

SenangAkaun



E-INVOICE

ILLUSTRATIVE GUIDE

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: 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

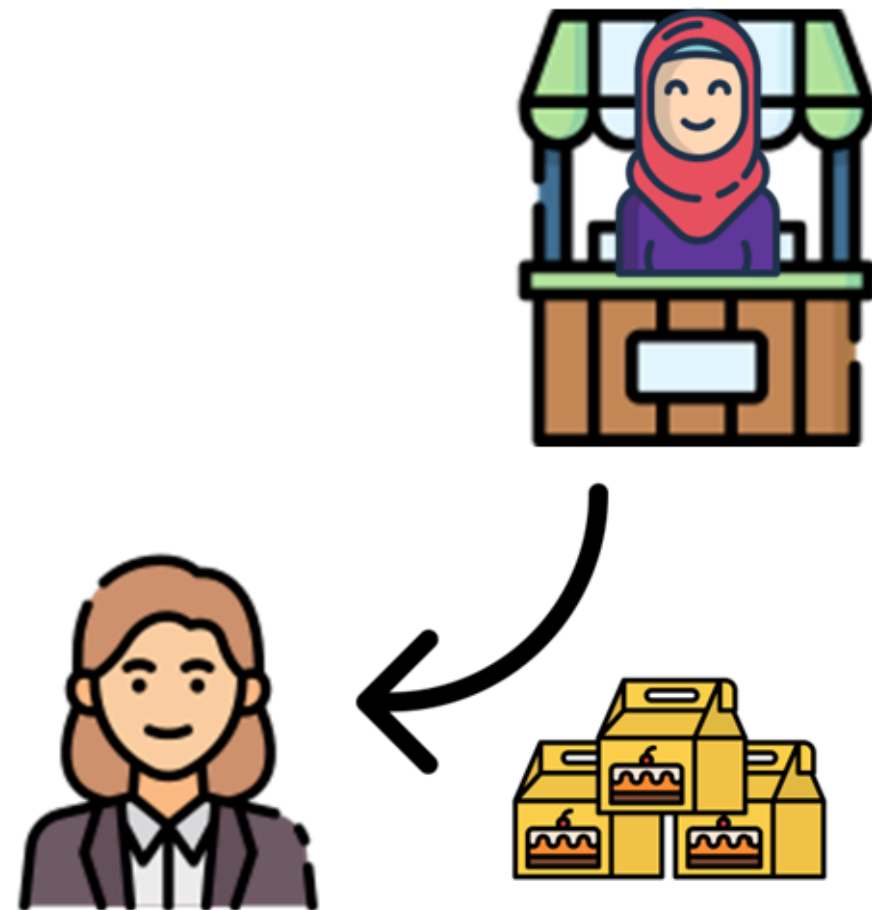
Transactions with Buyers

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.

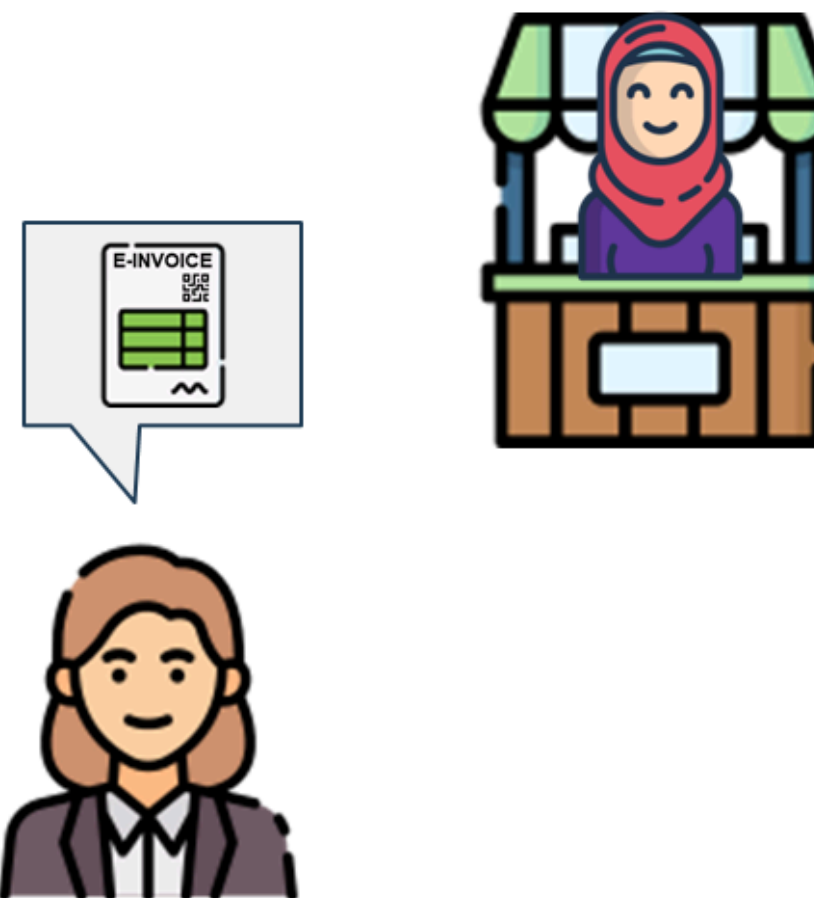
Illustration 1: MSMEs are not required to issue e-Invoices if their annual income or turnover is less than RM150,000.

1



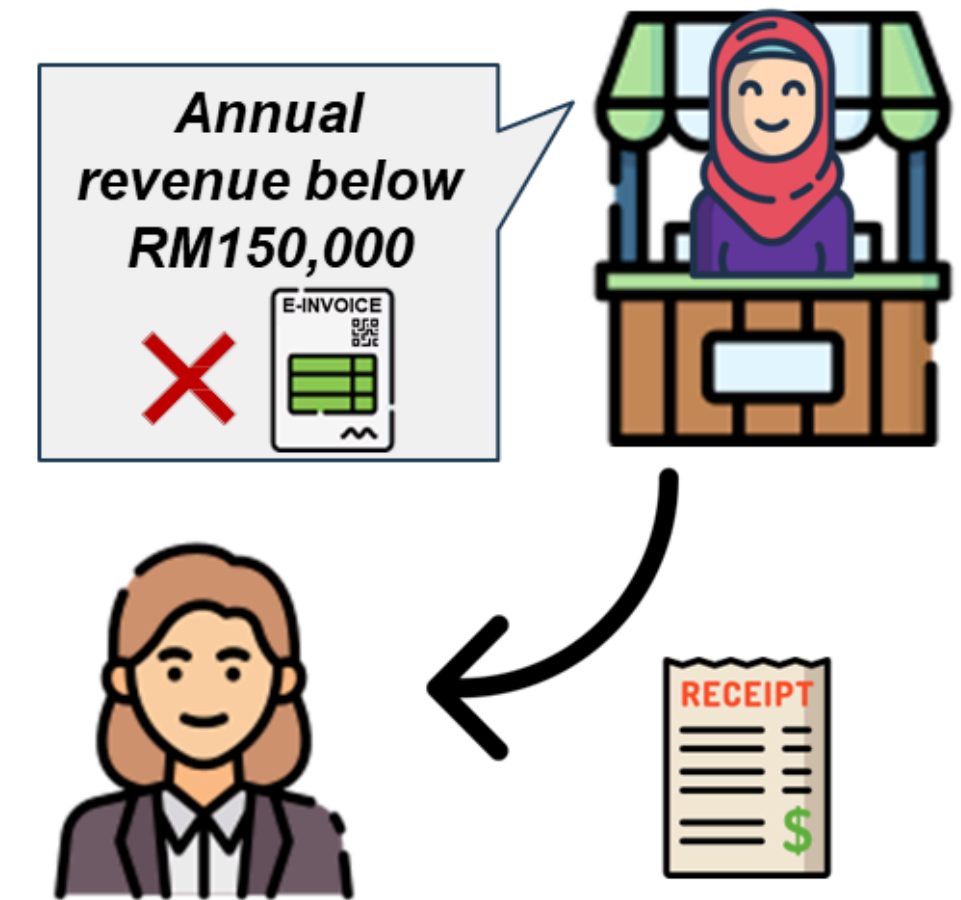
Tina purchases 50 boxes of *kuih* from Mak Cik Rosa for her company's meeting

2



Tina requests an e-Invoice from Mak Cik Rosa at point of sale

3



As Mak Cik Rosa's annual revenue has not exceeded RM150,000, she is not required to issue e-Invoice¹. Therefore, she can proceed to issue a handwriting receipt² to Tina for claim purposes.

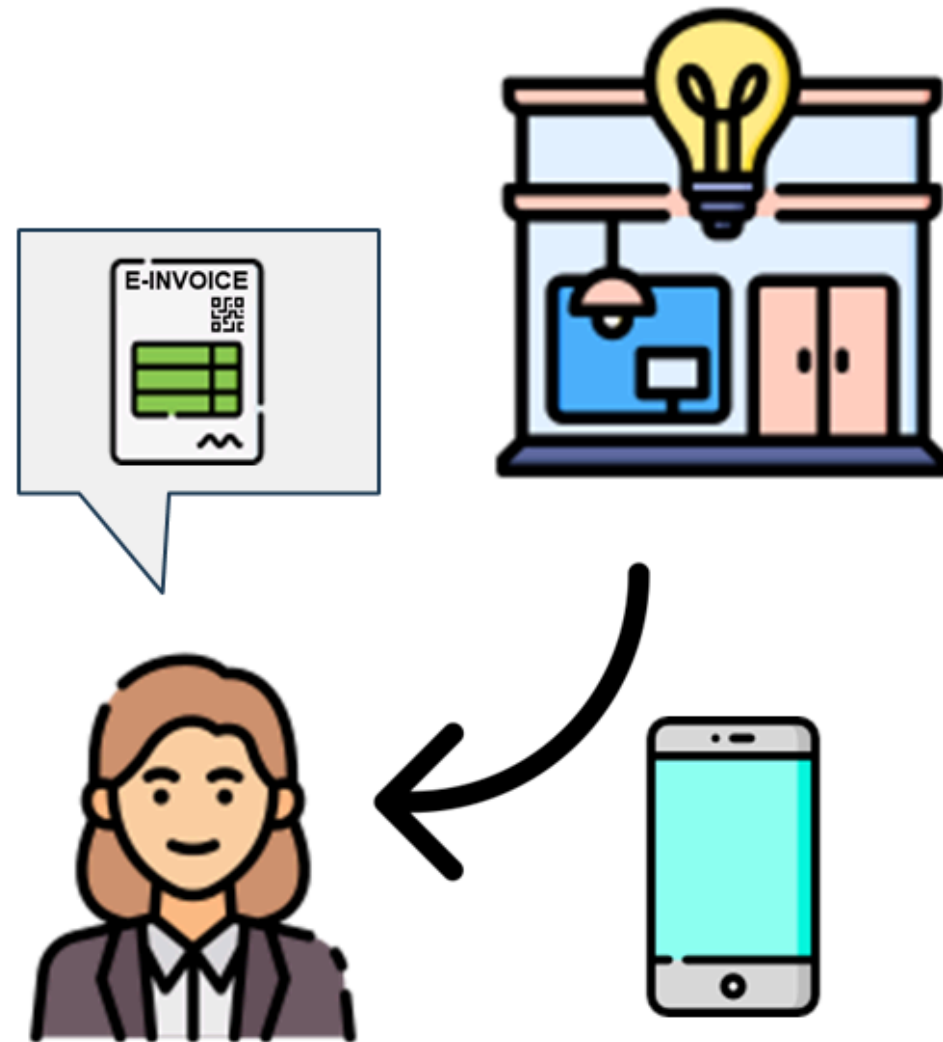
***Notes:**

1. MSMEs with an annual revenue or turnover of below RM150,000 are exempted from submitting an e-Invoice and may choose to 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 exceeding RM150,000 (from sale of goods) or RM100,000 (from performance of services) is required to issue a printed receipt serially numbered for every transaction.

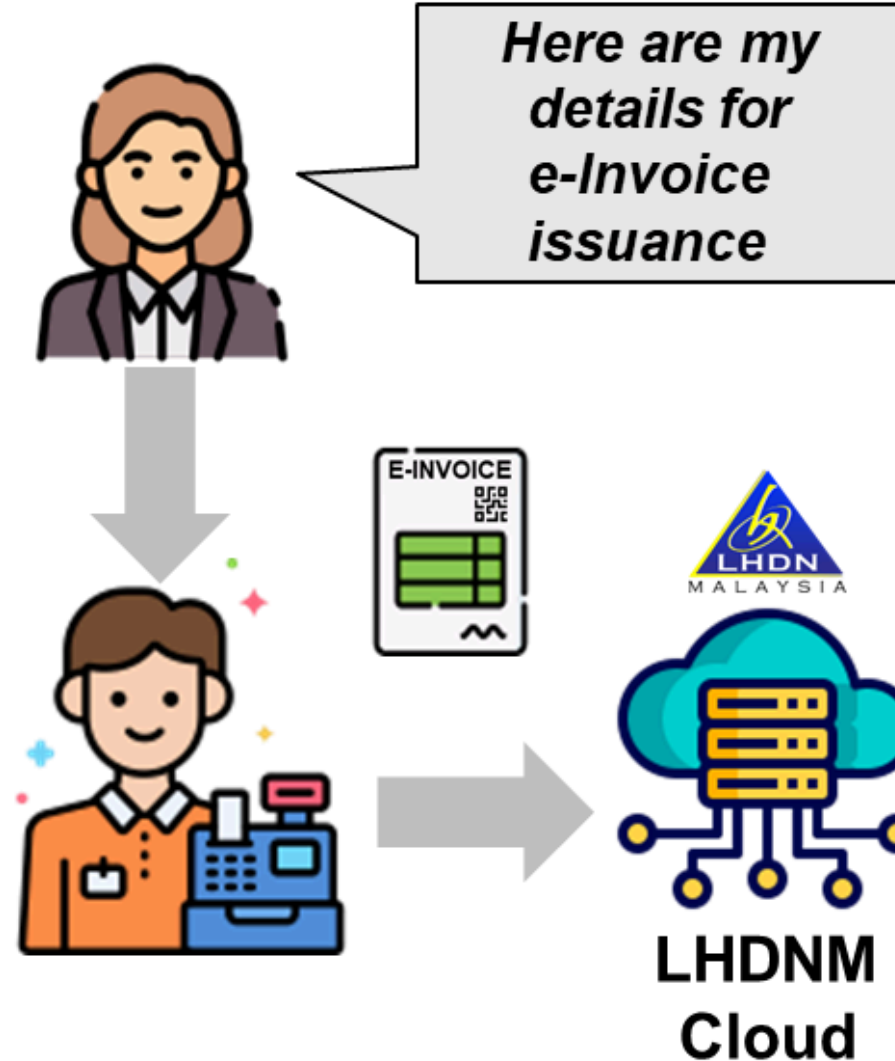
Illustration 2: At the point of sale, customers can ask for an e-Invoice.

