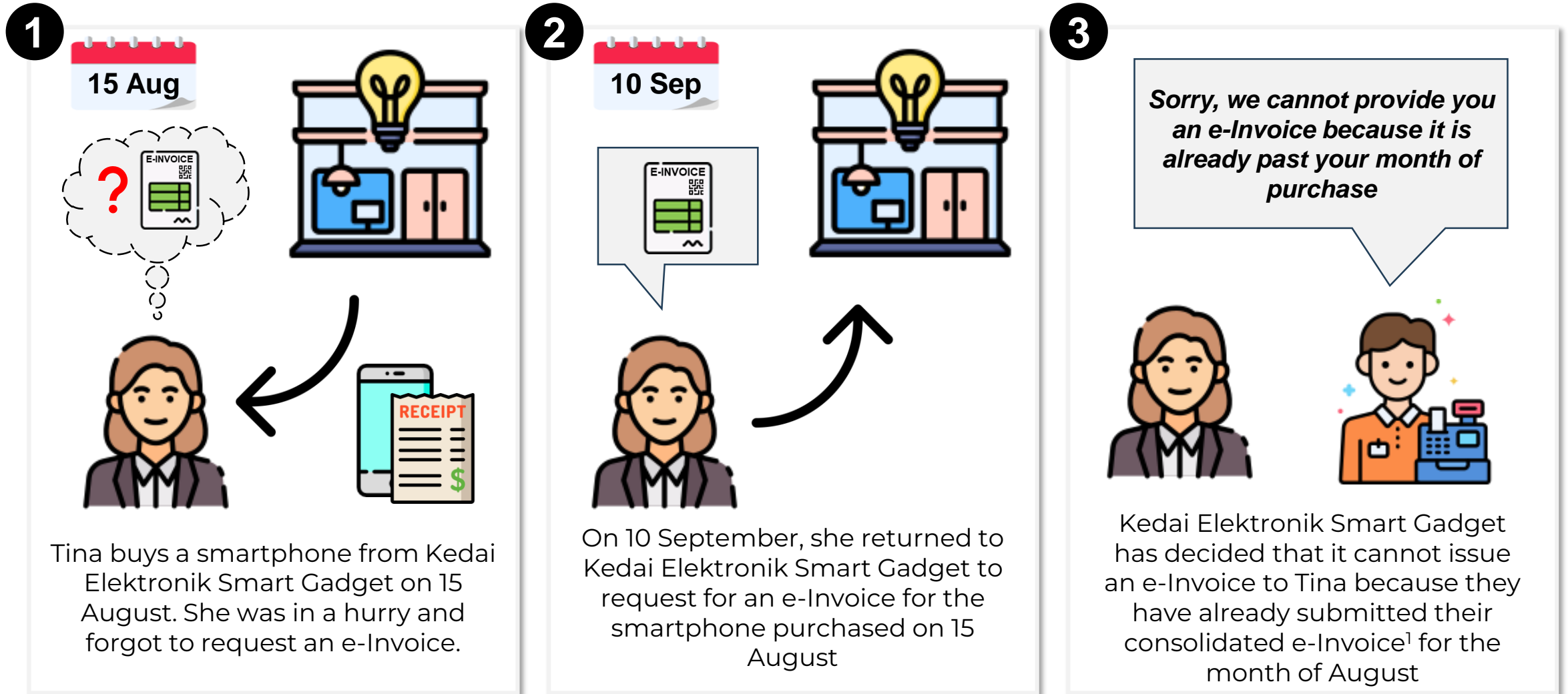


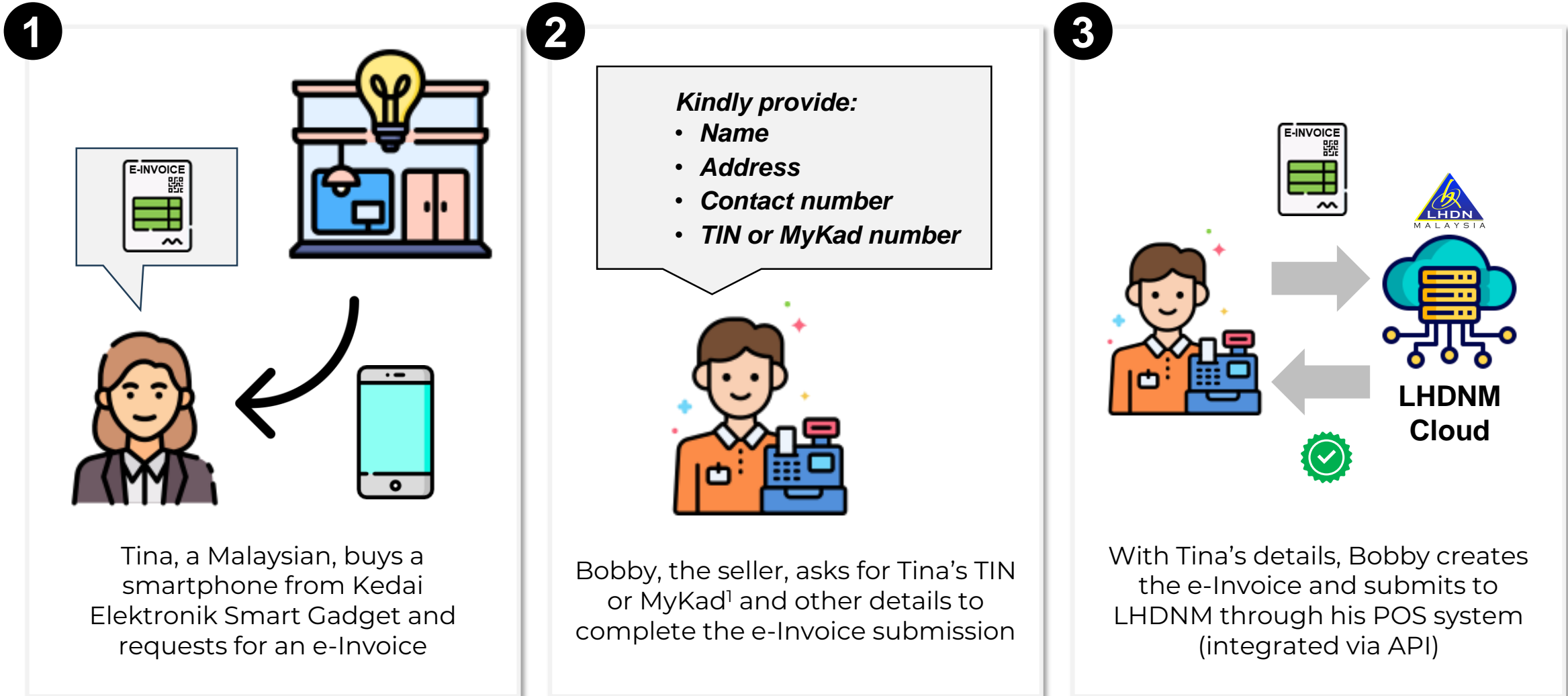
Illustration 4: Buyer can request for e-Invoice after the month of purchase (subject to the Seller's internal policy)



***Note:**

1. To accommodate the Buyer and subject to the Seller's internal policy, the Seller also can issue a Credit Note to reduce the consolidated e-Invoice for the said purchased amount and issue a new e-Invoice for LHDNM's validation and share to buyer.

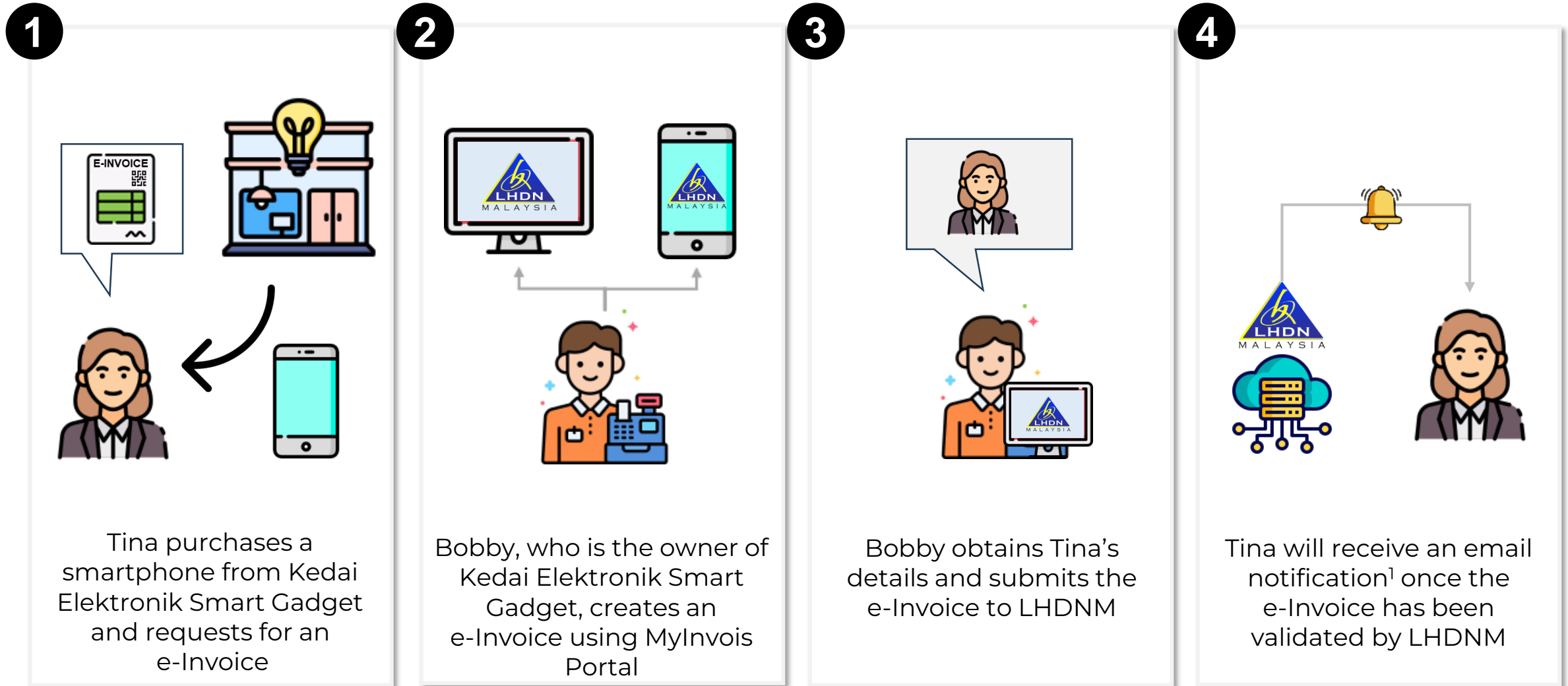
Illustration 5: Malaysian individual Buyers have the option to provide TIN or Malaysian Identification Number



***Note:**

1. Malaysian individual Buyers are required to provide four (4) mandatory details (i.e., name, address, contact number, TIN or MyKad/ MyTentera identification number), as per Table 3.1 of the Specific Guideline.

