



IMPLEMENTATION OF E-INVOICE IN MALAYSIA
FREQUENTLY ASKED QUESTIONS (FAQs) FOR INSURANCE AND
TAKAFUL INDUSTRY
(UPDATED ON **28 JANUARY 2025**)

A. General

No	Question	Response
1	Would the insurance company be allowed to issue consolidated e-Invoice to record the income generated from the insurance policies sold to policyholders who do not require e-Invoice?	<p>Yes, insurance companies are allowed to issue consolidated e-Invoice for transactions where policyholders do not require e-Invoice.</p> <p>Please refer to Section 3.6 of the e-Invoice Specific Guideline for more guidance.</p>
2	Can annual premium statements be used for consolidated e-Invoice purposes?	<p>Yes, insurance companies are allowed to use annual premium statements for consolidated e-Invoice purposes, in cases where policyholders do not require e-Invoice.</p> <p>In the case where policyholder does not require an e-Invoice, insurance companies will issue a normal statement / bill to Buyer (same as current business practice, in which such information included in statement / bill will not be required to submit for IRBM's validation).</p> <p>The insurance companies are allowed to aggregate statements / bills to create and submit consolidated e-Invoice for IRBM's validation in accordance with the current issuance period for statements / bills. The submission should be made within seven (7)</p>

No	Question	Response
		<p>calendar days after the end of the month of issuance of statements / bills.</p> <p>Please refer to Section 4.3 of the e-Invoice Specific Guideline for more guidance.</p>
3	<p>As the first annual premium statement will only be available in February / March 2025 which covers the full year premium paid from January 2024 to December 2024, can the full year data be transmitted in February / March 2025 or is there a need to exclude the period from January to July 2024 given the mandatory date of implementation is 1 August 2024?</p>	<p>In the case where the first annual premium statement is only available in February / March 2025 and covers the full year premium paid from January 2024 to December 2024, it is acceptable to transmit the full year data in February / March 2025. There is no requirement to exclude the period from January to July 2024.</p>
4	<p>Given the timing of premium statements that would be issued to policyholders only once a year, can customers request validated e-Invoice from the insurance company on an ad-hoc basis outside the usual statement issuance cycle?</p>	<p>The issuance of e-Invoices should follow the current process.</p> <p>Insurance companies should communicate clearly to customers and provide them with the necessary guidance on how to request validated e-Invoices within the established process (e.g., request for e-Invoice during regular premium statement issuance cycle).</p>
5	<p>Can individual policyholders request e-Invoice even for products which are not eligible for tax relief?</p>	<p>As a general principle, Buyer for e-Invoicing purposes refers to the policyholder.</p> <p>Where the buyer requests for an e-Invoice, the insurance company is required to issue an e-Invoice.</p>

B. Underwriting and distribution

No	Question	Response
1	Upon the implementation of e-Invoice, would the insurance company be required to detail out the breakdown of the premium paid for the insurance policies in the e-Invoice?	<p>Yes, for the purposes of e-Invoice, the insurance company would be required to detail out the breakdown of the premium paid for the insurance policies in the e-Invoice (e.g., Life / Medical / Others) and include the appropriate classification codes, such as:</p> <ul style="list-style-type: none"> • 014: Insurance – Education and medical benefits • 015: Insurance – Takaful or life insurance • 022: Others • 024: Private retirement scheme or deferred annuity scheme
2	Which party's details should be used as Buyer's details for a joint insurance policy (e.g., fire insurance) which covers two (2) policyholders under one (1) single policy?	<p>The current process can be maintained, i.e., issuance of one (1) e-Invoice for one (1) insurance policy.</p> <p>In the situation of joint policyholders, the principal policyholder who would be receiving the invoice from the insurance company should be indicated as the Buyer in the e-Invoice.</p> <p>However, in the event the other policyholder requests for an e-Invoice, insurance company is required to issue separate e-Invoice to the said policyholder.</p>
3	Currently, the insurance company will include collection on behalf (e.g., stamp duty, third party fees, etc.) in the policyholder's invoice, together with the premium.	Where the e-Invoice of the collection on behalf is to be issued to the insurance company, the collection on behalf is required to be included in the e-Invoice. Note that collection on behalf by insurance company from their policyholders will not be recognised as insurance company's income and the appropriate classification code