1



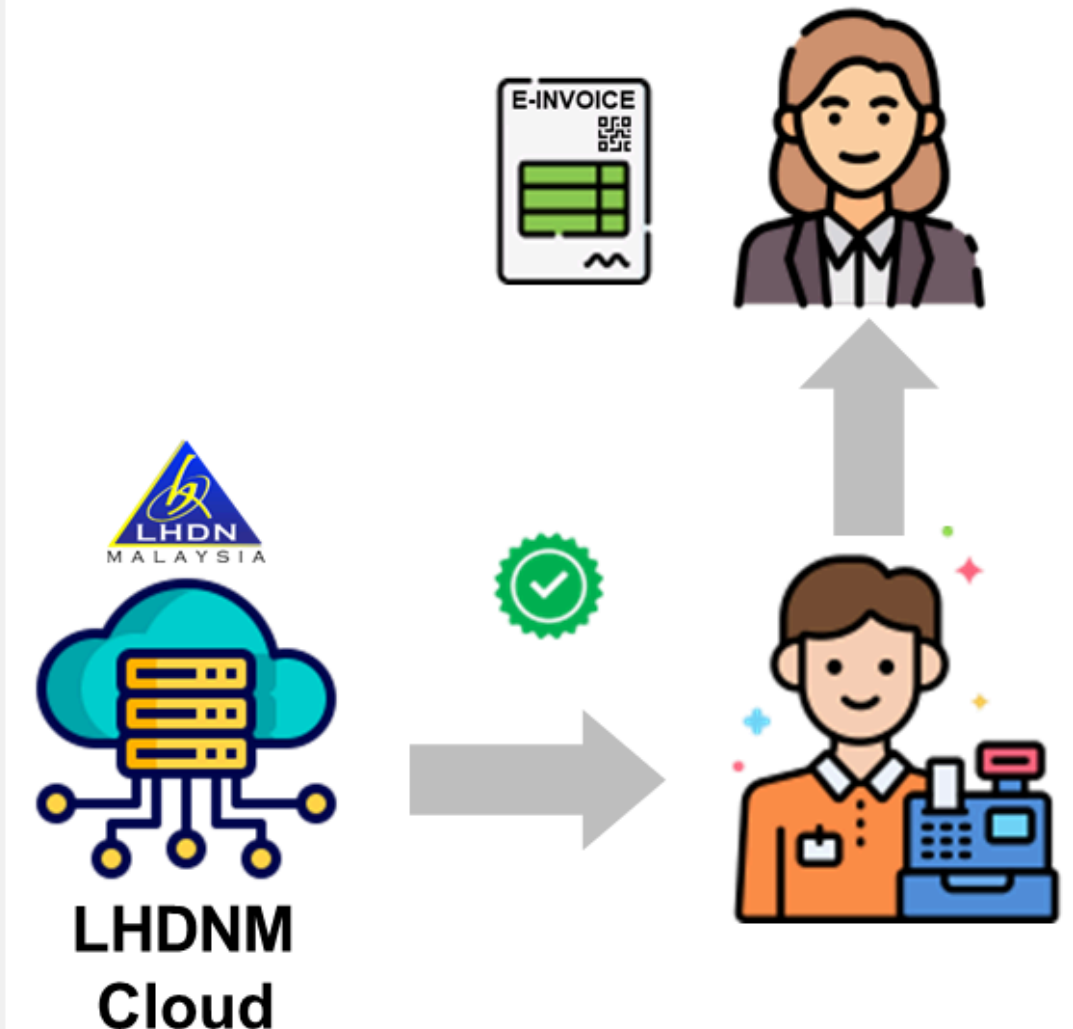
Tina buys a smartphone from Kedai Elektronik Smart Gadget and requests for an e-Invoice

2



Upon check-out, Bobby obtains Tina's details and submits an e-Invoice to LHDNM via his POS system (integrated via API)

3



Bobby receives a validated e-Invoice from LHDNM and shares the visual representation of the e-Invoice with a QR code embedded to Tina

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

1

25 May



Tina buys a smartphone from Kedai Elektronik Smart Gadget and did not request for an e-Invoice

2

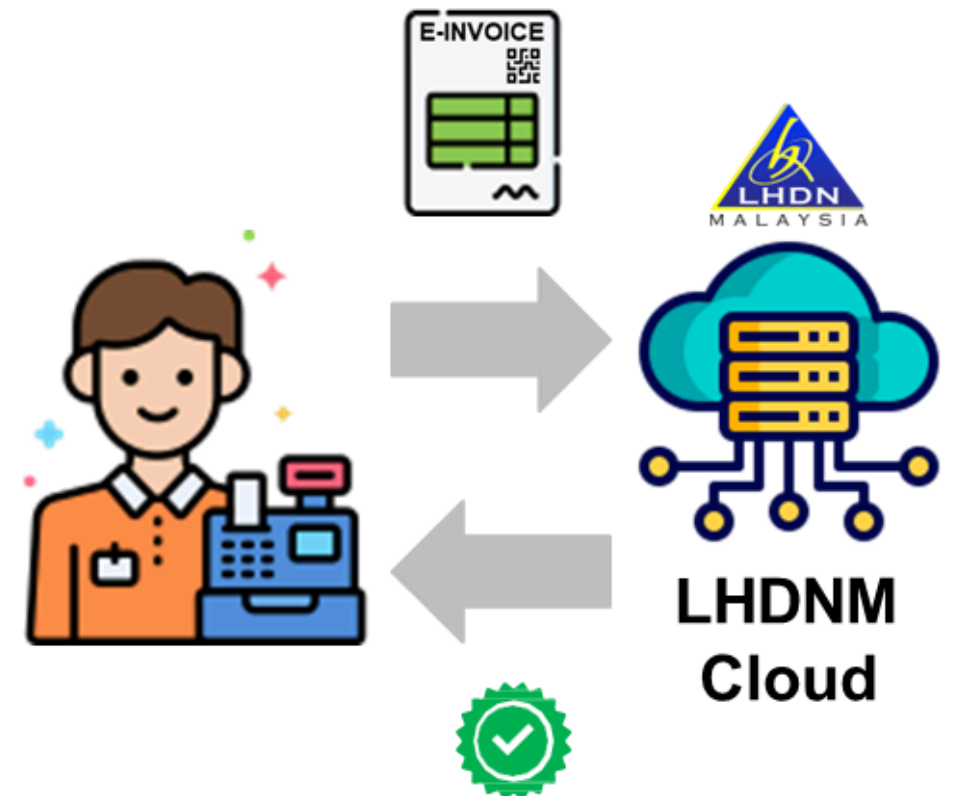
28 May



A few days later, Tina returns to Kedai Elektronik Smart Gadget to request an e-Invoice for the smartphone she purchased

3

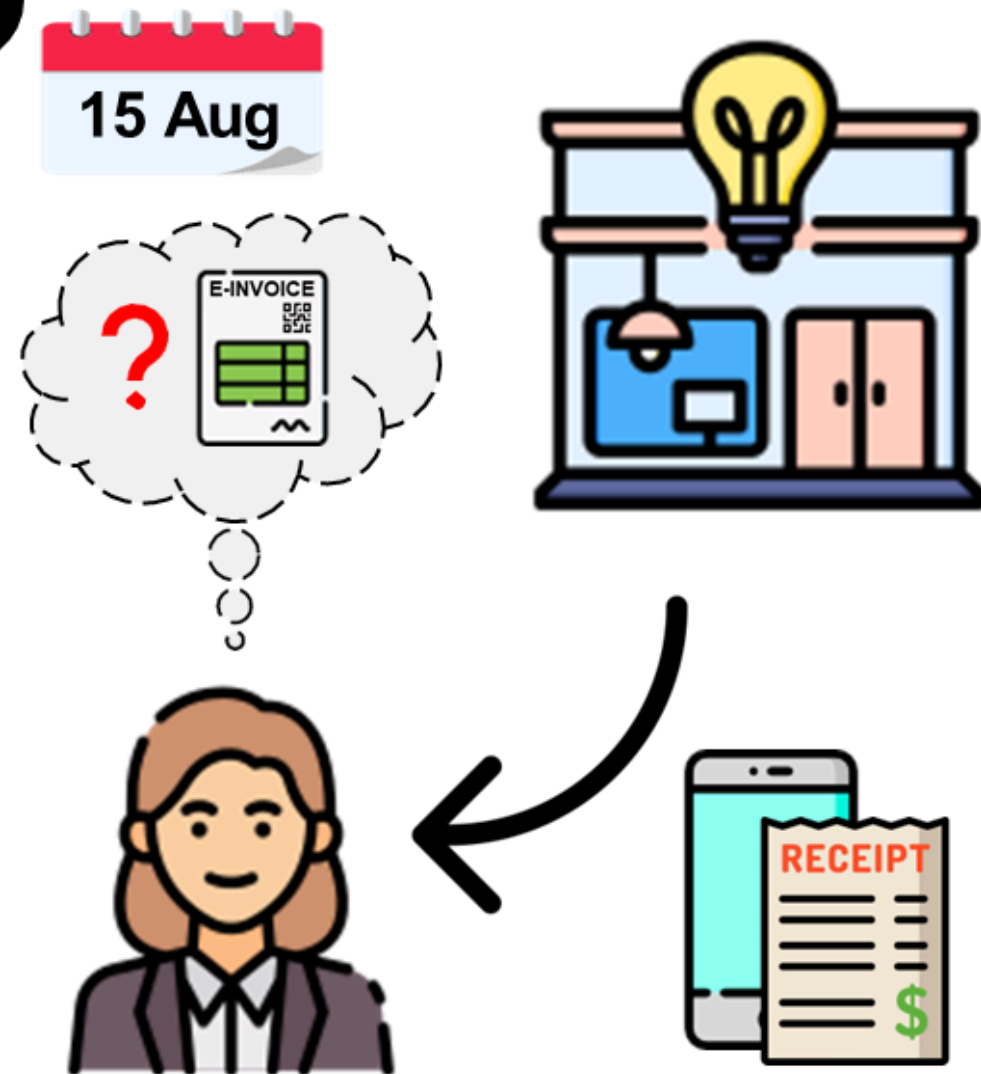
28 May



Kedai Elektronik Smart Gadget can create and submit an e-Invoice for Tina as the request was made within the month of purchase

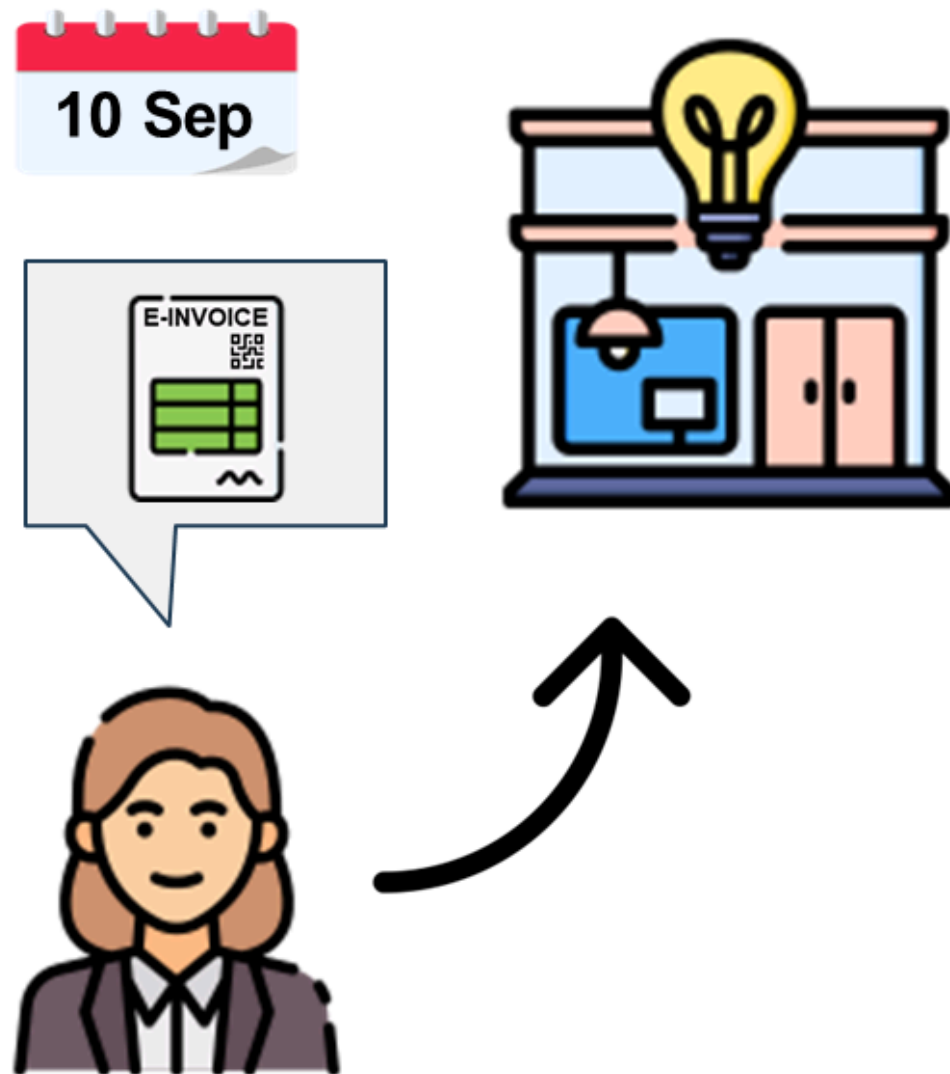
Illustration 4: After the month of purchase, the buyer may request an e-Invoice (according to the Seller's internal policy)