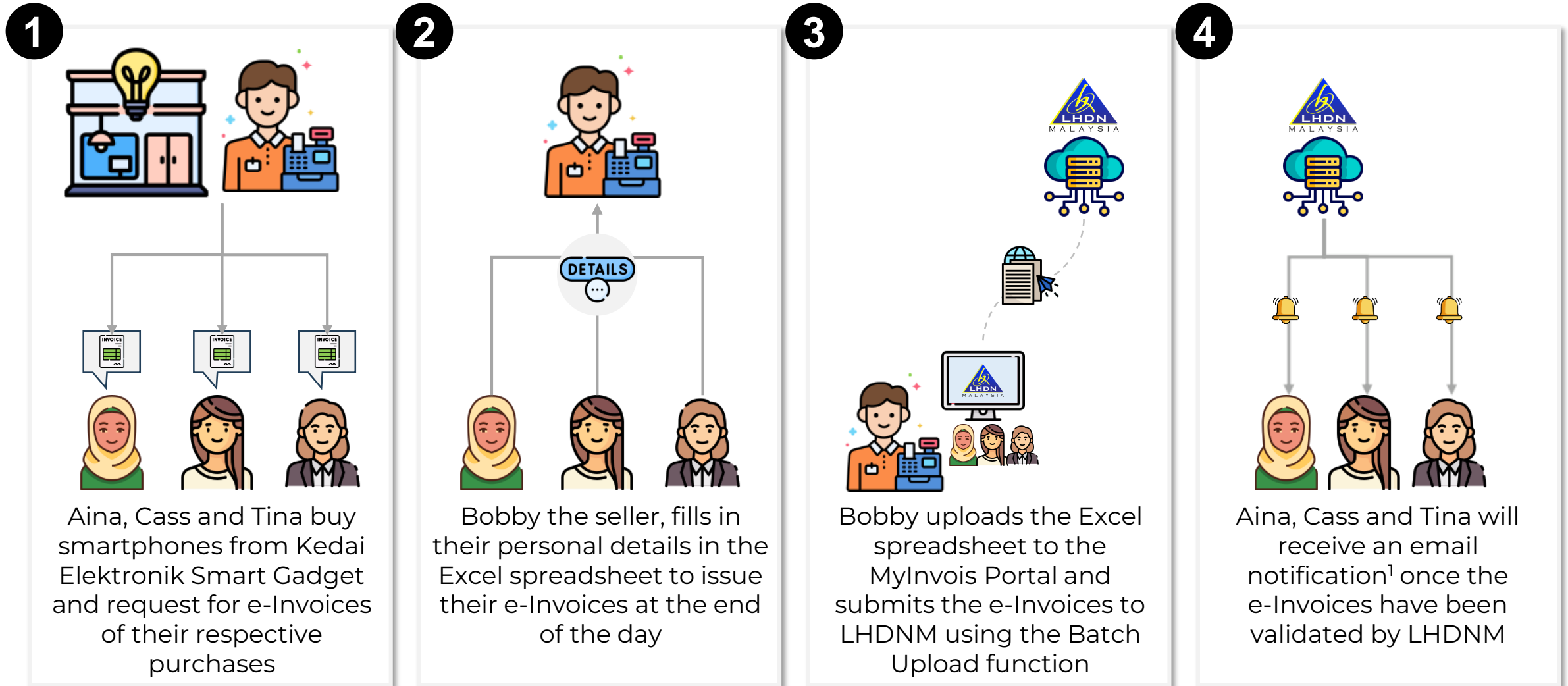
Illustration 6: Submission of e-Invoice can be done via MyInvois Portal on an individual basis



***Note:**

1. Buyers will need to perform a first-time login on the MyInvois Portal via the MyTax Portal to enable the email notification function.

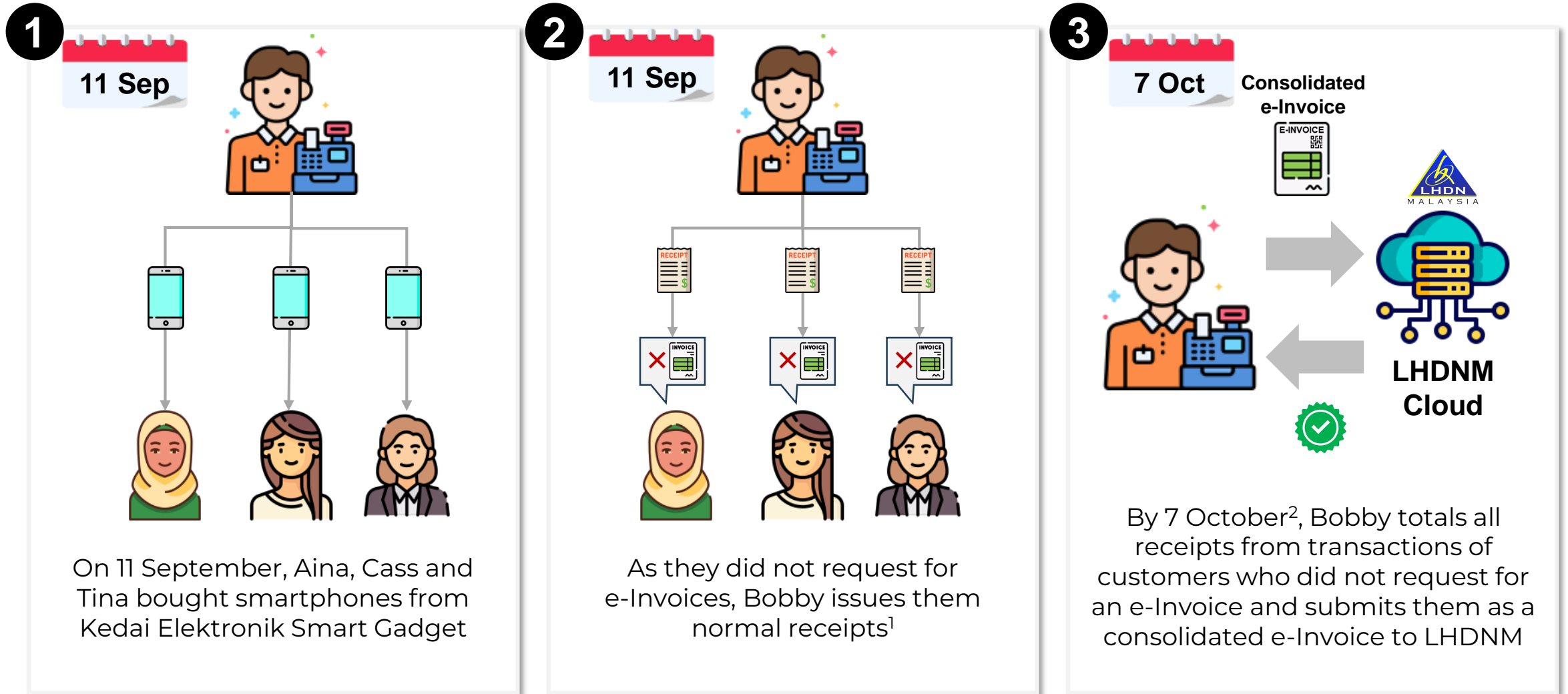
Illustration 7: Submission of e-Invoice in batches can be done by using the **Batch Upload** function via MyInvois Portal



***Note:**

1. Buyers will need to perform a first-time login on the MyInvois Portal to enable the email notification function. Email notifications for e-Invoices will be sent to email addresses that are provided in the Taxpayer Profile on the MyInvois Portal.

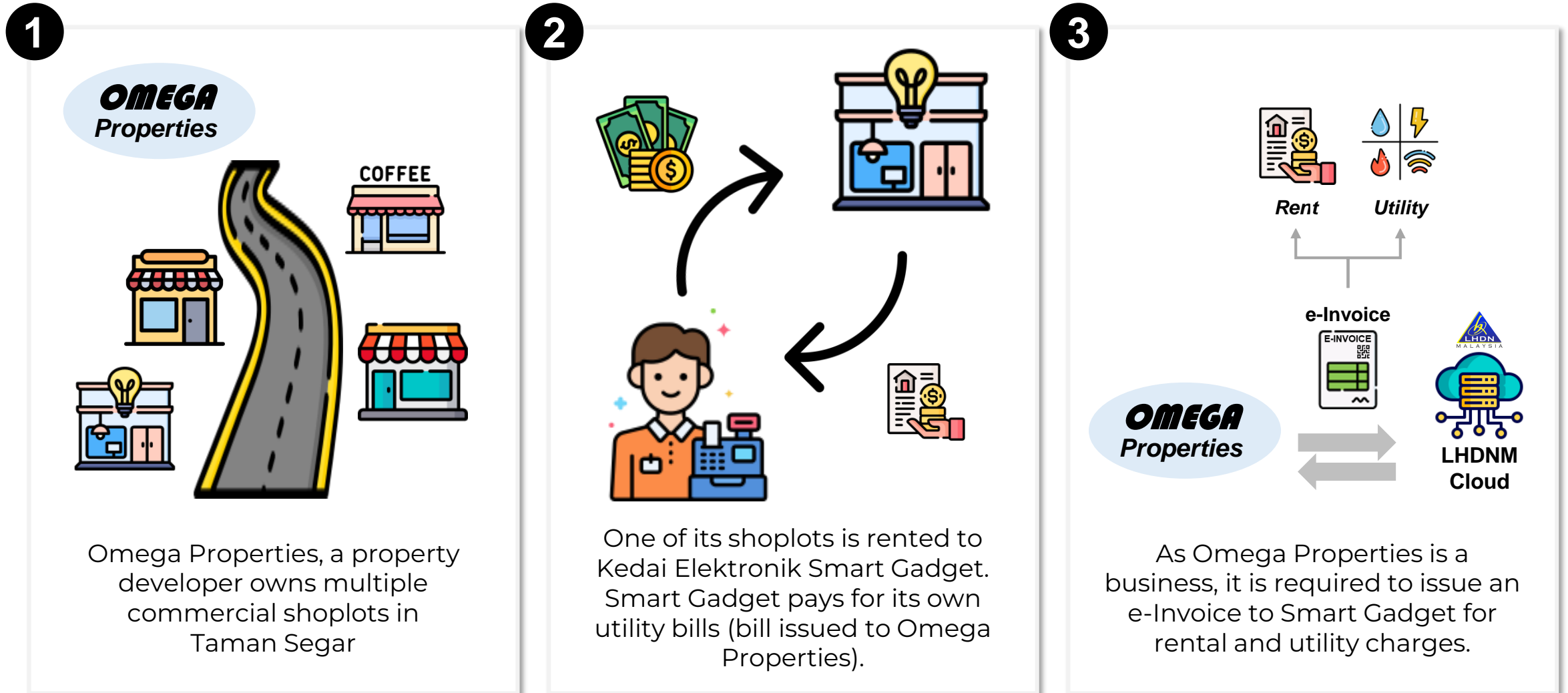
Illustration 8: Where Buyers do not require an e-Invoice, Seller is required to submit consolidated e-Invoice



***Notes:**

1. According to Section 82 of the Income Tax Act 1967, every person who carries on a business in Malaysia has the duty to keep proper documentation and give receipts.
2. Consolidated e-Invoices are to be submitted to LHDNM, within seven (7) calendar days after the month end.