No	Question	Response
	<p>Upon implementation of e-Invoice, will the same practice continue to apply, or would the insurance company be required to modify its current practice?</p>	<p>should be selected by the insurance company.</p> <p>Where the e-Invoice of the collection on behalf is to be issued directly to the policyholder, collection on behalf is not required to be included in the e-Invoice issued by insurance company.</p>
4	<p>Generally, the sale of insurance products and/or services via intermediary are conducted through two (2) methods:</p> <p>Scenario 1: Master policy in place between insurance company and intermediary with end customers as insured person</p> <p>Currently, the intermediary would issue an invoice / receipt that records the premium received from the policyholder (i.e., end customers).</p> <p>Consequently, the insurance company would issue another invoice to the intermediary with respect to the premium received from the intermediary.</p> <p>Insurance companies may directly deliver cover note / insurance policy to customers as insured person whereas intermediary is stated as the master policyholder.</p>	<p>The e-Invoice treatment in relation to the mentioned scenarios are as follows:</p> <p>Scenario 1</p> <p>As the master policy is between insurance company and the intermediary, insurance companies should issue e-Invoice to the intermediary instead of the end customers.</p> <p>Consequently, the intermediary should issue e-Invoice to the end customers for the premium received.</p> <p>In the situation where the intermediary will not be issuing e-Invoice on the premium received to the end customers, the insurance company should issue e-Invoice to the end customers directly, instead of to the intermediary.</p>

No	Question	Response
	<p>Scenario 2: Individual policy in place between insurance company and end customer</p> <p>Insurance companies will issue individual policy to end customers even if the customers purchased the policy through intermediaries.</p> <p>Premium may or may not pass through intermediary.</p> <p>In this regard, which party should the e-Invoice be issued to?</p>	<p>Scenario 2</p> <p>If the contract is between insurance company and the end customer as policyholder (i.e., intermediary is not the policyholder), then the e-Invoice should be issued to the policyholder, who is the end customer.</p>
5	<p>Upon termination of policy, would the insurance company be required to issue a refund note e-Invoice to policyholder for return of premium?</p>	<p>Where the termination of policy involves return of monies to policyholder, a refund note e-Invoice is required to be issued as per the company's current billing / invoicing arrangement, with the following exception:</p> <ol style="list-style-type: none"> 1. Payment made wrongly by policyholders 2. Overpayment by policyholders 3. Return of security deposits.
6	<p>Which party's details should be used as Buyer's details for the issuance of e-Invoice in cases where the policyholder is below 18 years of age?</p>	<p>As a general principle, Buyer for e-Invoicing purposes refers to the policyholder.</p> <p>However, as the policyholder in this scenario is a minor, the Buyer's details should be the details of the parent / guardian / any other relevant parties, as the case may be.</p>

No	Question	Response
7	<p>Currently, customers could request for separate invoices to be issued to respective entities under the master group policy to substantiate the premium payable / paid.</p> <p>Upon the implementation of e-Invoice, is the current practice still allowed or should the e-Invoice be issued to the master policyholder?</p>	<p>As a general principle, Buyer for e-Invoicing purposes refers to the policyholder.</p> <p>If policy is individually issued to each group entity, e-Invoice should be issued to each entity.</p> <p>If there is only one (1) group policy issued, then e-Invoice would be issued to the master policyholder only. However, to meet customer's request for separate e-Invoices to be issued to respective entities under the master group policy, insurance companies can issue separate e-Invoice based on current business process.</p>
8	<p>Where the employer collects the insurance contribution from their employees and subsequently pays to the insurance company, which party (i.e., employee or employer) should the insurance company issue e-Invoice to?</p>	<p>As a general principle, Buyer for e-Invoicing purposes refers to the policyholder.</p> <p>If the policyholder is the employee, the insurance company should continue to issue e-Invoice to the employee.</p> <p>Note that collection of insurance contributions by employers is merely a settlement mechanism of the insurance policy.</p>