1



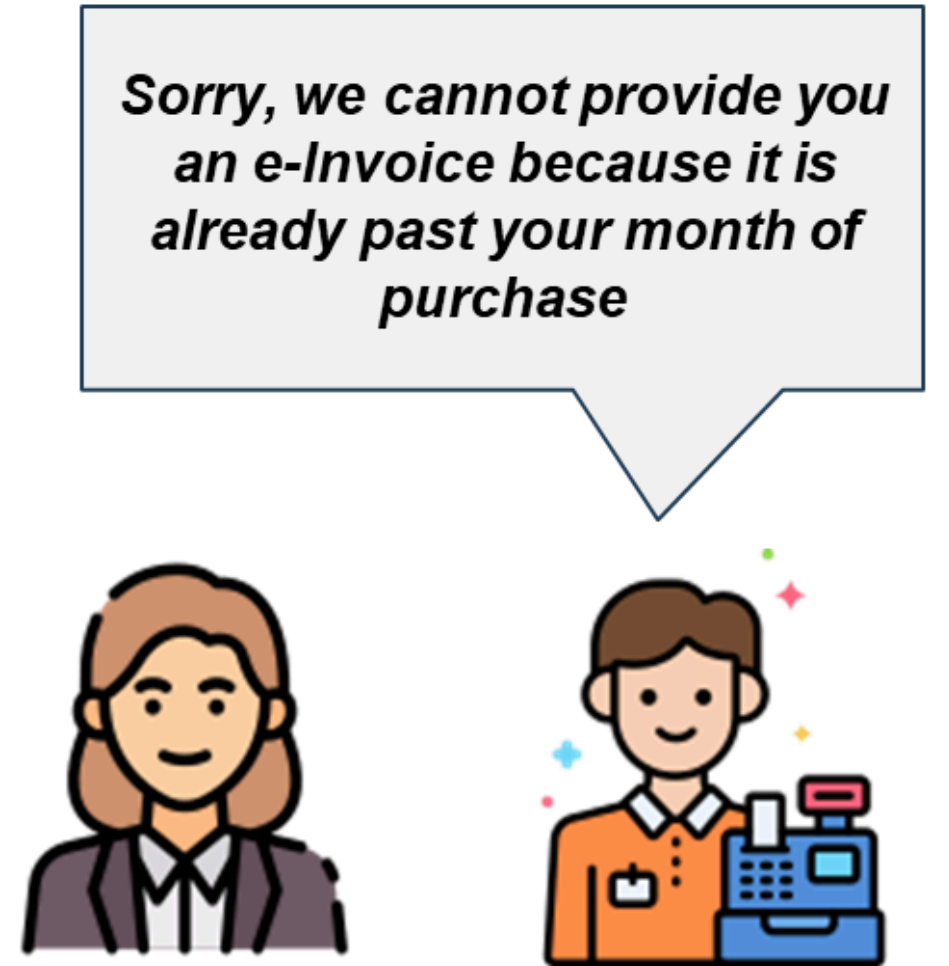
Tina buys a smartphone from Kedai Elektronik Smart Gadget on 15 August. She was in a hurry and forgot to request an e-Invoice.

2



On 10 September, she returned to Kedai Elektronik Smart Gadget to request for an e-Invoice for the smartphone purchased on 15 August

3



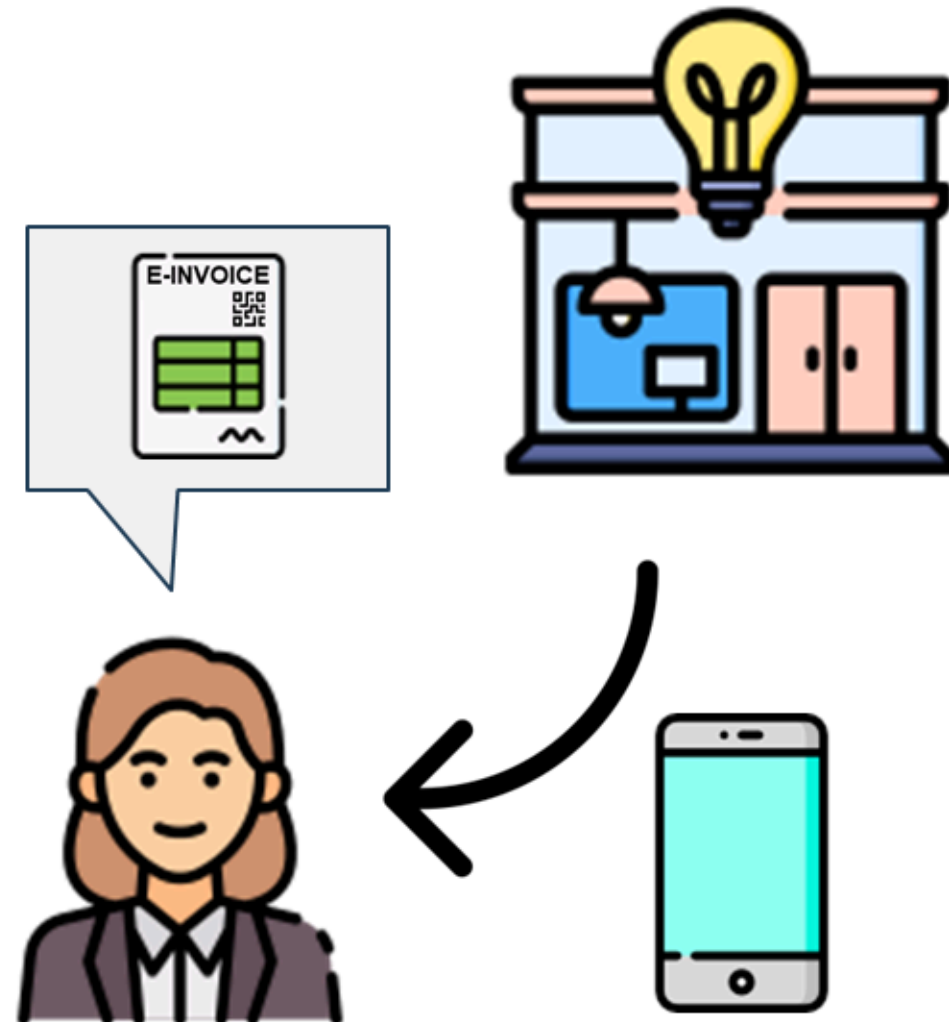
Kedai Elektronik Smart Gadget has decided that it cannot issue an e-Invoice to Tina because they have already submitted their consolidated e-Invoice¹ for the month of August

*Notes:

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: Individual Malaysian buyers may choose to give their TIN, or Malaysian Identity Number.

1



Tina, a Malaysian, buys a smartphone from Kedai Elektronik Smart Gadget and requests for an e-Invoice

2

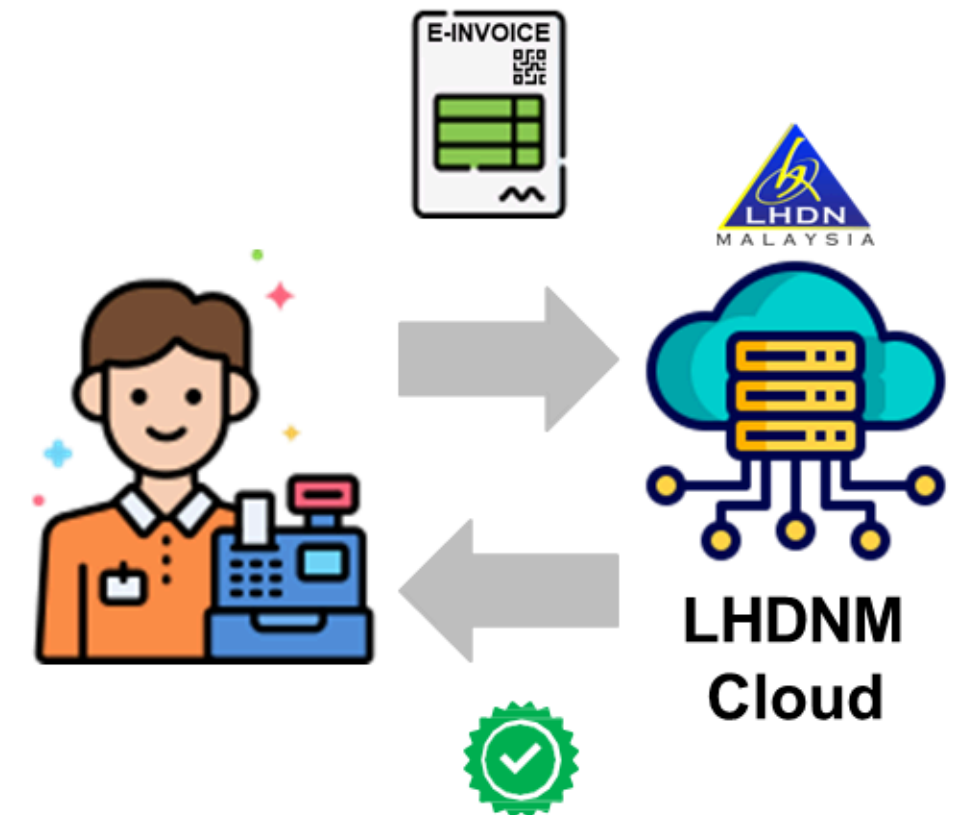
Kindly provide:

- Name
- Address
- Contact number
- TIN or MyKad number



Bobby, the seller, asks for Tina's TIN or MyKad¹ and other details to complete the e-Invoice submission

3

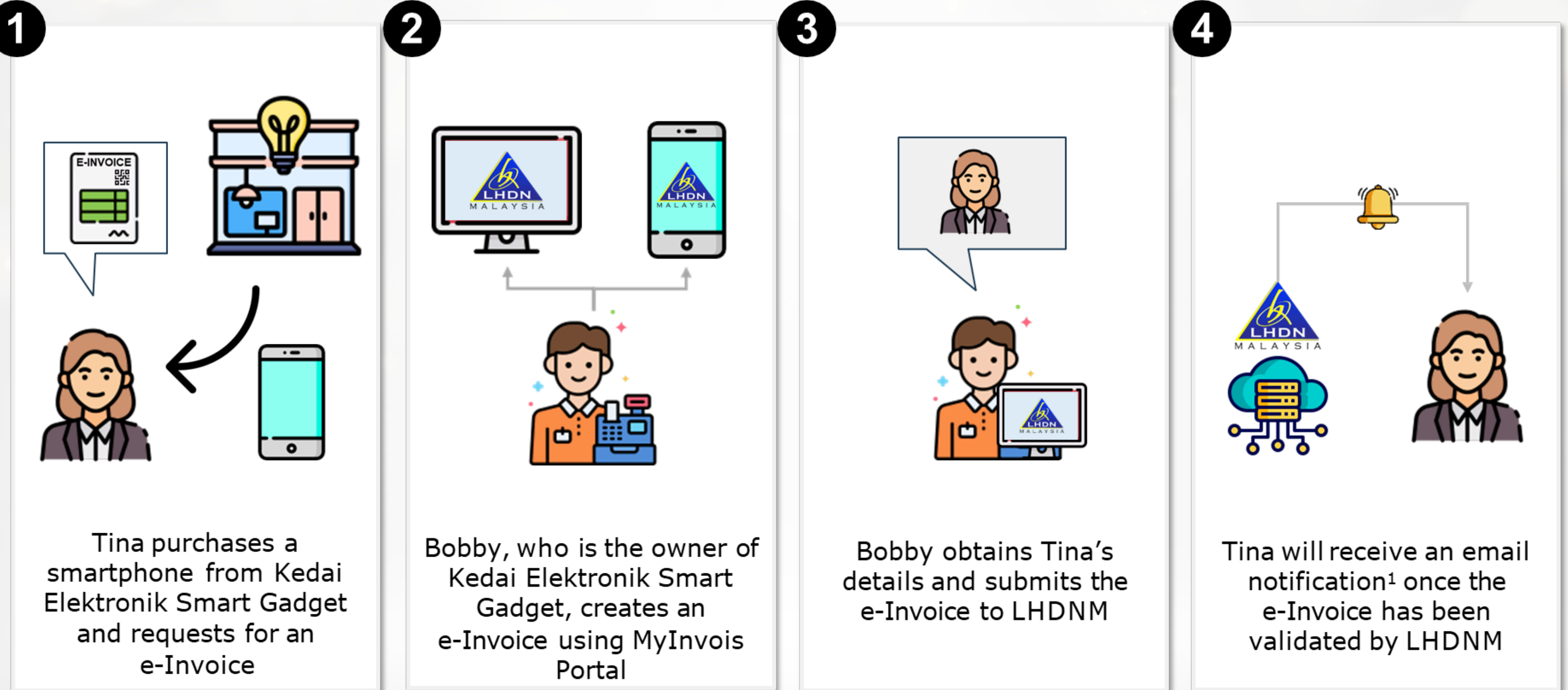


With Tina's details, Bobby creates the e-Invoice and submits to LHDNM through his POS system (integrated via API)

*Notes:

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: Each user can submit an e-invoice via the **MyInvois Portal**.

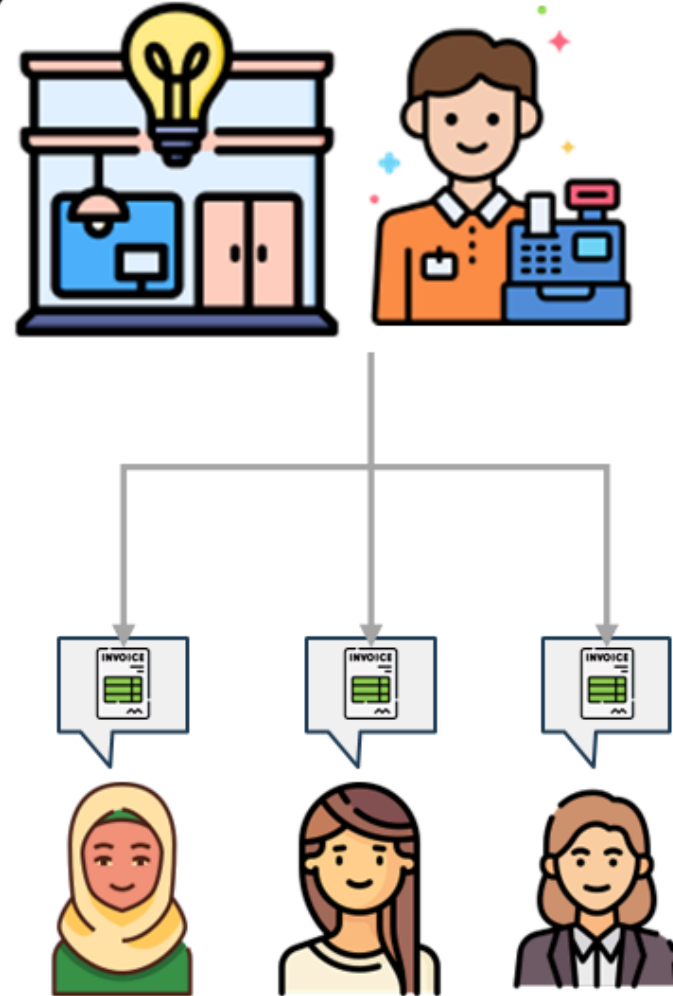


***Notes:**

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

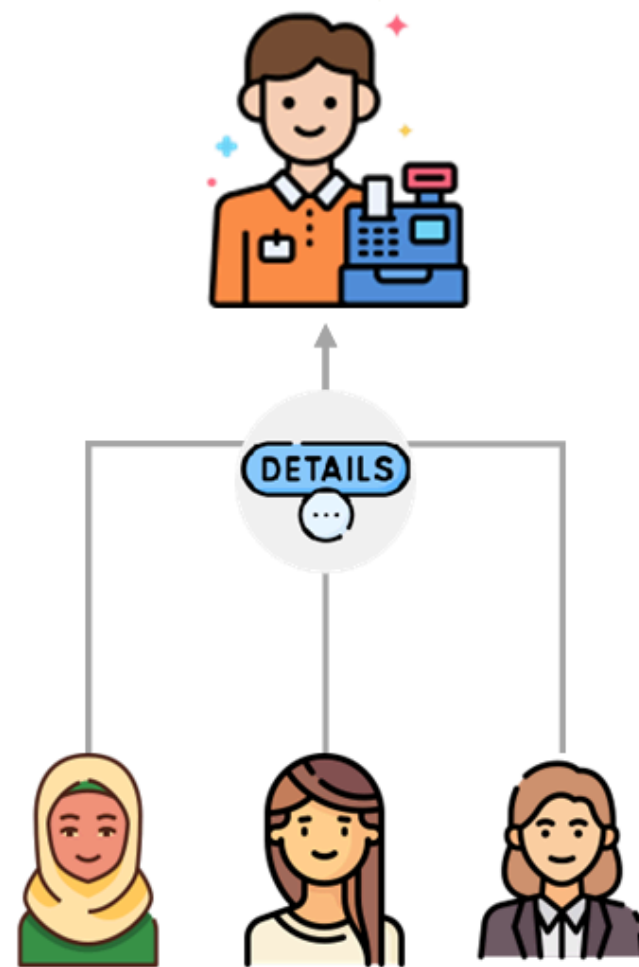
Illustration 7: You can use the MyInvois Portal's **Batch Upload** feature to submit e-invoices in batches.