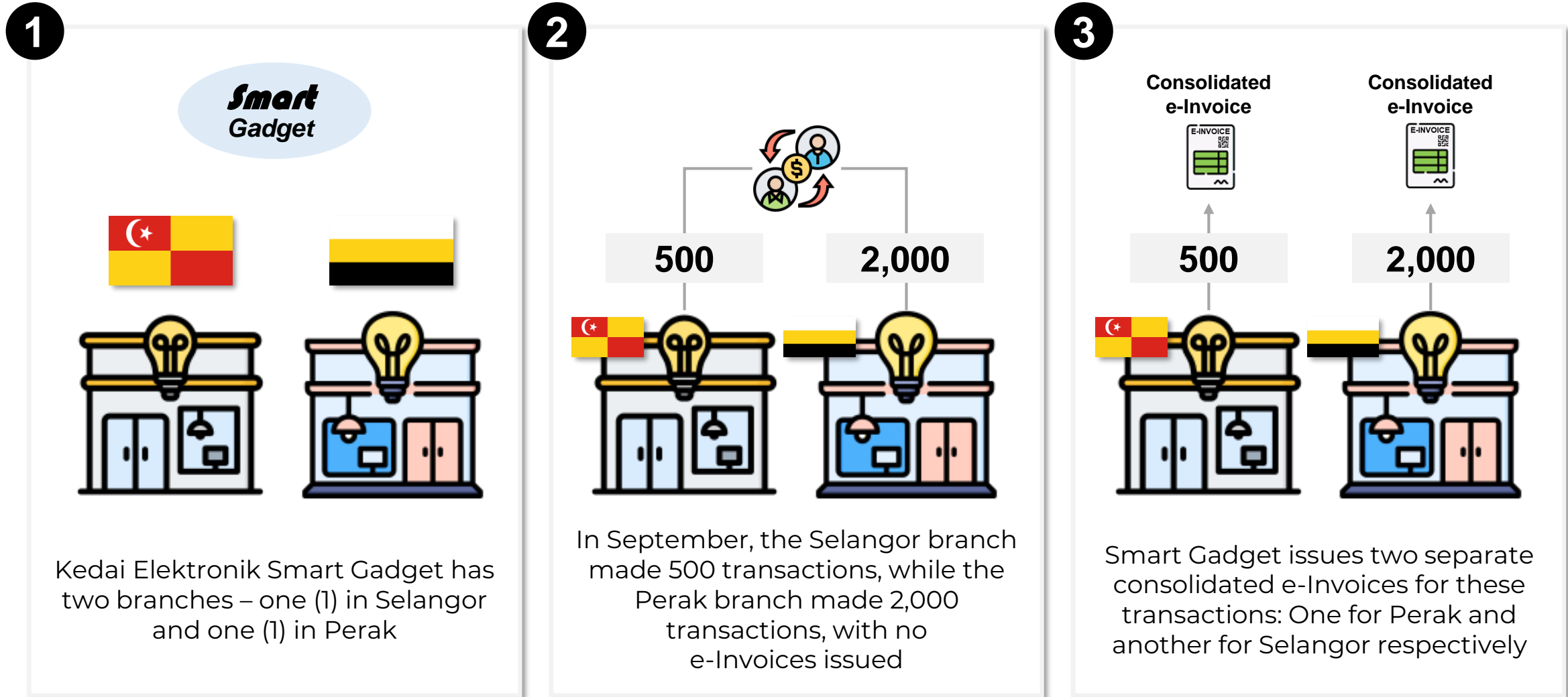
Illustration 9: Where a landlord conducts business, landlord is required to issue e-Invoice to tenant, including utility charges issued to landlord



***Note:**

A landlord will be categorised conducting the letting of real property activity as a business source under paragraph 4(a) of the Income Tax Act 1967 based on the criteria explained in the LHDNM Public Ruling No. 12/2018.

Illustration 10: Sellers with multiple branches can choose how they would like to consolidate their e-Invoices



Statements or Bills on a Periodic Basis

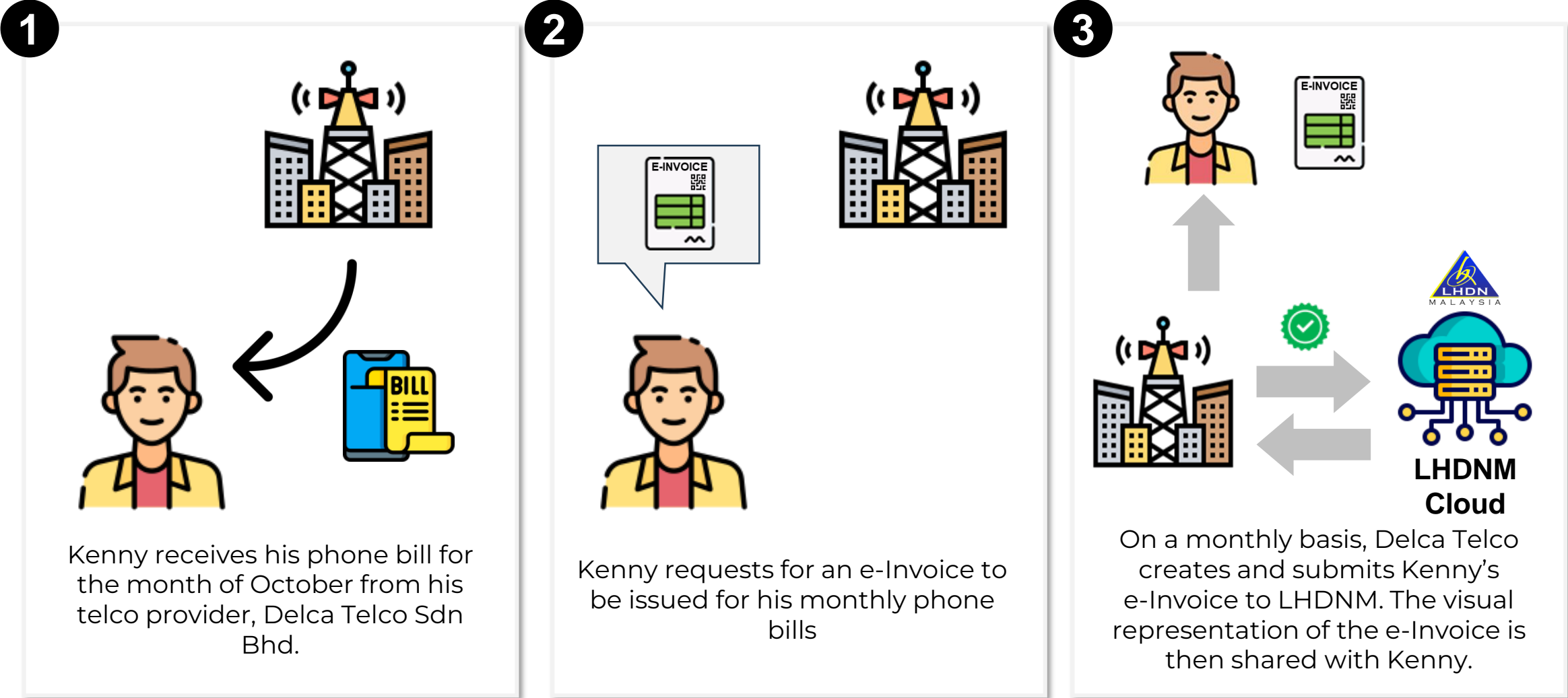
Currently, certain businesses issue periodic statements or bills to record multiple transactions between Seller and Buyer.

Upon implementation of e-Invoice, Sellers are required to issue an e-Invoice for items that are shown in the statement or bill.

Sellers may include the amount owed by Buyers to the Sellers, as well as payments or credits to Buyers in the same e-Invoice.

This section provides examples of statement or bills on a periodic basis to enhance the understanding of e-Invoice treatment in this aspect.

Illustration 11: Sellers that issue statements / bills on a periodic basis are required to issue e-Invoices

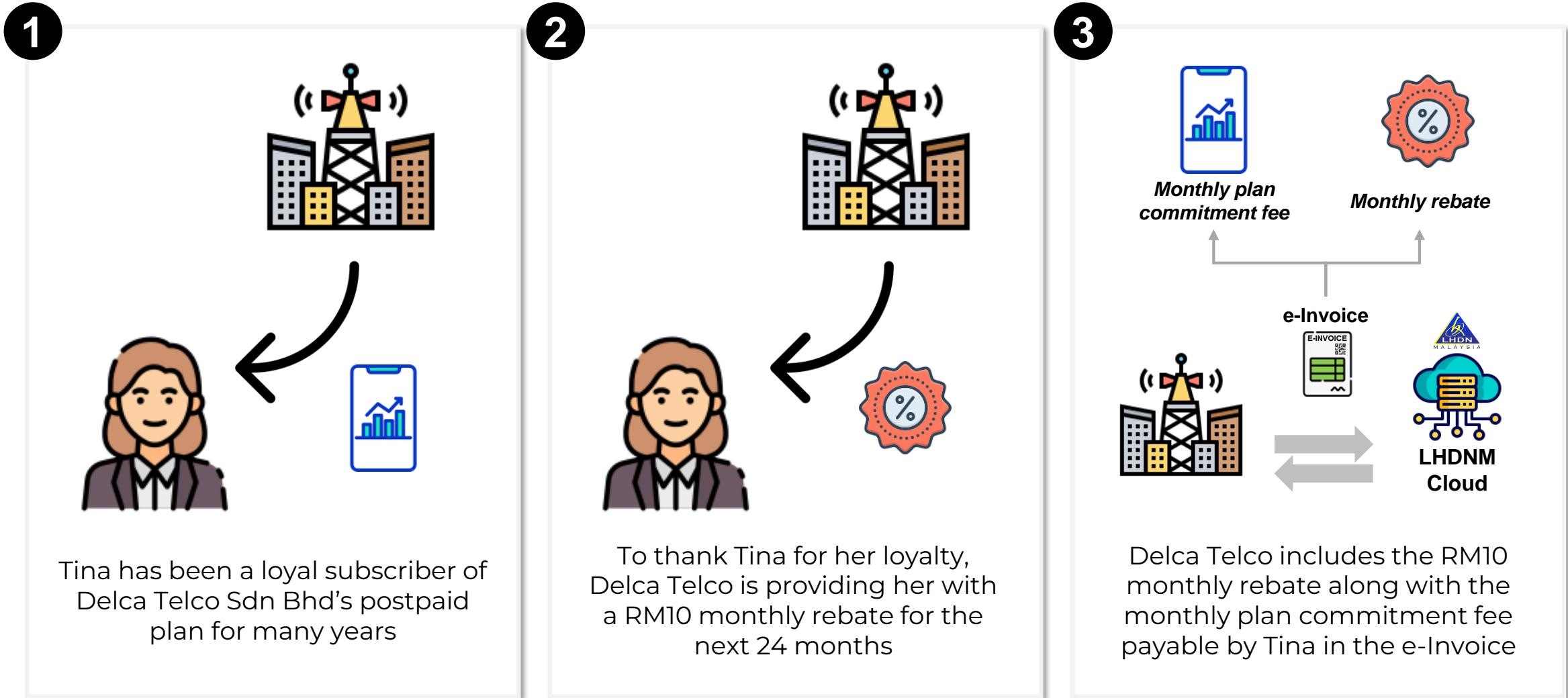


Kenny receives his phone bill for the month of October from his telco provider, Delca Telco Sdn Bhd.