No	Question	Response
9	<p>Cash before cover</p> <p>With exception to certain products, generally insurance and takaful companies currently adopt cash before cover policy (i.e., insured person will make payment before policy is issued). Under the current process for business to business (B2B) / group business transactions, invoice will be issued upon policy issuance or when the premium is due. For business to consumer (B2C) transactions, an annual statement will be issued for life / medical and education policy.</p> <p>Upon the implementation of e-Invoice, is the current practice still allowed?</p>	<p>For e-Invoice purposes, the existing processes can be followed.</p>

No	Question	Response
10	<p>What is the e-Invoice treatment for reinsurance services and recoveries of expenses from reinsurance company by the cedant (i.e., insurance company)?</p>	<p>Where the reinsurance company is a local company or local branch of a foreign reinsurance company, the local reinsurance company is required to issue e-Invoice to the cedant.</p> <p>Where the reinsurance company is a foreign company operating outside of Malaysia, the cedant is required to issue self-billed e-Invoice.</p> <p>The finalised statements between the reinsurance company and insurance company can be used for e-Invoice purposes. Please refer to Section 4.2 of the e-Invoice Specific Guideline for more guidance.</p> <p>Note that the information included in the e-Invoice may be presented on net basis.</p>

C. Claims and benefits payment

No	Question	Response
1	<p>What is the e-Invoice treatment for insurance claims, insurance compensation and benefit payments (such as maturity benefit payout or any other form of benefit payout based on product features) made by insurance companies to a policyholder / beneficiary?</p>	<p>Insurance companies are required to issue self-billed e-Invoice for insurance claims, insurance compensation and benefit payments to the policyholder / beneficiary, regardless if the policyholder / beneficiary is an individual or business.</p> <p>For the purpose of self-billed e-Invoice, the Supplier would be the policyholder / beneficiary, regardless of whom the claim is being paid to (e.g., hospitals, workshops, attorney, etc.).</p> <p>Insurance companies are allowed to issue consolidated self-billed e-Invoice on claims and benefits payment to individuals not conducting business.</p>
2	<p>Is an e-Invoice required to be issued to workshops / salvage contractors for the disposal of scrap or wreck from damaged assets?</p>	<p>The e-Invoice treatment should be dependent on the ownership of the damaged assets:</p> <ul style="list-style-type: none"><li data-bbox="762 1285 1369 1720">(i) Where the damaged assets owned by the policyholder is transferred to the insurance company upon claim of compensation and subsequently being disposed of by the insurance company, the insurance company is then required to issue an e-Invoice to the workshops / salvage contractors for the disposal of damaged assets.<li data-bbox="762 1760 1369 2002">(ii) Where the asset owner is the policyholder (e.g., company, limited liability partnership, partnership, business conducted by individual, etc.), an e-Invoice is required to be issued by the

No	Question	Response
		<p>policyholder to the workshop / salvage contractors for the disposal of damaged assets.</p> <p>(iii) Where the asset owner is the policyholder (e.g., individual that is not conducting business / non-Malaysian individual / foreign company not operating in Malaysia or not established in Malaysia / persons exempted under Section 1.6.1 of the e-Invoice Guideline), the workshop / salvage contractor is required to issue self-billed e-Invoice.</p>

No	Question	Response
3	<p>A Knock-for-Knock arrangement permits policyholders to make a claim against their own insurer while investigation is ongoing in the event of an accident with another vehicle (e.g., Vehicle A and Vehicle B in this scenario).</p> <p>Upon conclusion of the investigation, where Driver B is deemed to be at fault, Driver A's insurance company may recoup the claim payment made to its policyholder from Driver B's insurance company.</p> <p>Upon the implementation of e-Invoice, what is the e-Invoice treatment for the abovementioned transaction?</p>	<p>For insurance claim received by Driver A and Driver B from their insurance company respectively, please refer to Question No. 1 under Part C – Claims and benefit payments for the appropriate e-Invoice treatment.</p> <p>As for the recoupment of claim from Driver B's insurance company to Driver A's insurance company, Driver B's insurance company is required to issue self-billed e-Invoice to the policyholder (i.e., Driver B) even though the payout is made to Driver A's insurance company.</p> <p>If Driver A's insurance company has issued self-billed e-Invoice to Driver A prior to the recoupment of claim from Driver B's insurance company, Driver A's insurance company is required to cancel the self-billed e-Invoice (if 72-hour timeframe has not elapsed) or issue to self-billed credit note e-Invoice to Driver A (if 72-hour timeframe has elapsed).</p> <p>Insurance companies are allowed to issue consolidated self-billed e-Invoice on claims and benefits payment to individuals not conducting business.</p>