1



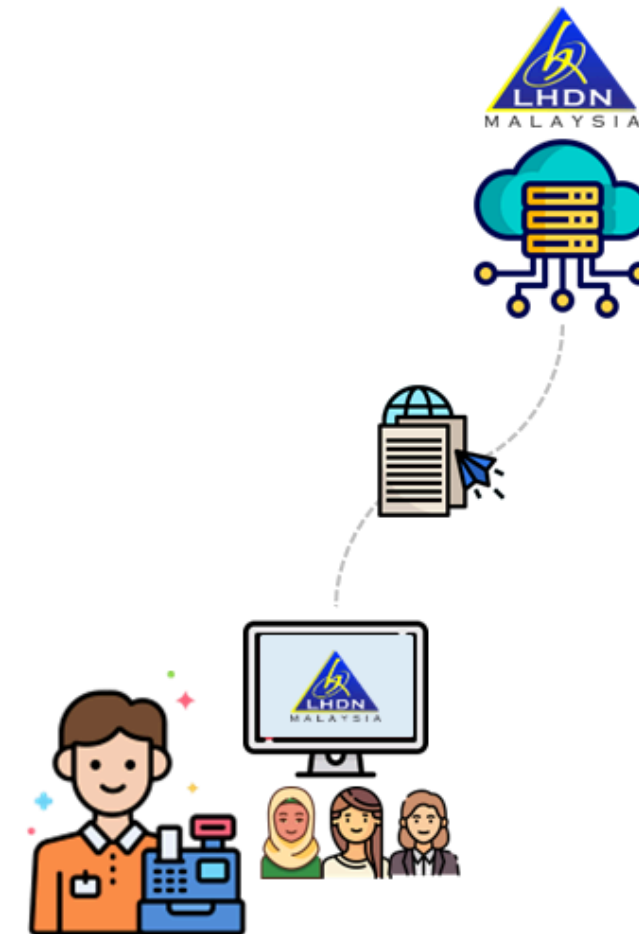
Aina, Cass and Tina buy smartphones from Kedai Elektronik Smart Gadget and request for e-Invoices of their respective purchases

2



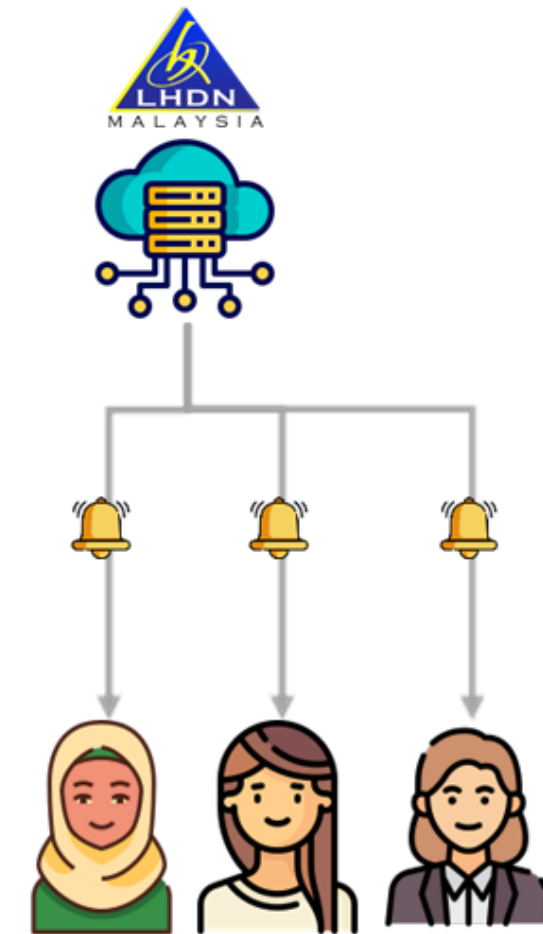
Bobby the seller, fills in their personal details in the Excel spreadsheet to issue their e-Invoices at the end of the day

3



Bobby uploads the Excel spreadsheet to the MyInvois Portal and submits the e-Invoices to LHDNM using the Batch Upload function

4



Aina, Cass and Tina will receive an email notification¹ once the e-Invoices have been validated by LHDNM

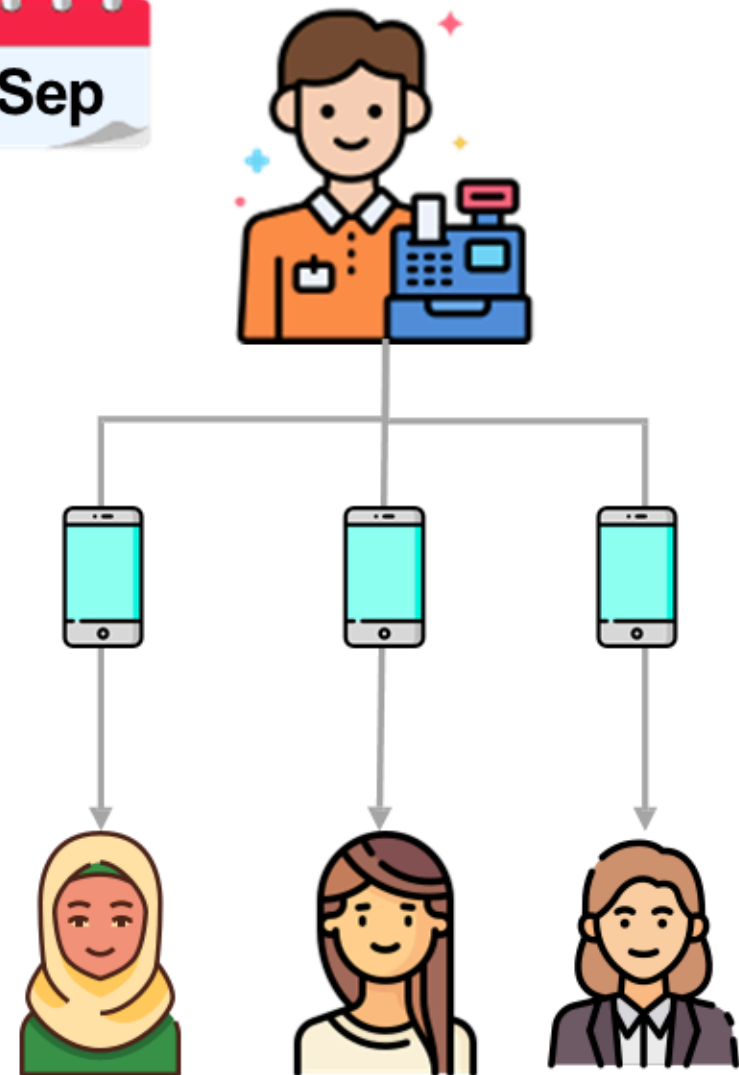
*Notes:

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.

Example 8: Seller must provide a consolidated e-Invoice even if Buyers do not need an e-Invoice.

1

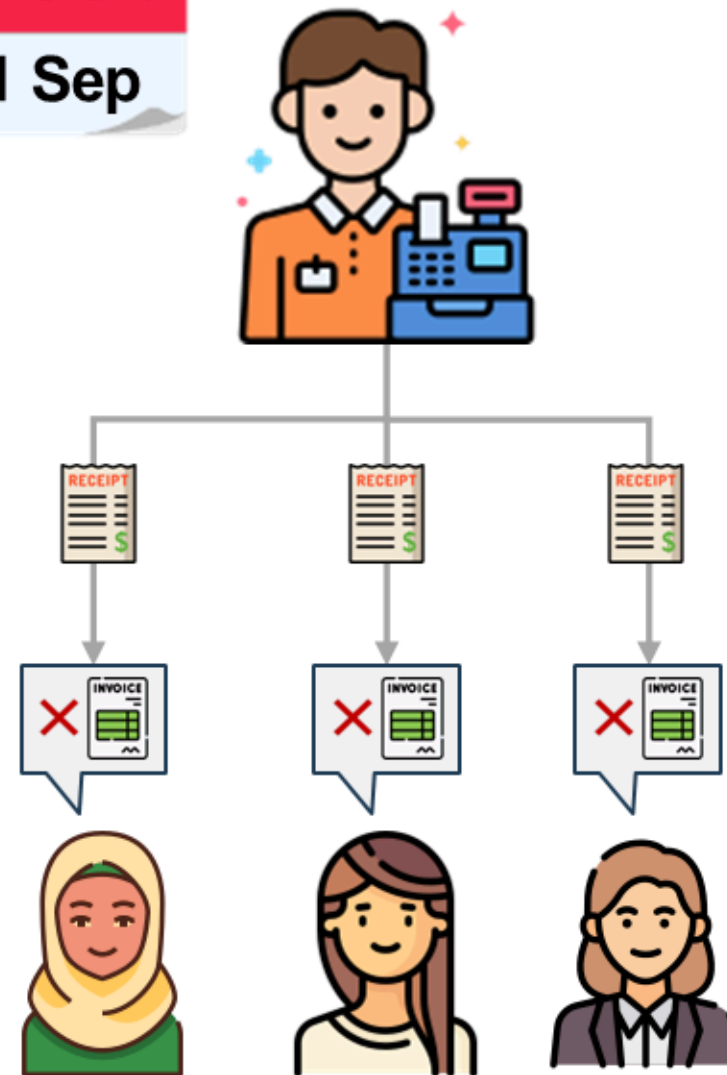
11 Sep



On 1 September, Aina, Cass and Tina bought smartphones from Kedai Elektronik Smart Gadget

2

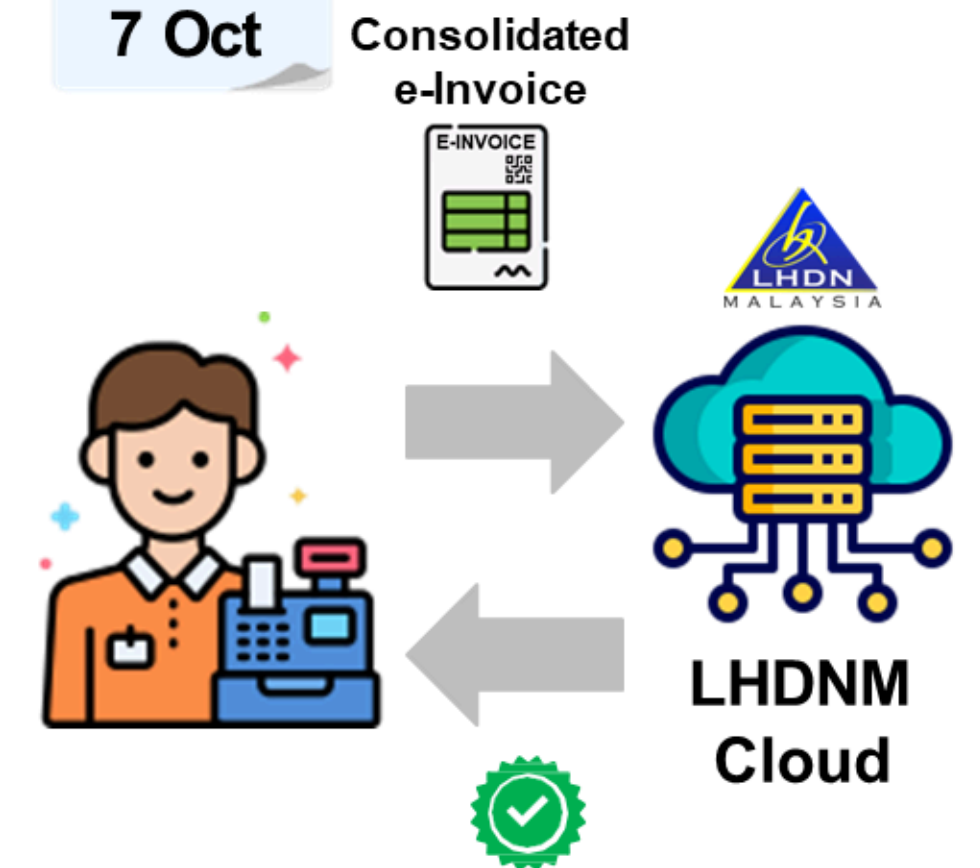
11 Sep



As they did not request for e-Invoices, Bobby issues them normal receipts¹

3

7 Oct



By 7 October², Bobby totals all receipts from transactions of customers who did not request for an e-Invoice and submits them as a consolidated e-Invoice to LHDNM

***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: When a landlord conducts business, the landlord must provide the renter with an e-Invoice that includes all utility costs paid to the landlord.