Kenny requests for an e-Invoice to be issued for his monthly phone bills

On a monthly basis, Delca Telco creates and submits Kenny's e-Invoice to LHDNM. The visual representation of the e-Invoice is then shared with Kenny.

Illustration 12: e-Invoices issued for bills on periodic basis may include adjustments to statements / bills from a prior period, such as rebates



Disbursement or Reimbursement

Reimbursements are out-of-pocket expenses that the Seller incurs while providing goods and services to the Buyer, which the Buyer then reimburses to the Seller. Disbursements are out-of-pocket expenses that the Seller pays to a third party in relation with goods sold or services provided to the Buyer.

Currently, Sellers include reimbursements and disbursements are included in their invoices to Buyers.

This section aims to provide the different scenarios that Sellers and Buyers may face to support a better understanding of e-Invoice treatment in this aspect.

Illustration 13: A single e-Invoice that includes the service fee and costs is issued to the Buyer (where e-Invoices are issued to the Seller)

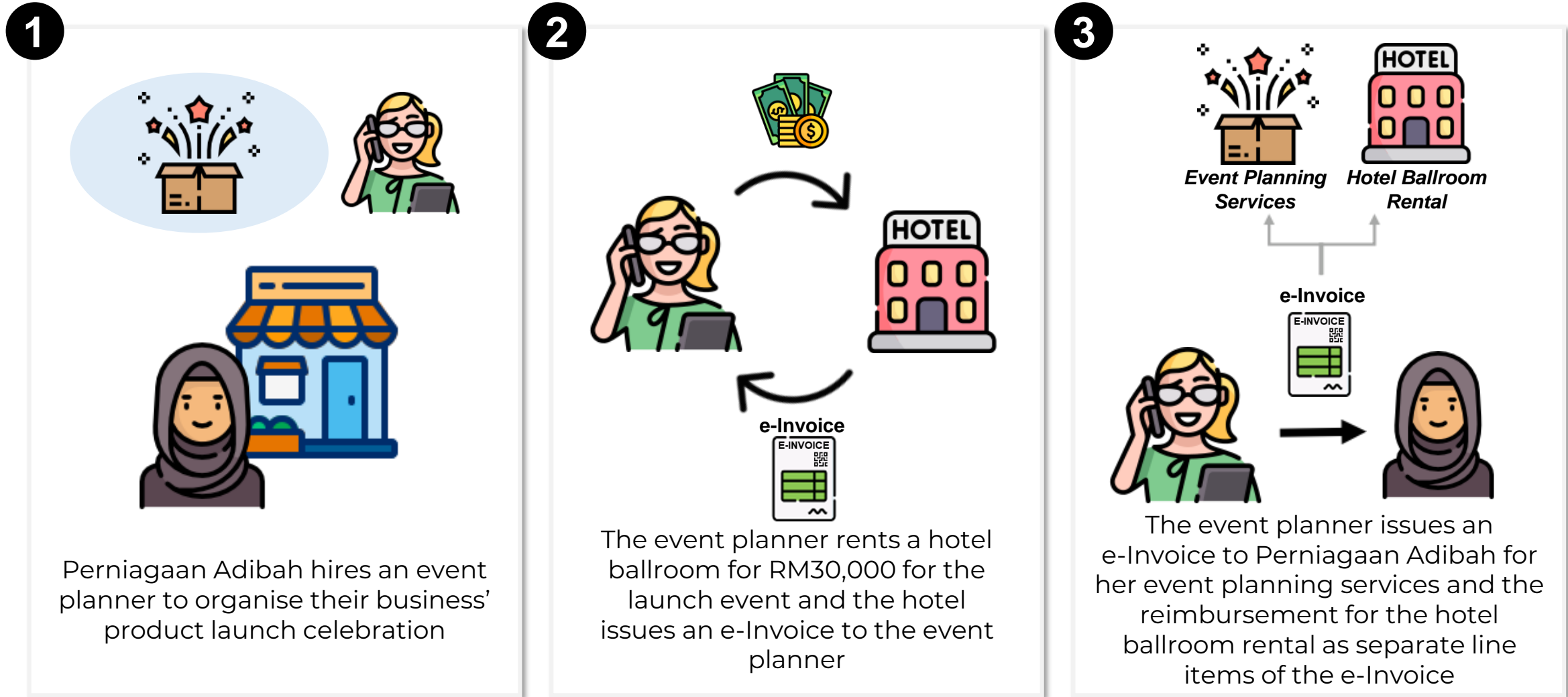
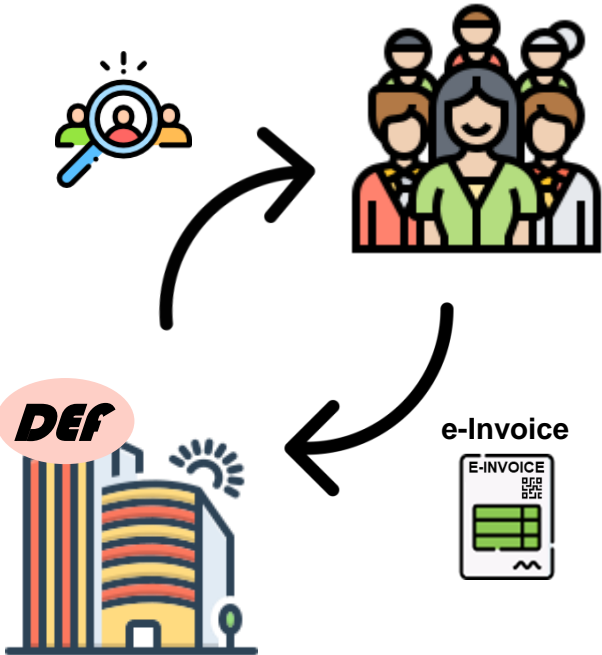


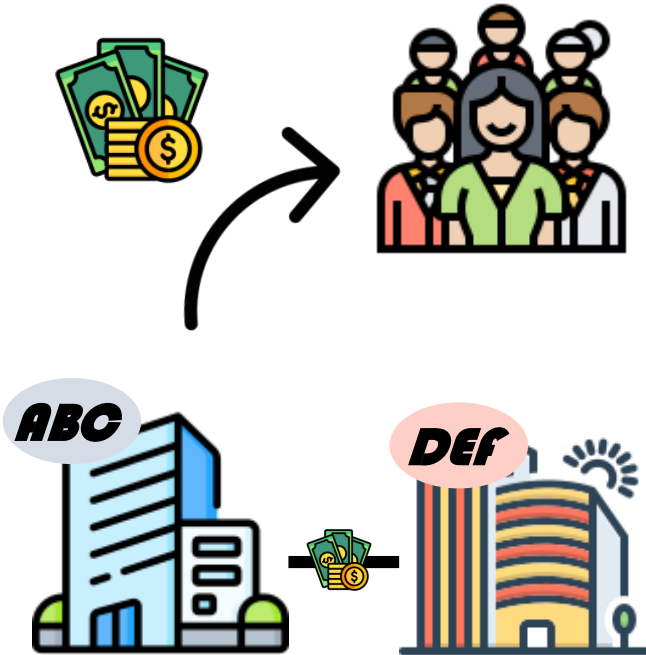
Illustration 14: No e-Invoice is required for payments made on behalf

1



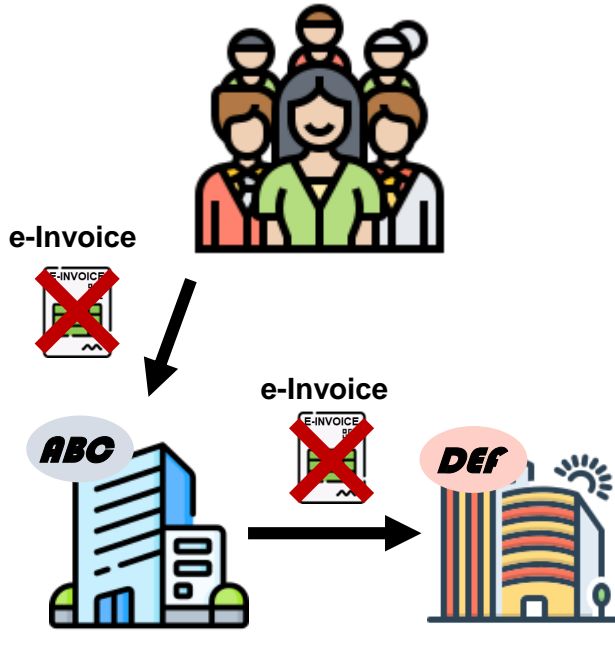
DEF Company hires HR Hiring for recruitment services and HR Hiring issued an e-Invoice to DEF for the services provided.

2



ABC Company, DEF's parent company pays HR Hiring on behalf of DEF. DEF Company later repays ABC Company in full.

3



No e-Invoice needs to be issued by ABC to DEF, nor by HR Hiring to ABC, as no transaction is concluded between these parties

Expenses incurred by Employee on behalf of Employer

An individual under employment may incur expenses on behalf of the employer, such as accommodation, toll, parking, etc. Currently, employees are required to submit their expense claims with supporting documents (e.g., bills, receipts, etc.).