D. Payment to agents, dealers and distributors

No	Question	Response
1	If insurance company pays registration fee / examination fees on behalf of the agents to the Insurance Association / Examination Body and subsequently recover this amount from the agents, is this considered a pass-through, where the insurance company is not required to issue e-Invoice to the agents?	<p>Where the e-Invoice for the registration fee / examination fees is to be issued by the Insurance Association / Examination Body to the insurance company, IRBM would require the payment on behalf of the agent to be included in the e-Invoice issued by insurance company to agents. Note that amount recovered by insurance company from their agents will not be recognised as insurance company's income and the appropriate classification code should be selected by the insurance company.</p> <p>Where the e-Invoice for the registration fee / examination fees is to be issued by the Insurance Association / Examination Body directly to the agents, such amount is not required to be included in the e-Invoice issued by insurance company.</p>

E. Others

No	Question	Response
1	Are interfund charges (e.g., investment-linked policy charges, wakalah fees, qard, actuarial surplus transfer, etc.) subject to e-Invoicing?	<p>e-Invoice is not required for interfund charges as these are transactions within the same legal entity.</p> <p>However, if the insurance company is currently issuing invoice to record the transactions, insurance company may adopt the current practice upon implementation of e-Invoice.</p>

No	Question	Response
2	<p>Transitional issues</p> <p>How should policy endorsements issued after the implementation of e-Invoicing be handled in terms of the IRBM unique identifier number?</p>	<p>Where the insurance company issues new e-Invoice for the policy endorsement, no reference to the original invoice (issued prior to implementation of e-Invoice) / original e-Invoice is required.</p> <p>Where the insurance company issues debit note / credit note / refund note e-Invoice for the policy endorsement, the “Original e-Invoice Reference Number” field is required to be completed based on the following:</p> <ul style="list-style-type: none"> • Original invoices issued prior to implementation of e-Invoice: To input “NA” • Original e-Invoices: To input the relevant IRBM unique identifier number of the original e-Invoices.

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3	<p>Interest on policy loan / Interest on automatic policy loan / late interest</p> <p>Where premium is not received by insurance company from a policyholder after a grace period of 15 to 60 days, an Automatic Premium Loan (APL) may be granted by insurance company, where the premium is treated as paid using the APL amount but interest is charged on the policyholder until he settles the APL amount. Currently, there is no requirement to issue an invoice for interest on policy loan / APL and late payment interest.</p> <p>Upon implementation of e-Invoice, is e-Invoice required to be issued for interest on policy loan / APL and late payment interest?</p>	<p>e-Invoice shall be issued for interest on policy loan / APL and late payment interest. Insurance companies may include these interest charges in the periodic statements issued to their policyholders in accordance with the requirements set by IRBM.</p>
4	<p>Are the following subject to e-Invoice:</p> <ul style="list-style-type: none"> ● Bonus paid to policyholders ● Distribution of surplus payment / investment profit to participants (either credited to participants fund account or cash payout)? 	<p>The insurance companies are required to issue self-billed e-Invoice for bonus paid or distribution of surplus payment / investment profit to participants, in accordance with the e-Invoice treatment as mentioned under Section 11 of the e-Invoice Specific Guideline.</p>

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5	For general insurance companies, what is the e-Invoice treatment relating to Malaysian Motor Insurance Pool (MMIP)?	<p><u>MMIP premium from policyholder</u></p> <p>MMIP is responsible to issue e-Invoice for the premium charged to policyholders.</p> <p><u>Sharing of MMIP income and expense by insurance companies</u></p> <p>As MMIP is currently issuing statement to respective insurance company detailing their apportioned income and expenses, MMIP is allowed to continue this practice upon e-Invoice implementation.</p> <p>The finalised statements between MMIP and insurance company can be used for e-Invoice purposes. Note that the information included in the e-Invoice may be presented on a net basis.</p> <p><u>Insurance company as agent of MMIP</u></p> <p>MMIP is required to issue self-billed e-Invoice for the commission earned by insurance company as agent of MMIP.</p>