1



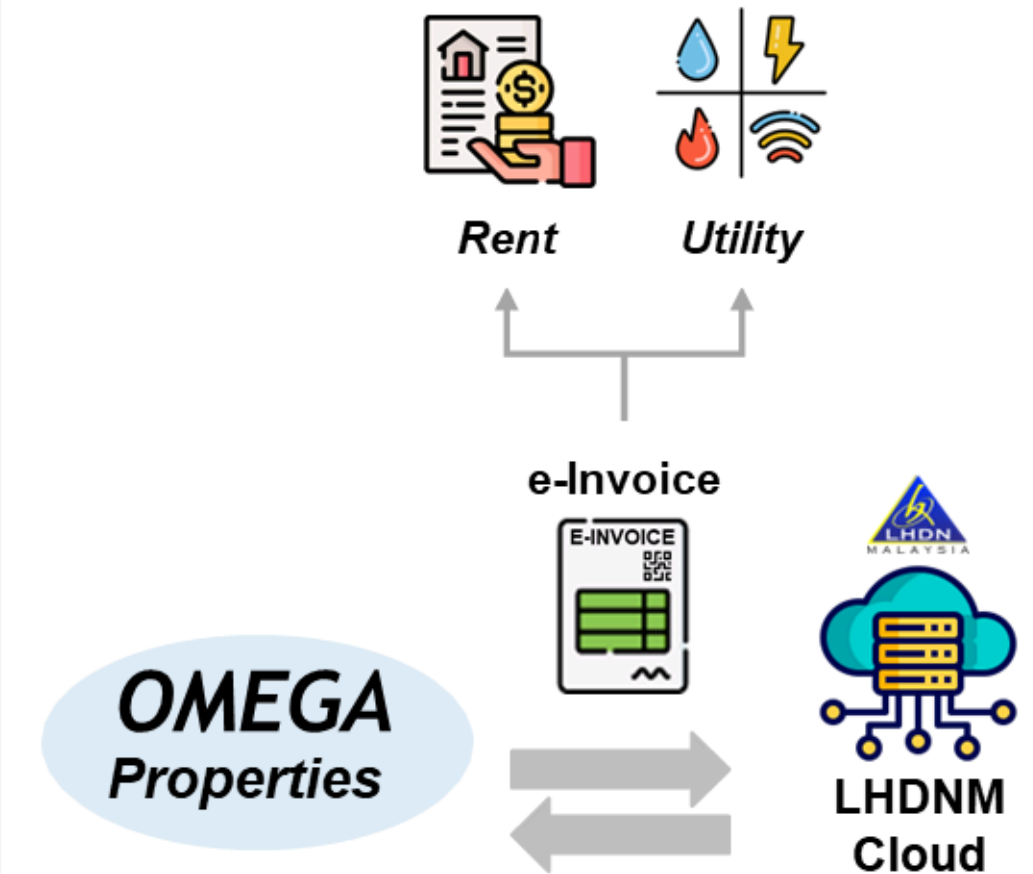
Omega Properties, a property developer owns multiple commercial shophouses in Taman Segar

2



One of its shophouses is rented to Kedai Elektronik Smart Gadget. Smart Gadget pays for its own utility bills (bill issued to Omega Properties).

3



As Omega Properties is a business, it is required to issue an e-Invoice to Smart Gadget for rental and utility charges.

***Notes:**

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

1

*Smart
Gadget*



Kedai Elektronik Smart Gadget has two branches – one (1) in Selangor and one (1) in Perak

2



500

2,000



In September, the Selangor branch made 500 transactions, while the Perak branch made 2,000 transactions, with no e-Invoices issued

3

Consolidated
e-Invoice



500



Consolidated
e-Invoice



2,000



Smart Gadget issues two separate consolidated e-Invoices for these transactions: One for Perak and another for Selangor respectively

Statements or Bills on a Periodic Basis

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

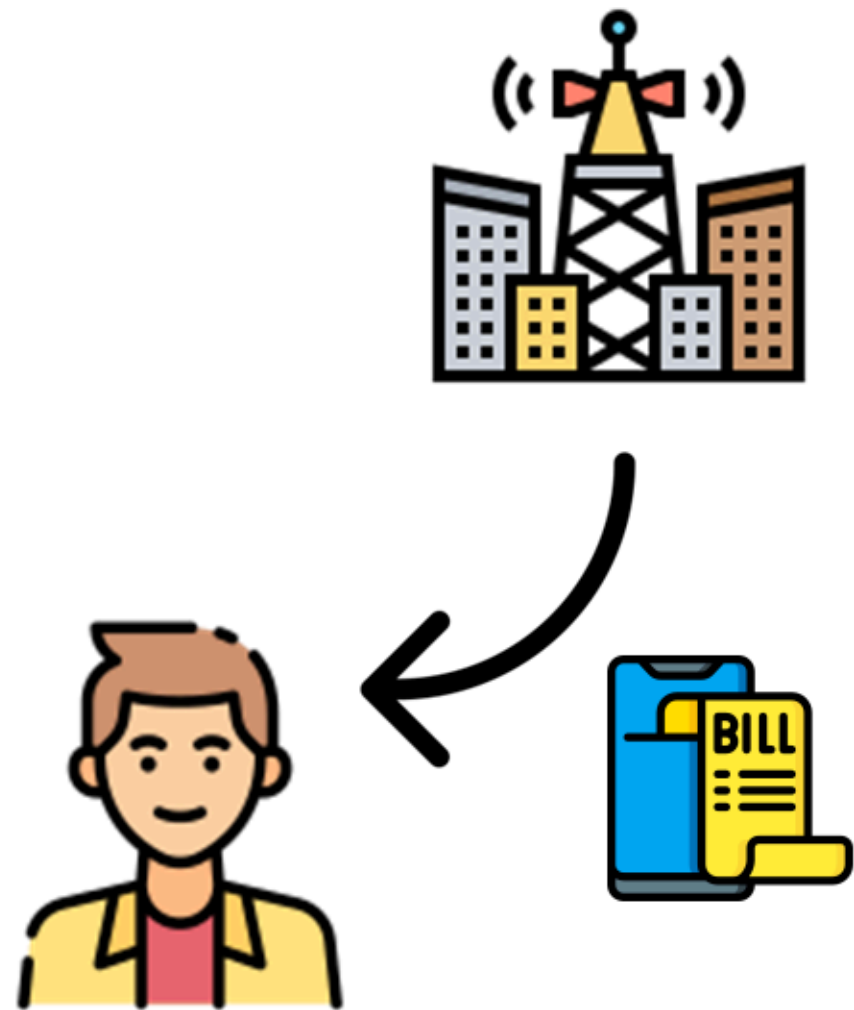
Upon implementation of e-Invoice, Sellers are required to issue an e-Invoice for items that are shown in the statement or bill.

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.

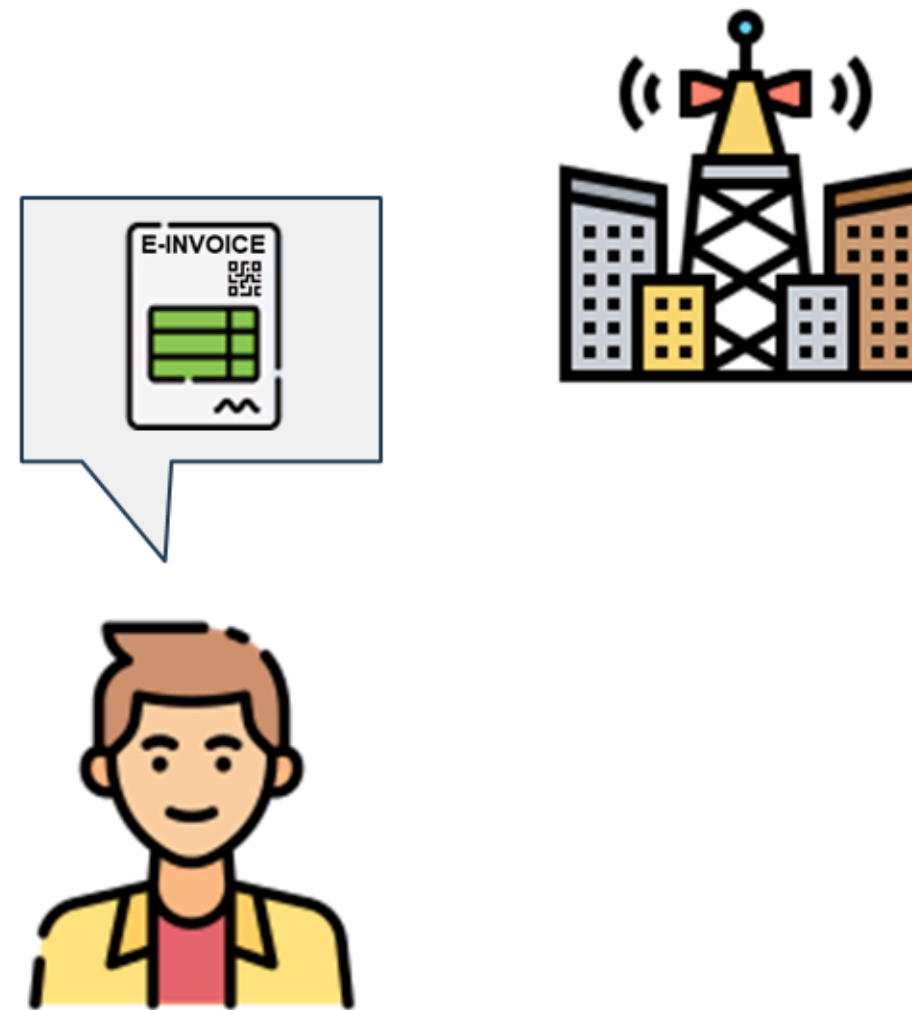
Illustration 11: Sellers must issue e-Invoices if they regularly issue bills or statements.

1



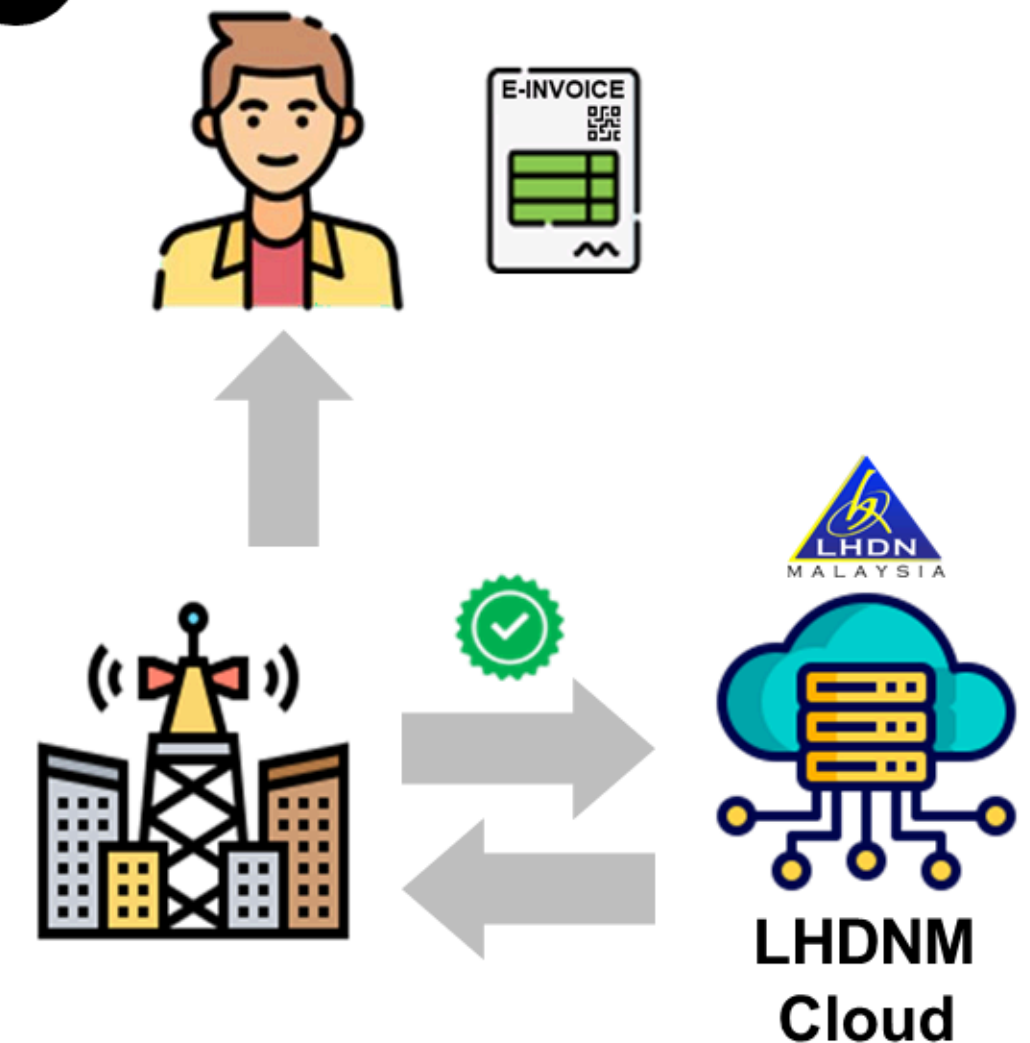
Kenny receives his phone bill for the month of October from his telco provider, Delca Telco Sdn Bhd.