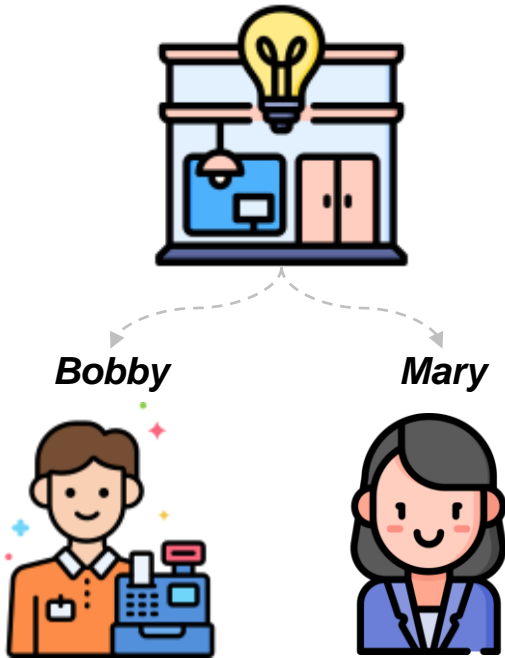
LHDNM acknowledges the challenges of issuing e-Invoices in the employer's name and provides the following flexibility.

- e-Invoices in the employee's name or existing documents are acceptable; and
- for overseas expenses, foreign documentation suffices (without the need for self-billed e-Invoices).

This section aims to provide the different scenarios that employers or employees may encounter to enhance the understanding of e-Invoice treatment in this aspect.

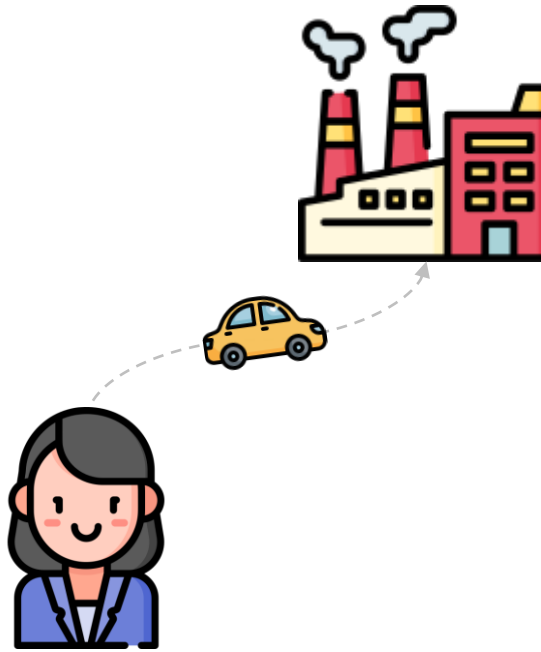
Illustration 15: Employers are allowed to utilise e-Invoices issued under their employees' names

1



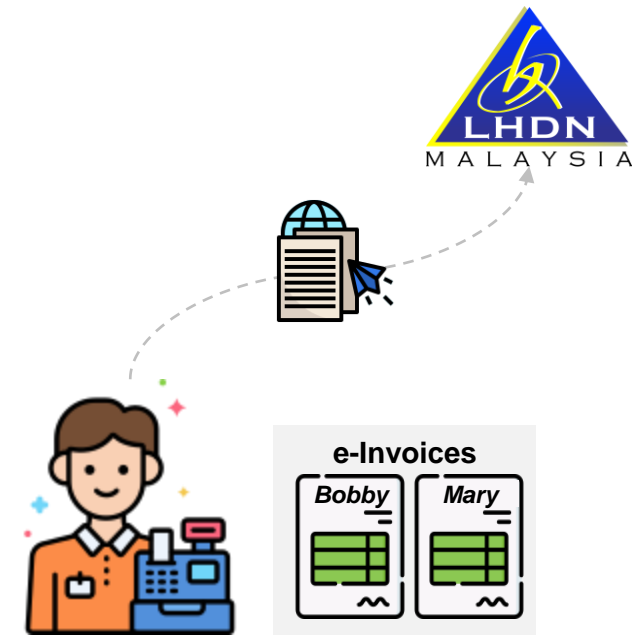
Bobby is the owner of Kedai Elektronik Smart Gadget, while Mary is an employee at his store

2



Mary travels out of town for a business meeting and requests e-Invoices under her name for the expenses incurred during her trip for claim purposes

3



Bobby is able to use the e-Invoices from Mary's trip even if the e-Invoice is issued in her name¹.

***Note:**

1. The employer must be able to prove the employer-employee relationship to be eligible for claim for e-Invoices requested under employee's name or using existing supporting documentation.

Self-billed e-Invoice

Buyers can issue self-billed e-Invoices in the following situations:

- Payments to agents, dealers and distributors
- Goods sold or services rendered by foreign sellers
- Profit distribution
- E-commerce transactions
- Pay-out to all betting and gaming winners
- Acquisition of goods or services from individual taxpayers
- Interest payment, except:
 - i. Businesses (e.g., financial institutions, etc.) that charge interest to public at large (regardless of whether they are businesses or individuals);
 - ii. Interest payment made by employee to employer; and
 - iii. Interest payment made by foreign payor to Malaysian taxpayers
- Claim, compensation or benefit payments from the insurance business of an insurer

This section provides examples to enhance the understanding of e-Invoice treatment in this aspect.

Illustration 16: Buyer need to issue a self-billed e-Invoice when purchasing products from an individual who is not conducting a business

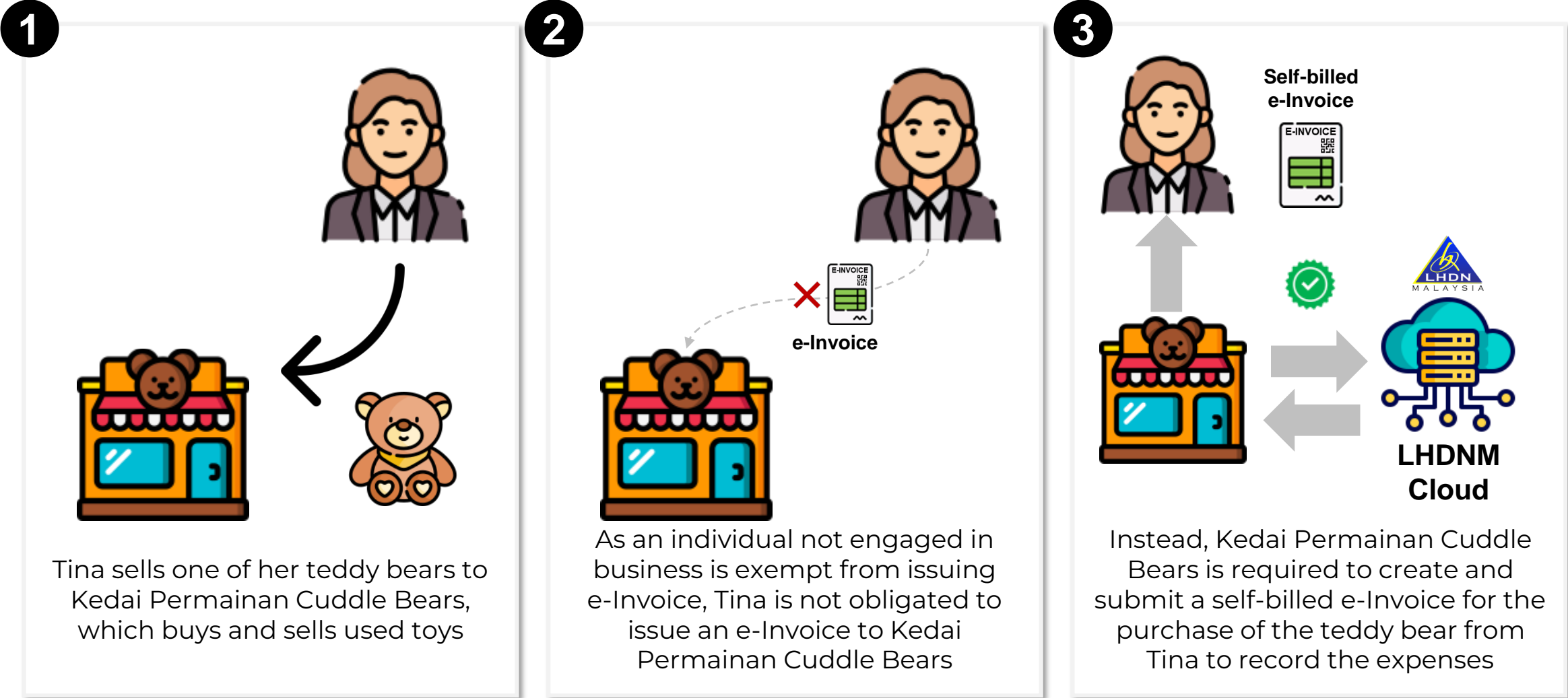
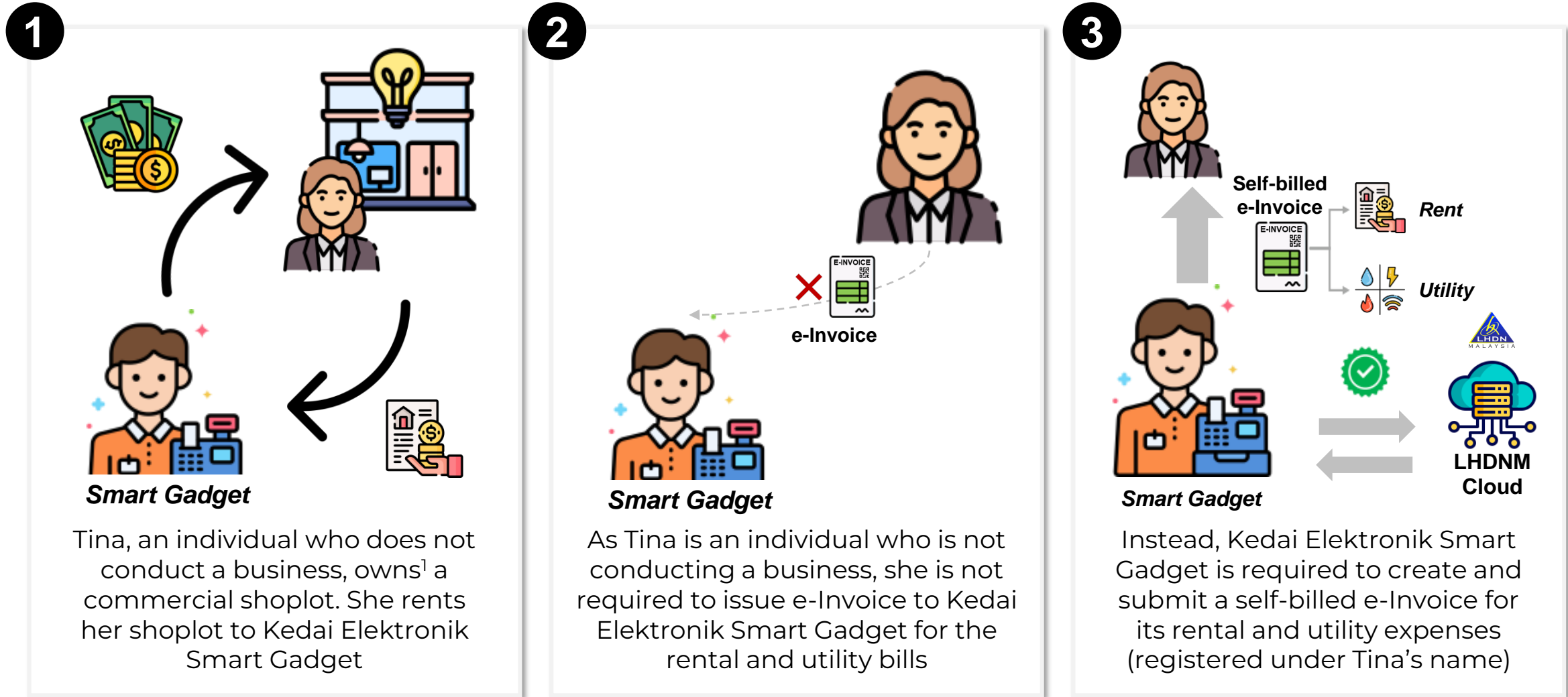