2



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

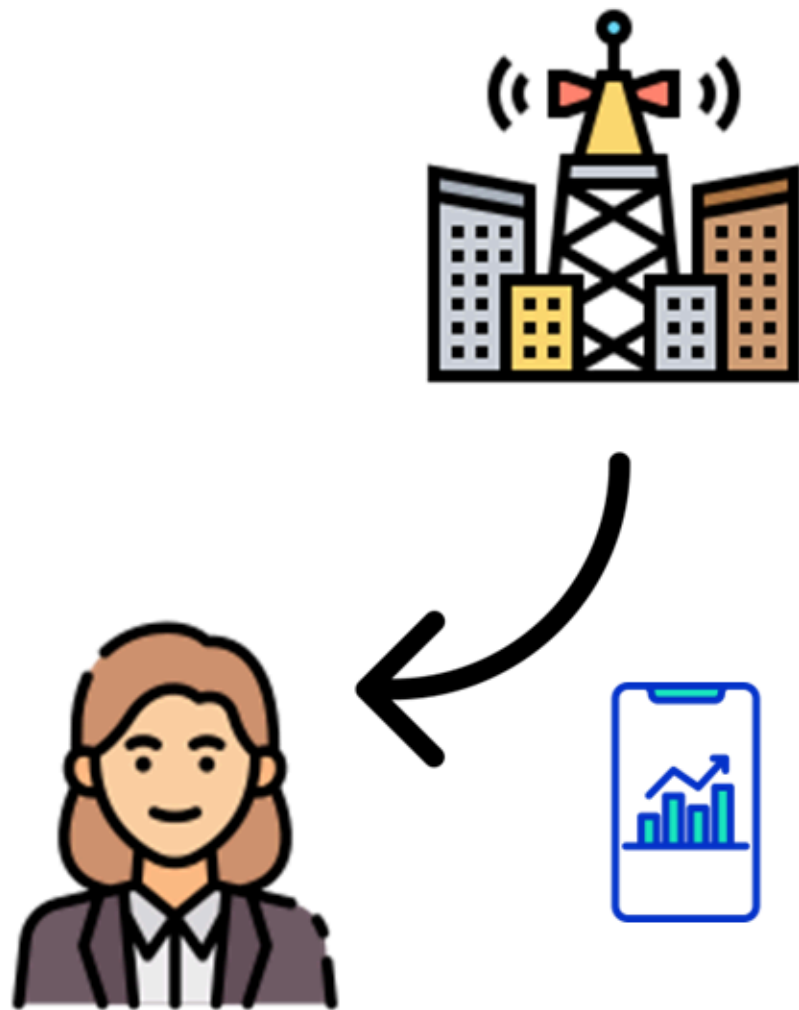
3



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.

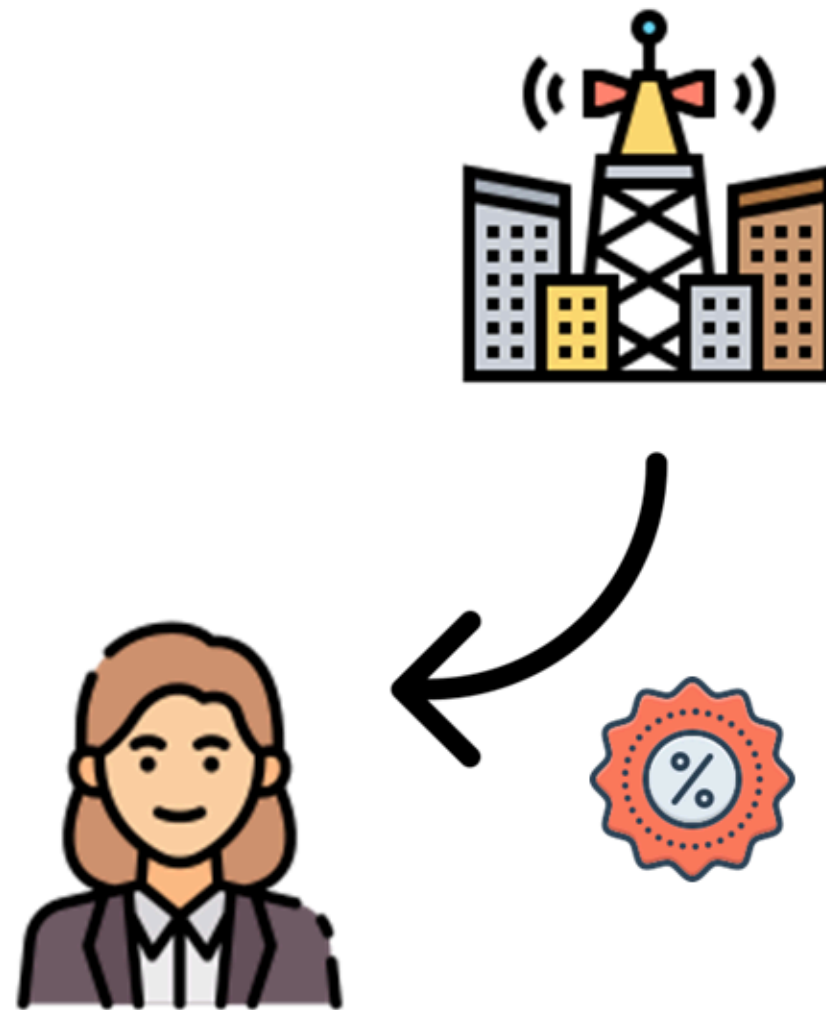
Illustration 12: e-Invoices issued for bills on periodic basis may include adjustments to statements / bills from a prior period, such as rebates

1



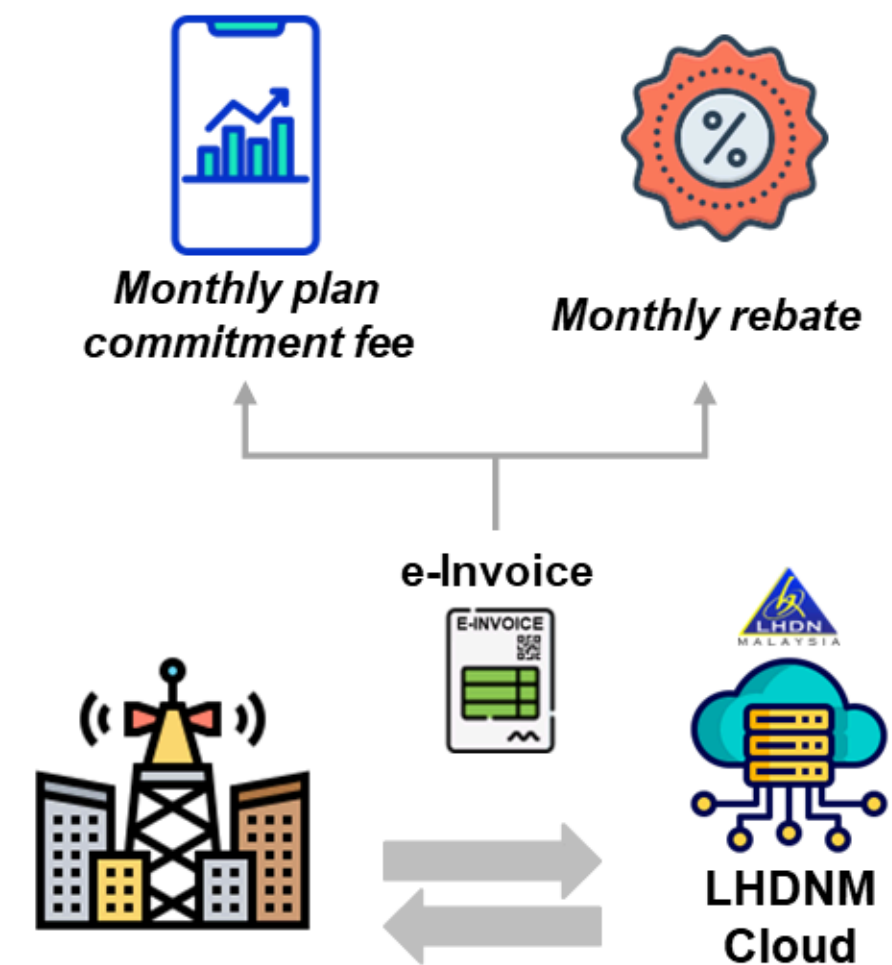
Tina has been a loyal subscriber of Delca Telco Sdn Bhd's postpaid plan for many years

2



To thank Tina for her loyalty, Delca Telco is providing her with a RM10 monthly rebate for the next 24 months

3



Delca Telco includes the RM10 monthly rebate along with the monthly plan commitment fee payable by Tina in the e-Invoice

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.

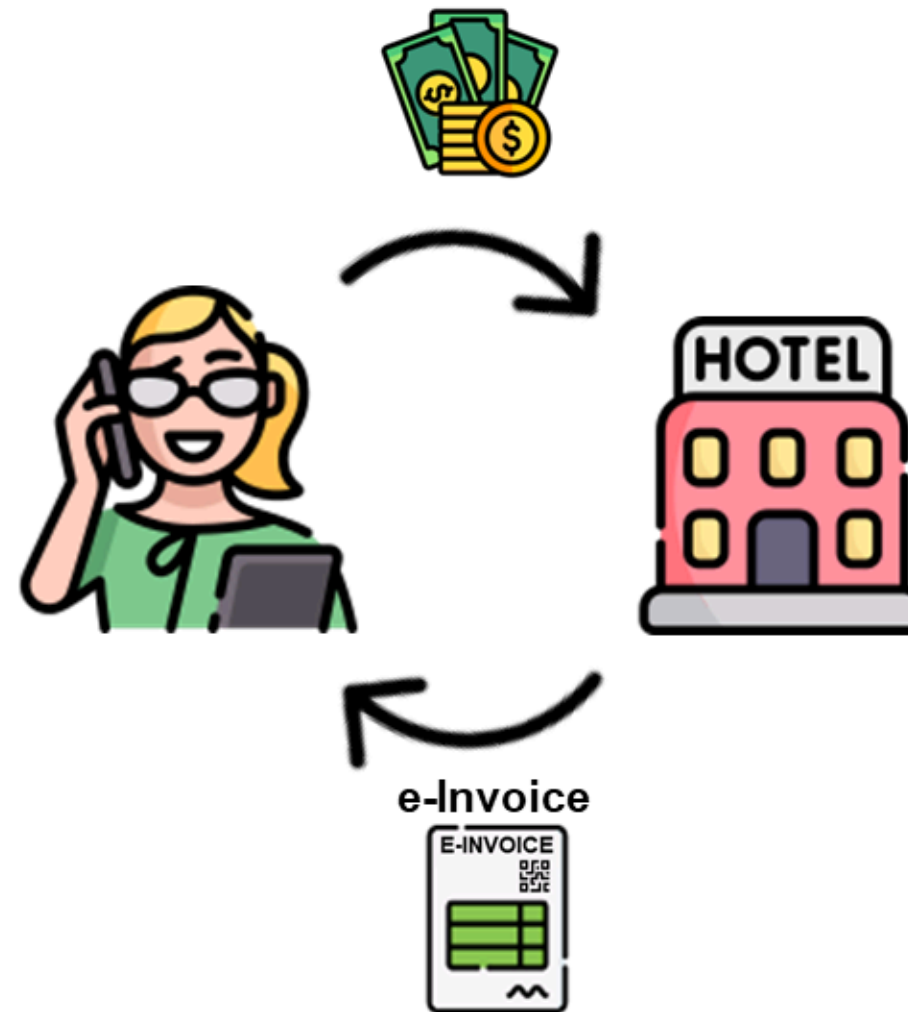
Illustration 13: A single e-Invoice that includes the service fee and costs is issued to the Buyer (where e-Invoices are issued to the Seller)

1



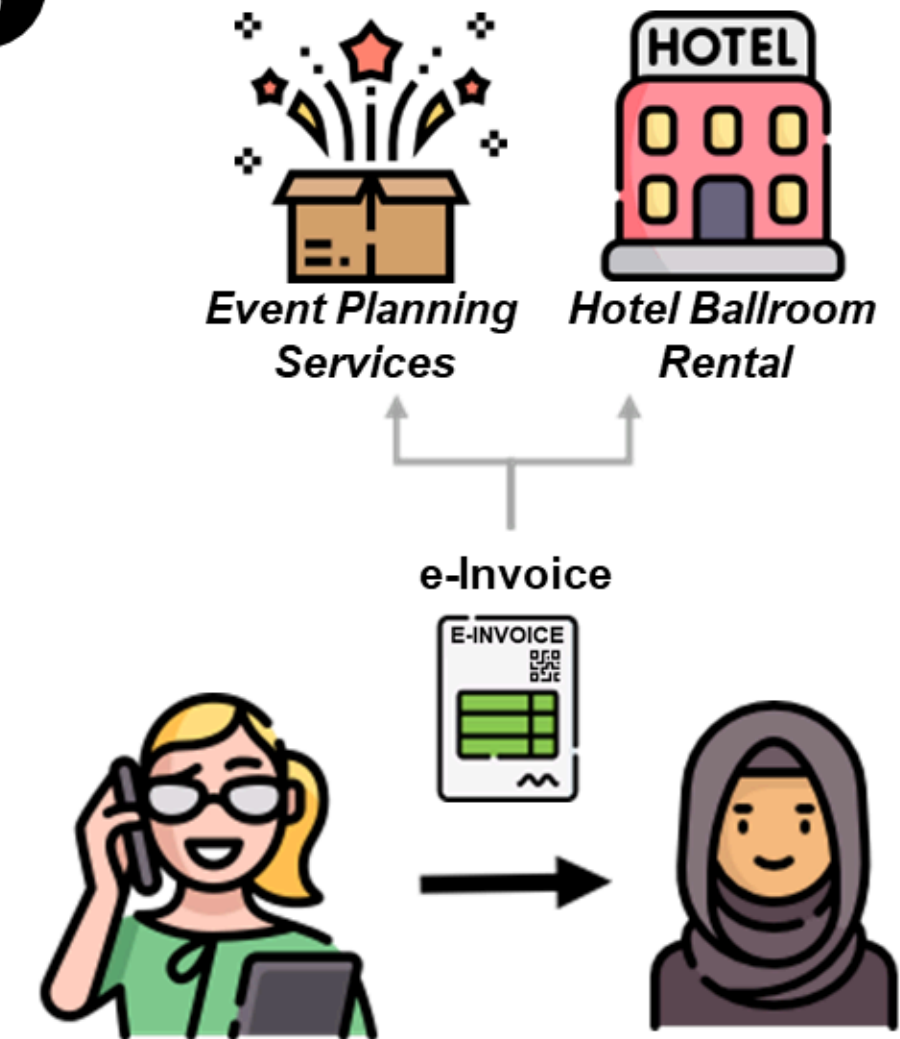
Perniagaan Adibah hires an event planner to organise their business' product launch celebration

2



The event planner rents a hotel ballroom for RM30,000 for the launch event and the hotel issues an e-Invoice to the event planner

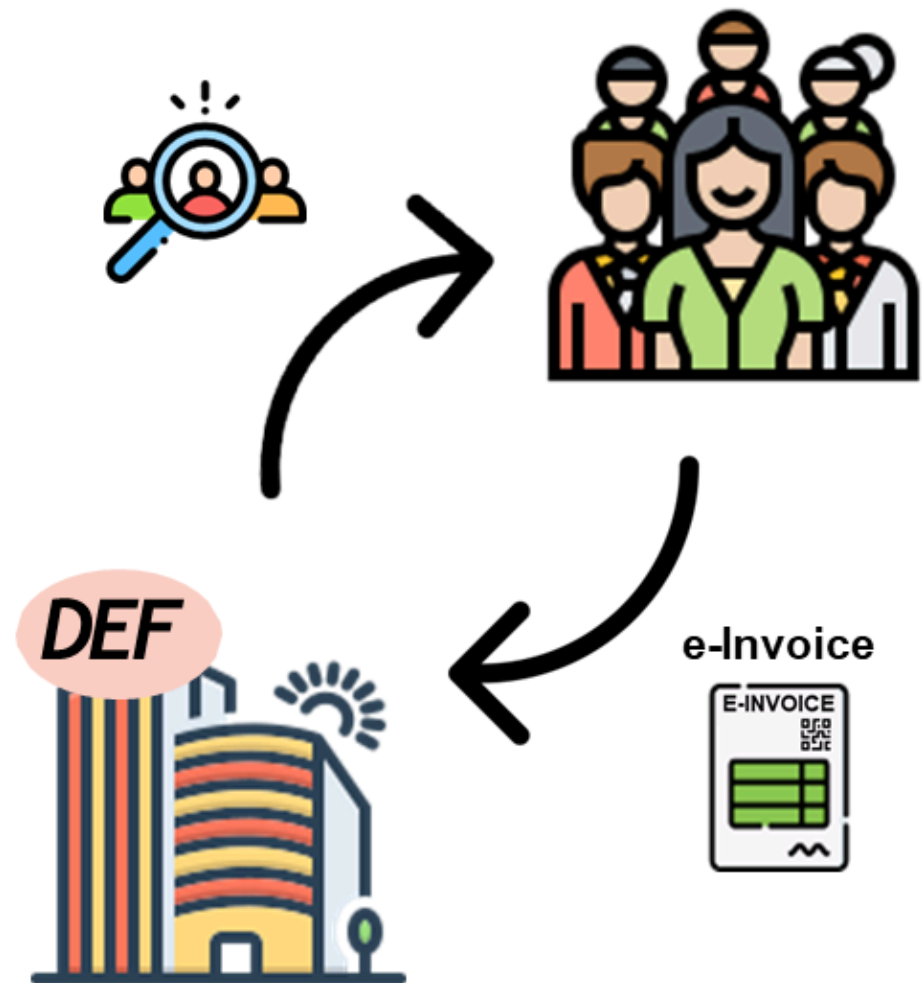
3



The event planner issues an e-Invoice to Perniagaan Adibah for her event planning services and the reimbursement for the hotel ballroom rental as separate line items of the e-Invoice

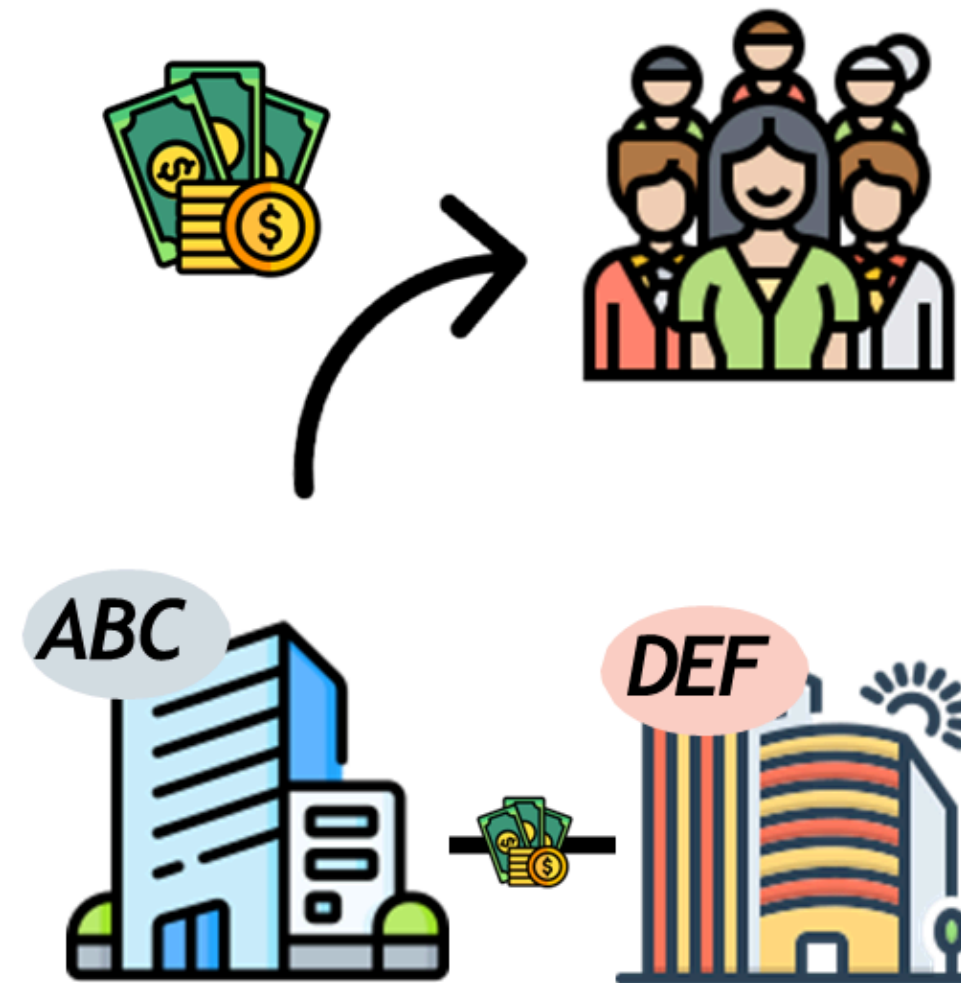
Illustration 14: Payments made **on behalf** of others **do not** require an e-Invoice.

1



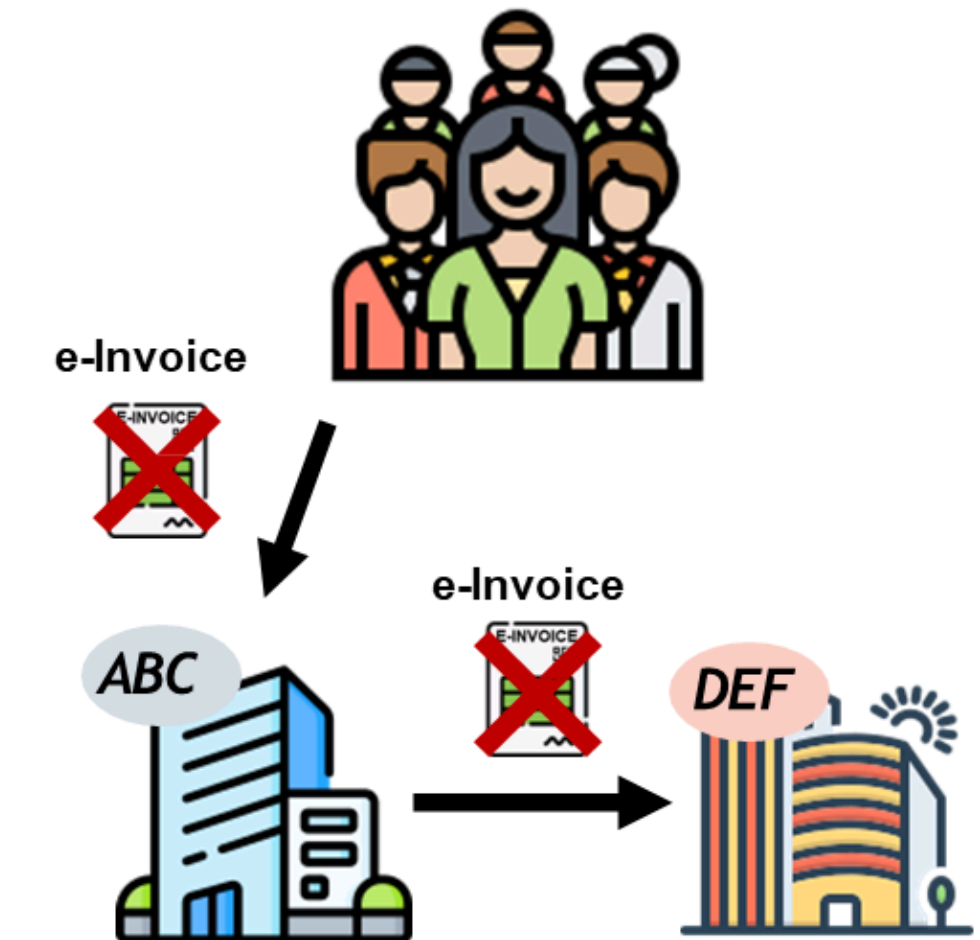
DEF Company hires HR Hiring for recruitment services and HR Hiring issued an e-Invoice to DEF for the services provided.

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.).

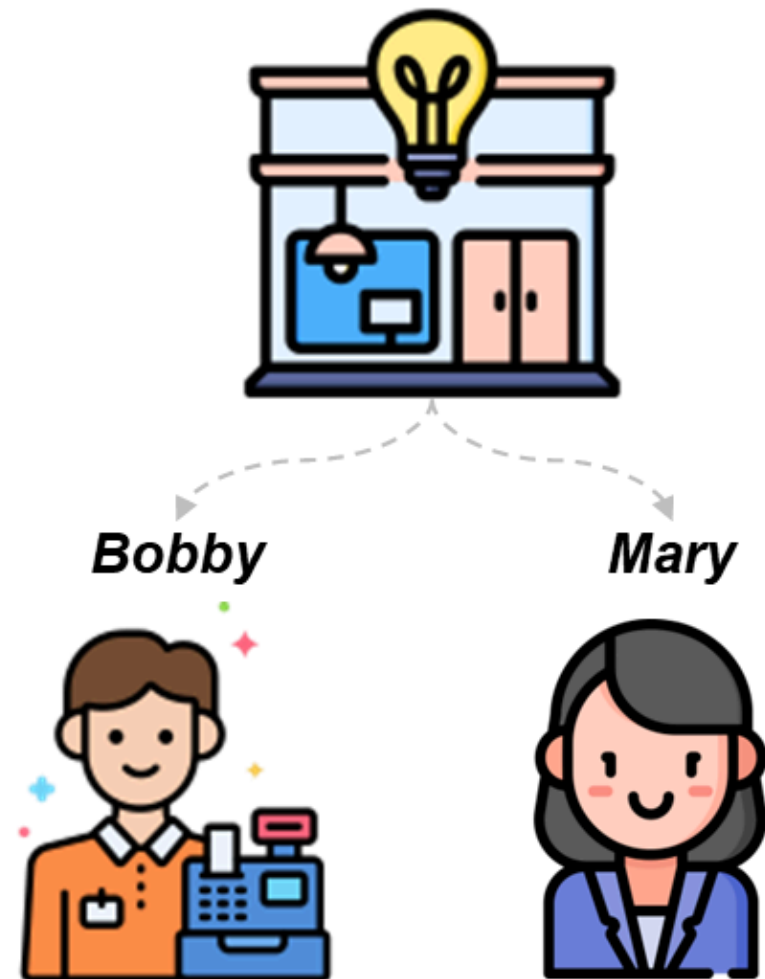
LHDNM acknowledges the challenges of issuing e-Invoices in the employer's name and provides the following flexibility.

- 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.

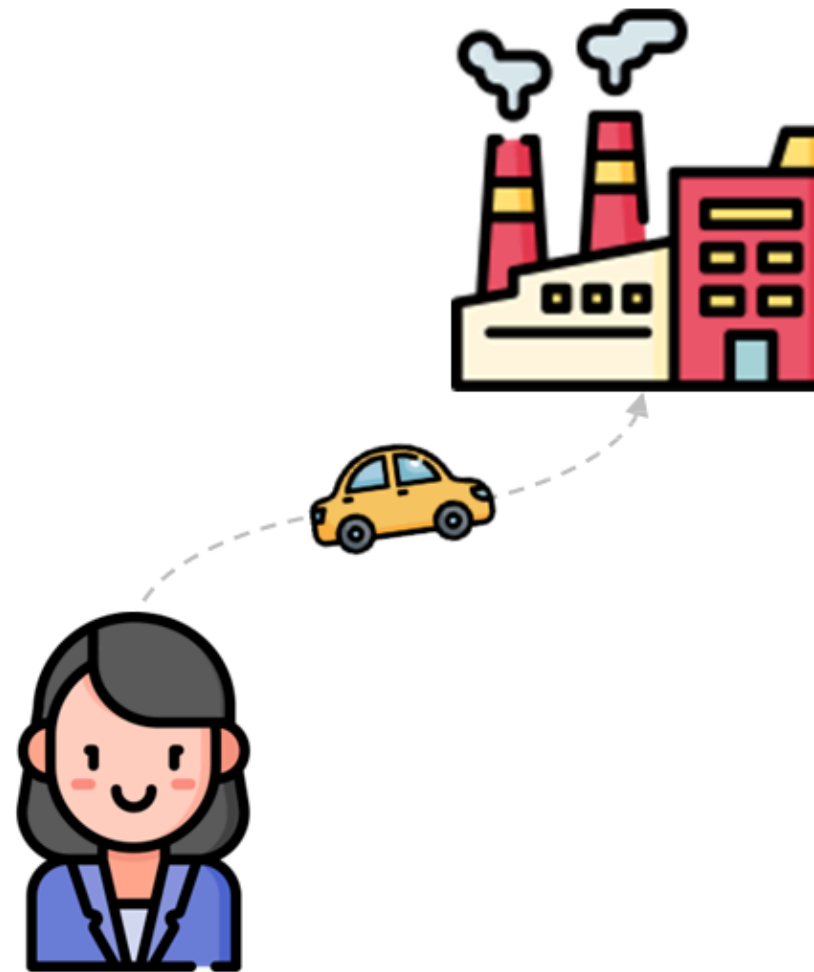
Illustration 15: e-Invoices created in the names of employees may be used by employers

1



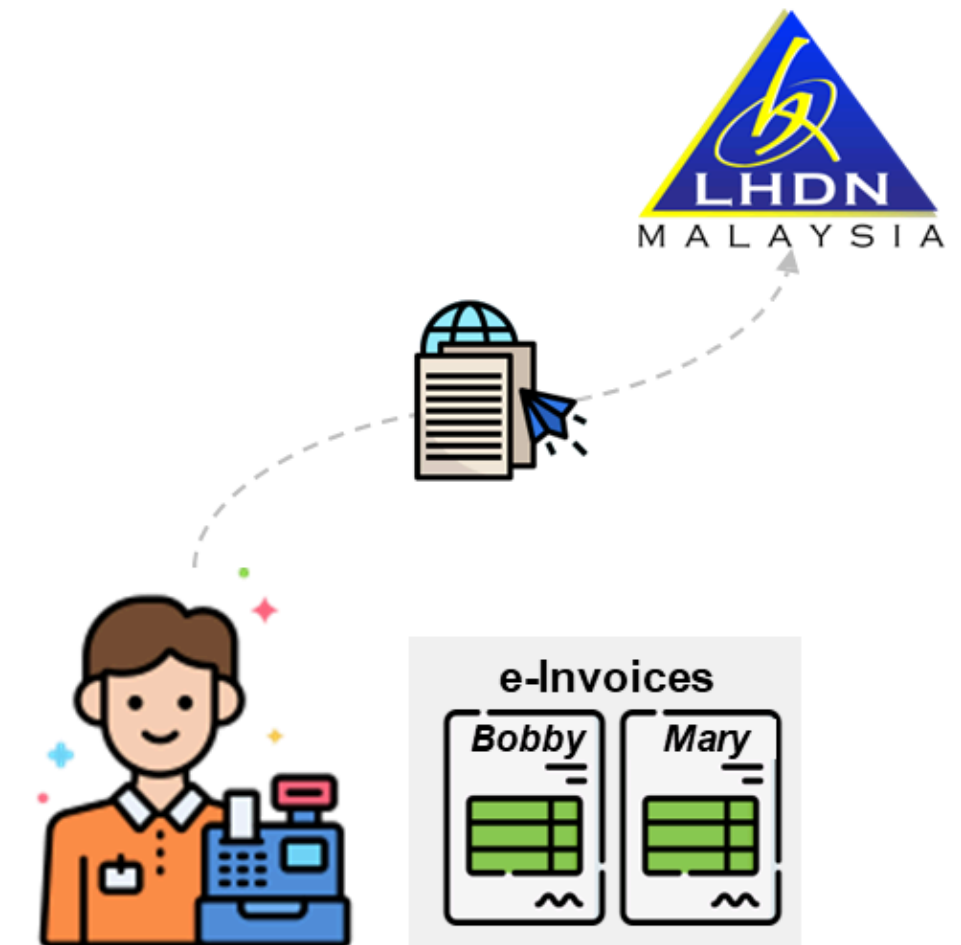
Bobby is the owner of Kedai Elektronik Smart Gadget, while Mary is an employee at his store

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.