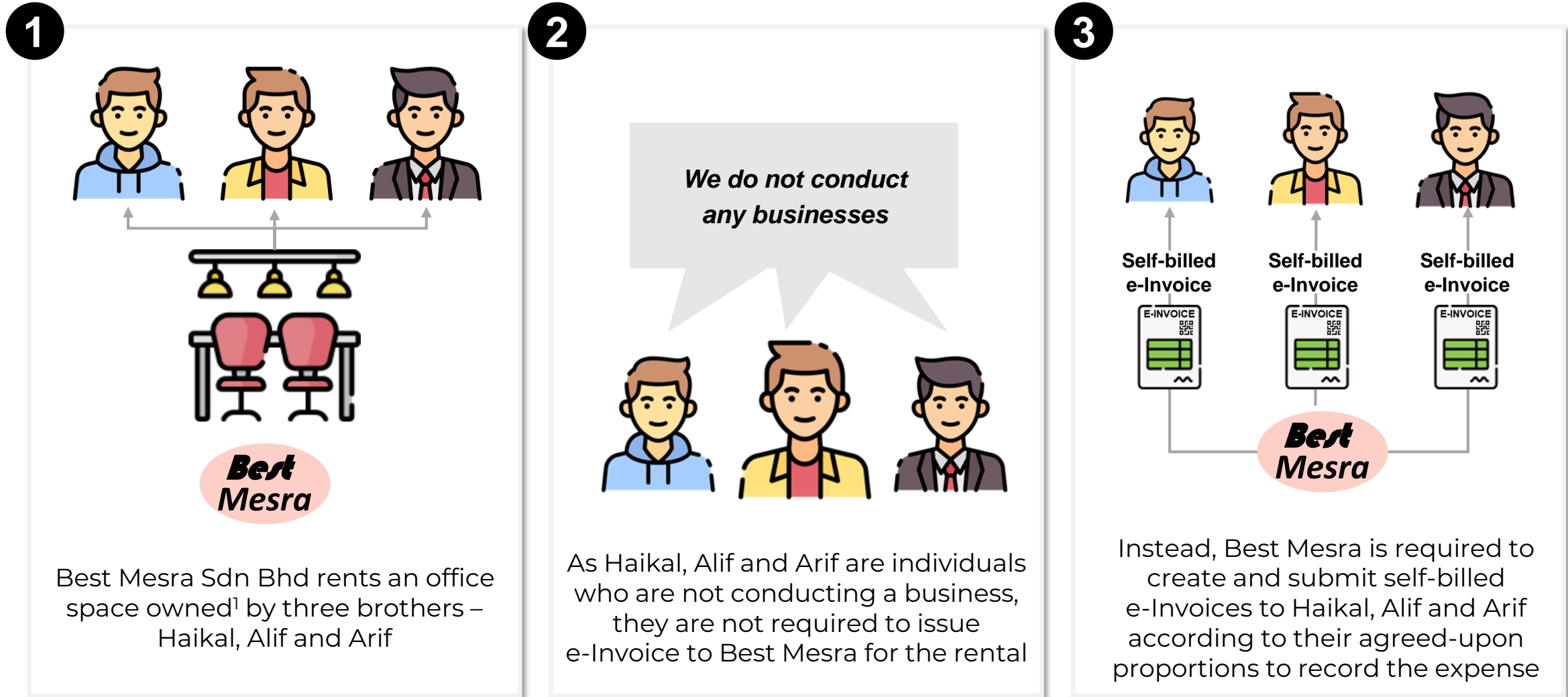
Illustration 17: Business tenants have to issue self-billed e-Invoice on rental and utility bills if landlord does not conduct business



***Note:**

1. A landlord will be categorised conducting the letting of real property activity as a business source under paragraph 4(a) of the Income Tax Act 1967 based on the criteria explained in the LHDNM Public Ruling No. 12/2018.

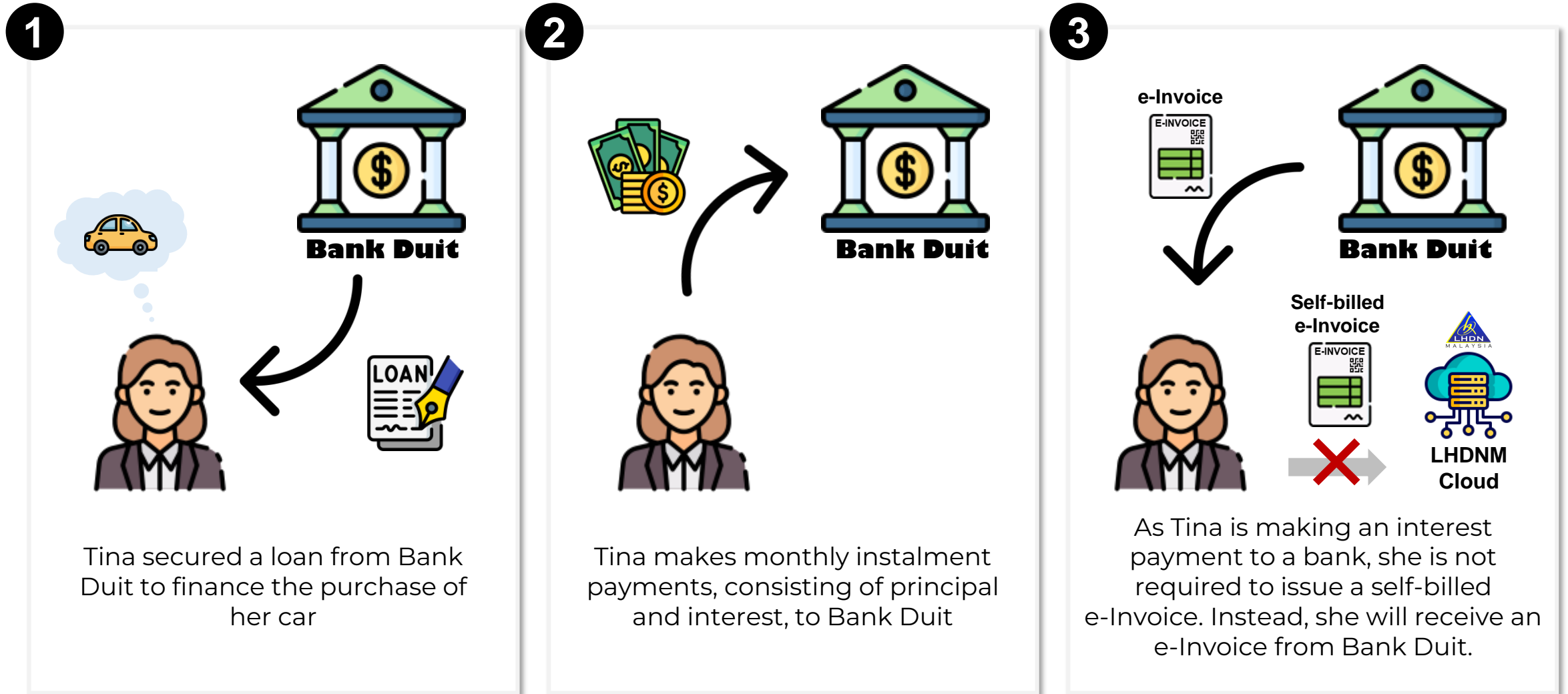
Illustration 18: Tenants need to issue self-billed e-Invoices for rental with multiple landlords who are not conducting a business



***Note:**

1. A landlord will be categorised conducting the letting of real property activity as a business source under paragraph 4(a) of the Income Tax Act 1967 based on the criteria explained in the LHDNM Public Ruling No. 12/2018.

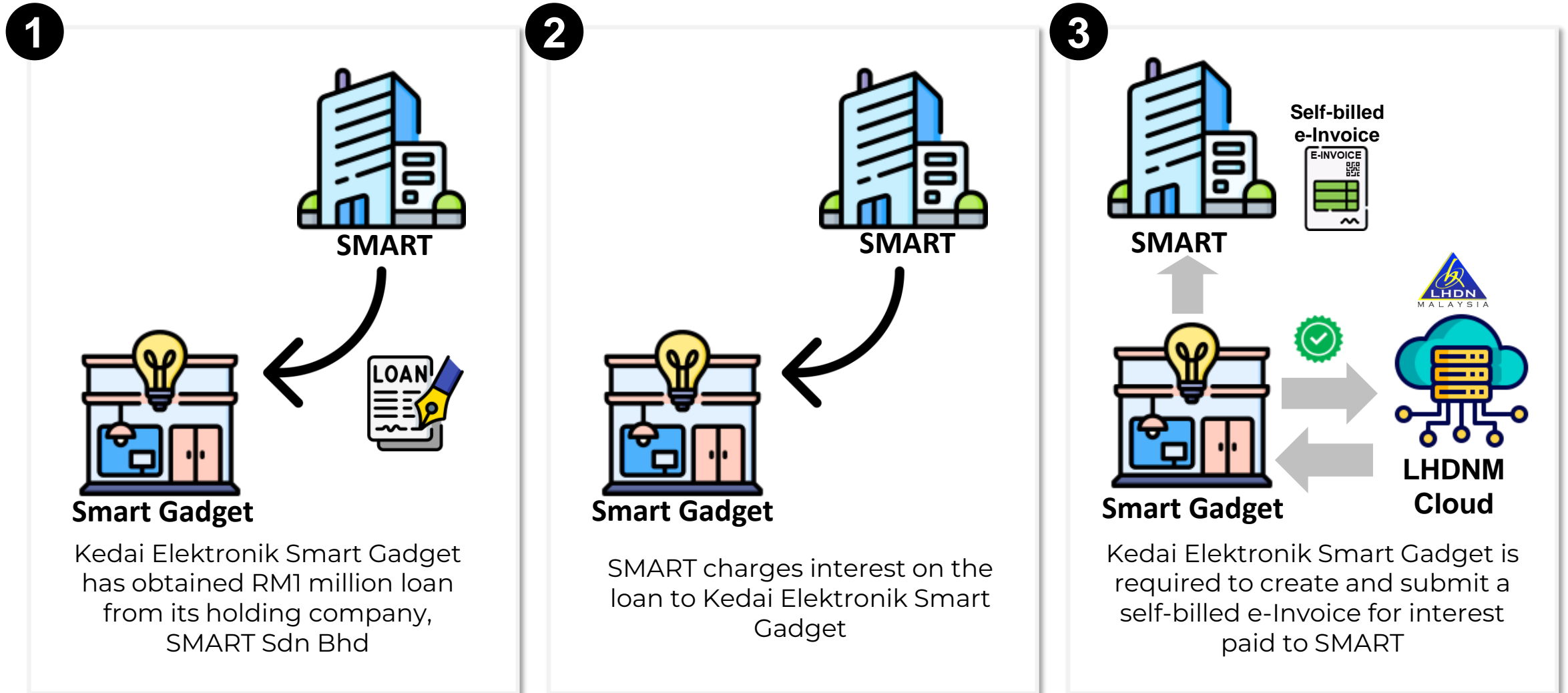
Illustration 19: Buyers are not required to issue self-billed e-Invoice if the interest payment is made to a financial institution



***Note:**

Self-billed e-Invoice is not required if interest payment is made in the following situations: (1) To businesses that charge interest to public at large (e.g., financial institutions), (2) By employee to employer (3) By foreign payor to Malaysian taxpayers. The Seller is required to issue e-Invoice as usual.

Illustration 20: Buyers are required to issue a self-billed e-Invoice on interest payments made to related companies (non-financial institution)



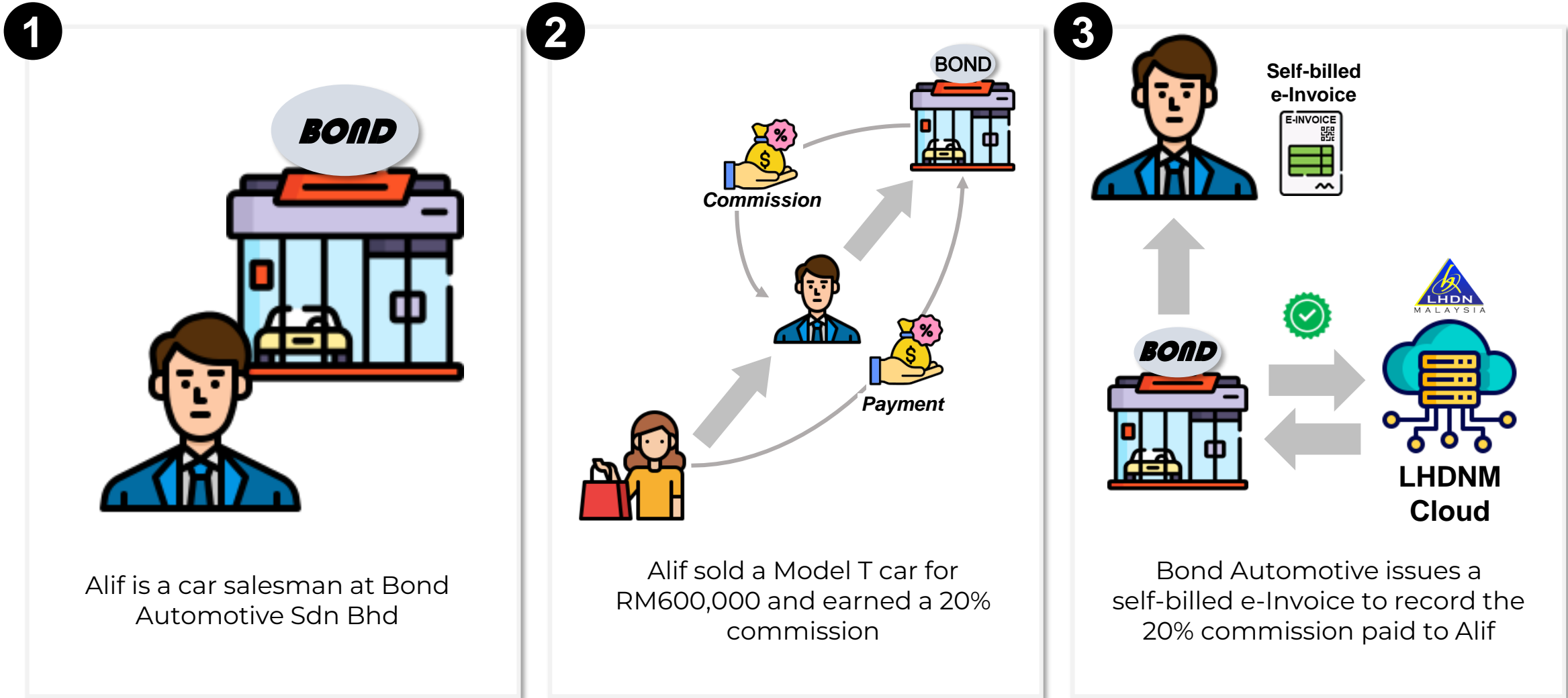
Transactions which involve payments to Agents, Dealers and Distributors

The use of an agent, dealer or distributor (ADD) is commonly seen in a business supply chain. An ADD (i.e., a third party / intermediary) typically earns a commission from the Seller (e.g., product owner or service provider). In addition, the ADD may also earn other forms of monetary and non-monetary payments.

For the purposes of e-Invoice, the Seller making the monetary and non-monetary payments to the ADD is required to issue a self-billed e-Invoice, pursuant to Section 83A of the Income Tax Act 1967.

This section provides examples of payments to ADD to enhance the understanding of e-Invoice treatment in this aspect.

Illustration 21: Buyer (Payor) shall issue self-billed e-Invoice to applicable transactions for payments to agents, dealers and distributors (i.e., Commission)



Alif is a car salesman at Bond Automotive Sdn Bhd

Alif sold a Model T car for RM600,000 and earned a 20% commission

Bond Automotive issues a self-billed e-Invoice to record the 20% commission paid to Alif

Cross Border Transactions

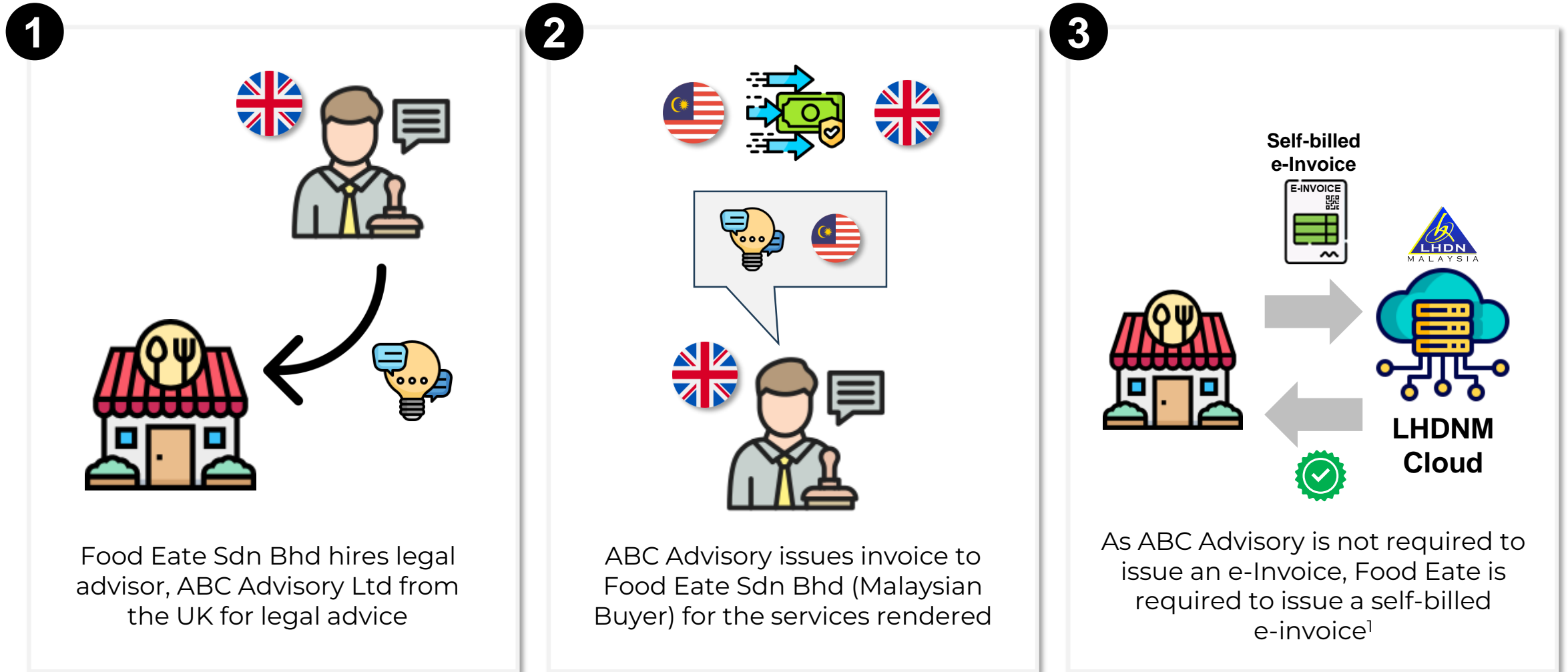
Cross-border transactions involve a transactions between a Malaysian Buyer and a Foreign Supplier, and vice versa.

A Foreign Seller refers to any seller operating outside of Malaysia or not established in Malaysia, including non-Malaysian individuals. Conversely, Foreign Buyer refers to any foreign person who acquires goods and/or services from Malaysia.

The Foreign Seller is not required to issue an e-Invoice. Instead, the Malaysian Buyer is required to issue a self-billed e-Invoice to record the expense.

This section provides examples of cross-border transactions enhance the understanding of e-Invoice treatment in this aspect.

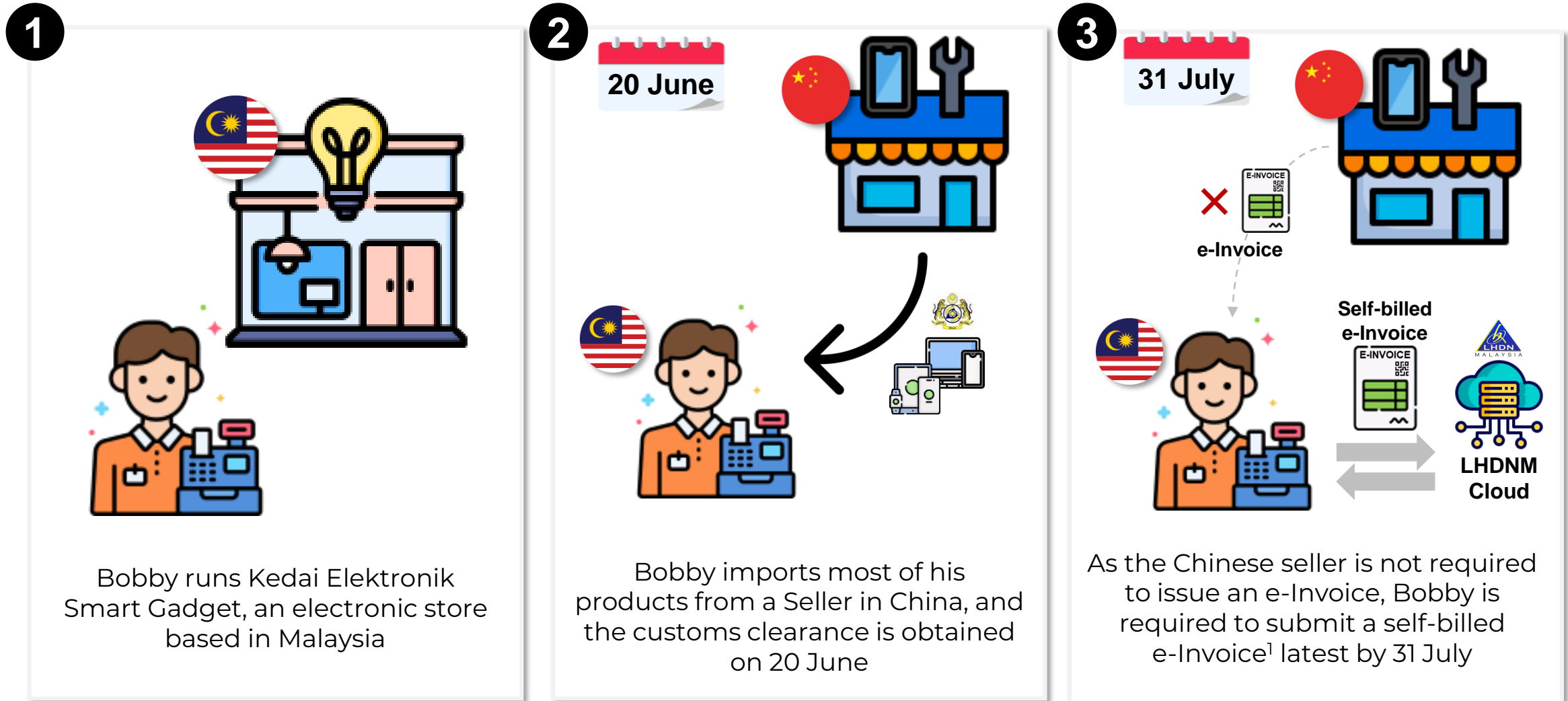
Illustration 22: Malaysian Buyers are required to issue self-billed e-Invoices for services acquired from Foreign Sellers



***Note:**

1. In relation to importation of services, self-billed e-Invoice should be issued latest by the end of the month following the month upon (1) payment made by the Malaysian Purchaser; or (2) receipt of invoice from foreign supplier, whichever earlier. The determination of the aforementioned (1) and (2) is in accordance with the prevailing rules applicable for imported taxable service.

Illustration 23: Businesses are required to issue a self-billed e-Invoice when purchasing imported goods from a Foreign Sellers



***Note:**

1. In relation to importation of goods, the Malaysian Buyer should issue a self-billed e-Invoice latest by the end of the month following the month of customs clearance is obtained.

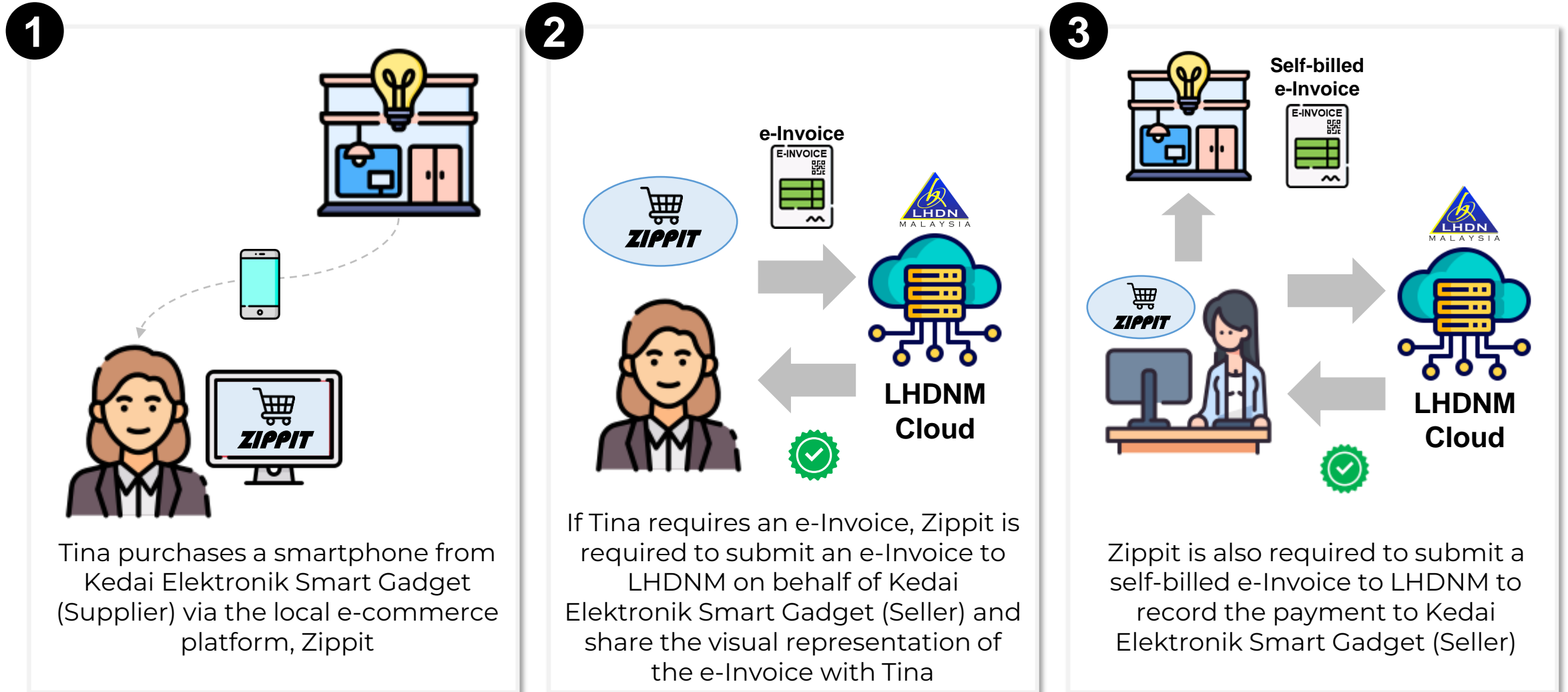
e-Commerce Transactions

e-Commerce transactions refer to any sale or purchase of goods or services, conducted over any networks by methods specifically designed for the purpose of receiving or placing of orders. The goods or services are ordered by those methods, but the payment and the ultimate delivery of the goods or services do not have to be conducted online.

This section provides examples of e-Commerce transactions to enhance the understanding of the e-Invoice treatment:

- e-Commerce platform providers are responsible for the issuance of e-Invoice to Buyers.
- e-Commerce platform providers are responsible for the issuance of self-billed e-Invoice to Suppliers (i.e., Merchants / Service Providers).

Illustration 24: e-Commerce platform providers are responsible for issuance of e-Invoice (to Buyers) and self-billed e-Invoice (to Seller)



Resources and References

1. e-Invoice Microsite
2. e-Invoice Guideline
3. e-Invoice Specific Guideline
4. e-Invoice Software Development Kit (SDK)

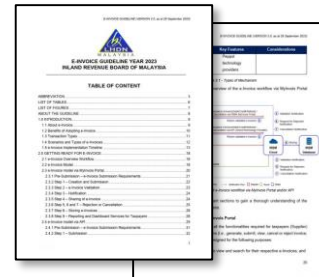
Resources available to support taxpayers in successfully adopting and implementing the e-Invoice



1

e-Invoice Microsite

- Access e-Invoice microsite via LHDNM's Official Portal at <https://www.hasil.gov.my>



2

e-Invoice Guideline

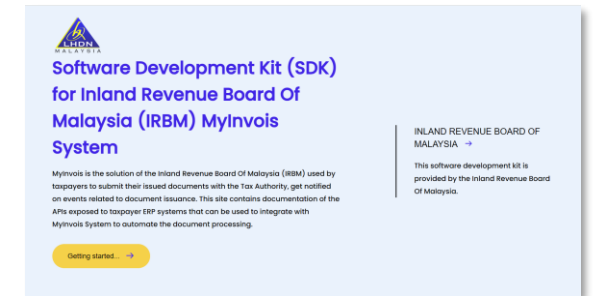
- **Simplified concept** of e-Invoice for taxpayers
- Guidance in **determining and assessing readiness for implementation** timeline
- **Step-by-step guidance** on e-Invoice issuance and submission process to LHDNM
- **Data fields required** for an e-Invoice



3

e-Invoice Specific Guideline

- Additional guideline that provides **further guidance on specific areas of e-Invoice**
- Guide for various industries on **specific changes required** to business processes and data
- Includes **scenarios to explain different treatments** of e-Invoice issuance (e.g., consolidated e-Invoice, cross-border transactions)



4

e-Invoice Software Development Kit (SDK)

- Technical document detailing **how systems can connect to the API** (i.e. information on input and output responses, message format, validation criteria, error handling, etc.)
- **Guide for technology providers** to simplify the integration process
- Includes range of **options and functionalities**, allowing technology providers to seamlessly issue and submit e-invoices via API



E-INVOICE ILLUSTRATIVE GUIDE

Updated on 11 September 2024

Disclaimer:

This illustrative guide aims to enhance taxpayers' understanding of e-Invoice treatments for various scenarios. It is issued for general information only and does not contain final advice or complete information pertaining to a particular topic. Taxpayers should not use it as a legal reference. Taxpayers also are advised to refer to the e-Invoice Guideline and e-Invoice Specific Guideline for more details information and guidance.