*Notes:

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

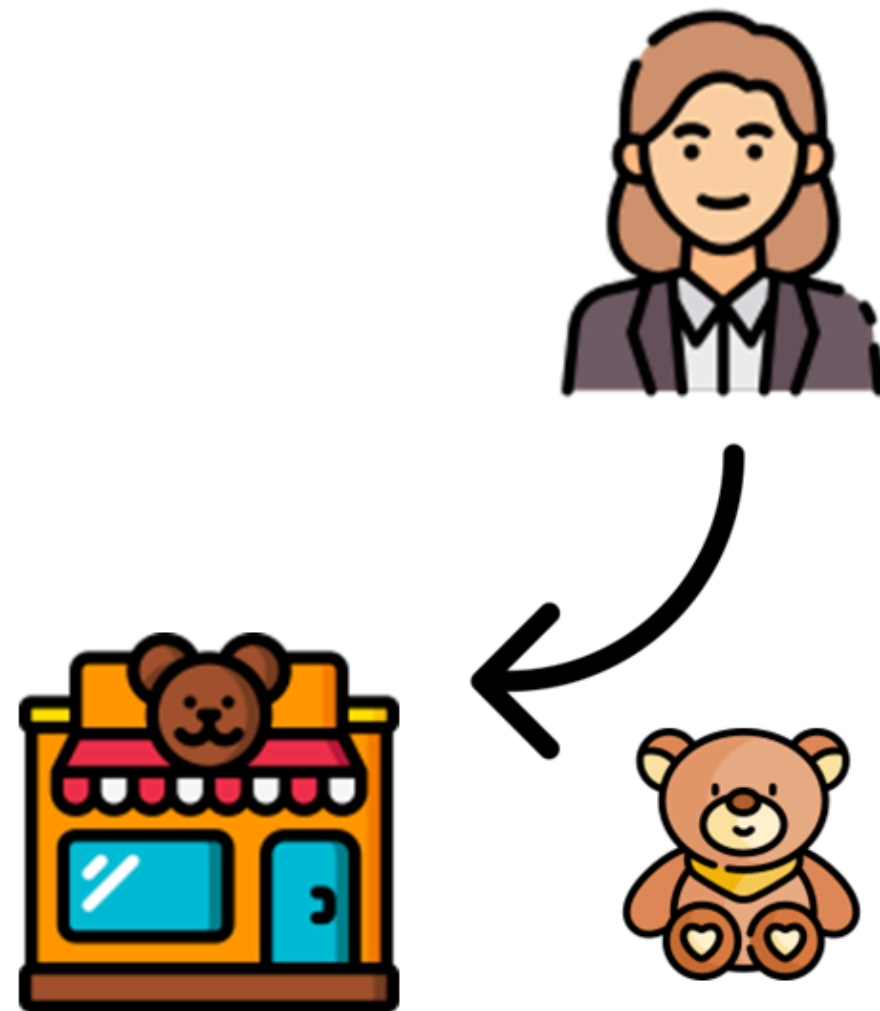
Buyers can issue self-billed e-Invoices in the following situations:

- 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:
 - a. Businesses (e.g., financial institutions, etc.) that charge interest to public at large (regardless of whether they are businesses or individuals);
 - b. Interest payment made by employee to employer; and
 - c. 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.

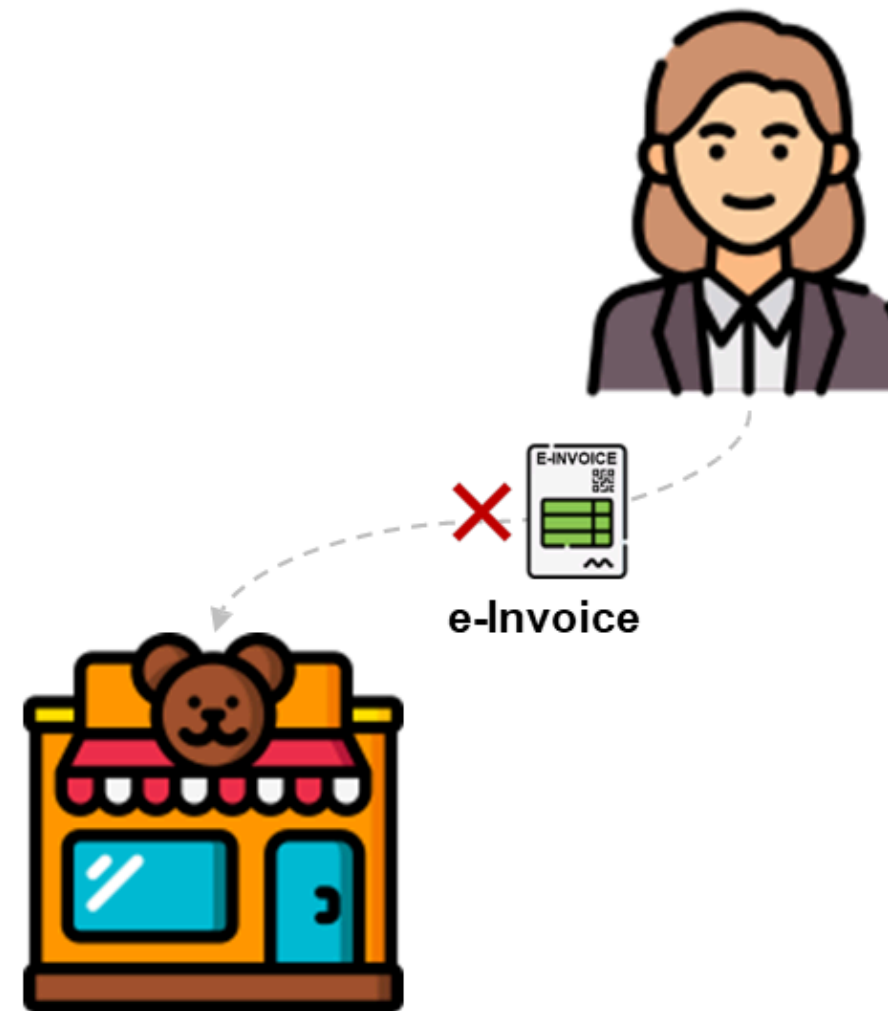
Illustration 16: When **buying goods** from a person who **isn't running a business**, the buyer must submit a **self-billed** e-Invoice.

1



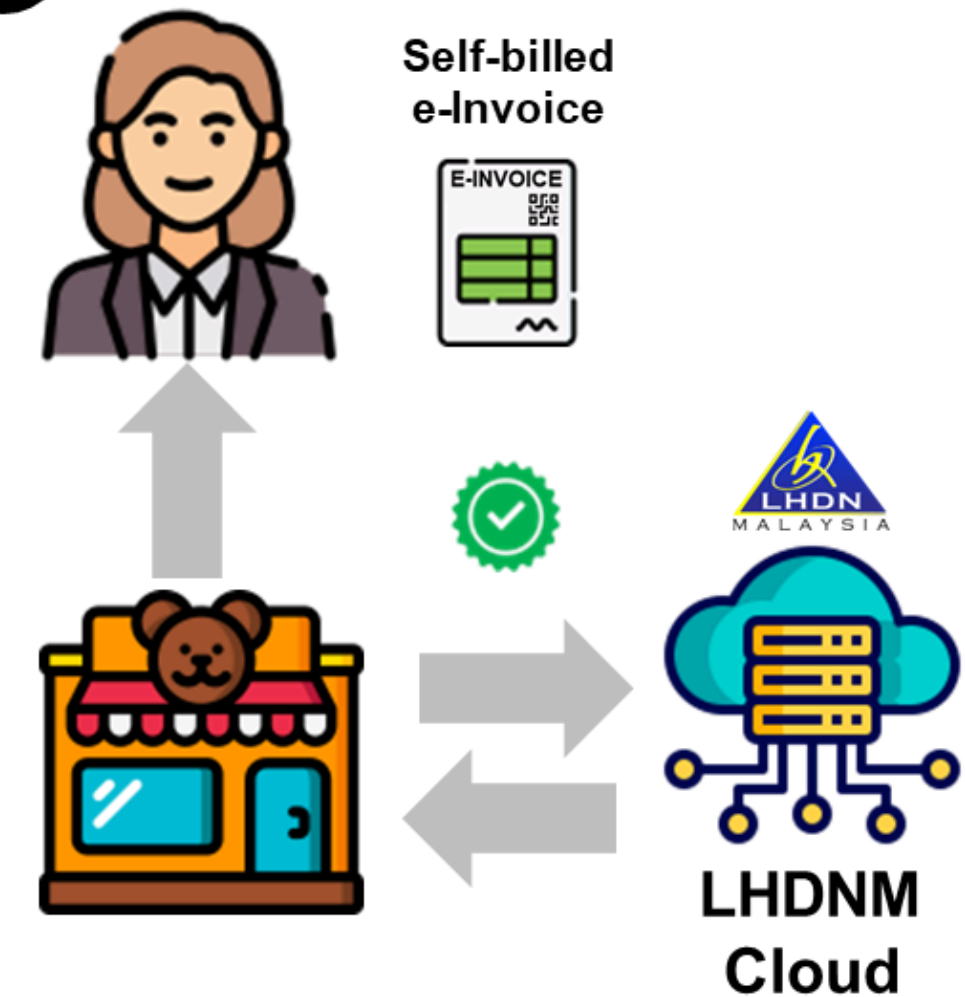
Tina sells one of her teddy bears to Kedai Permainan Cuddle Bears, which buys and sells used toys

2



As an individual not engaged in business is exempt from issuing e-Invoice, Tina is not obligated to issue an e-Invoice to Kedai Permainan Cuddle Bears

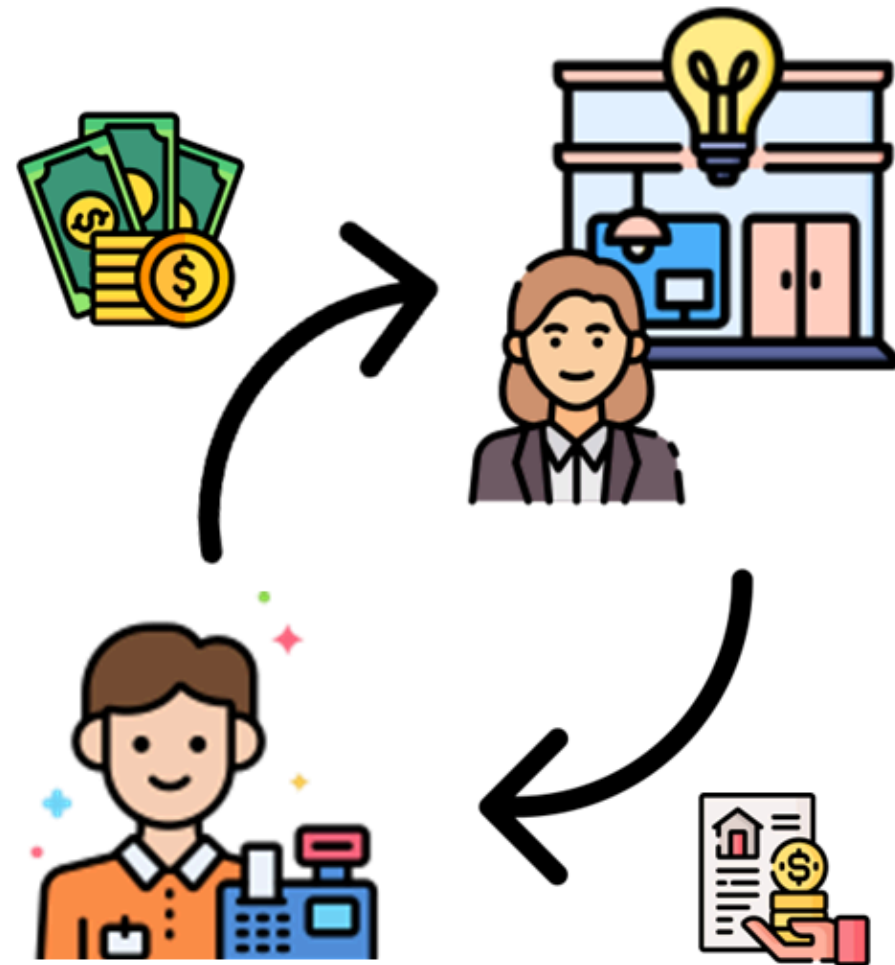
3



Instead, Kedai Permainan Cuddle Bears is required to create and submit a self-billed e-Invoice for the purchase of the teddy bear from Tina to record the expenses

Illustration 17: In the event that the landlord is **not in business**, **business tenants** must submit **self-billed e-Invoices** for **utilities and rent**.

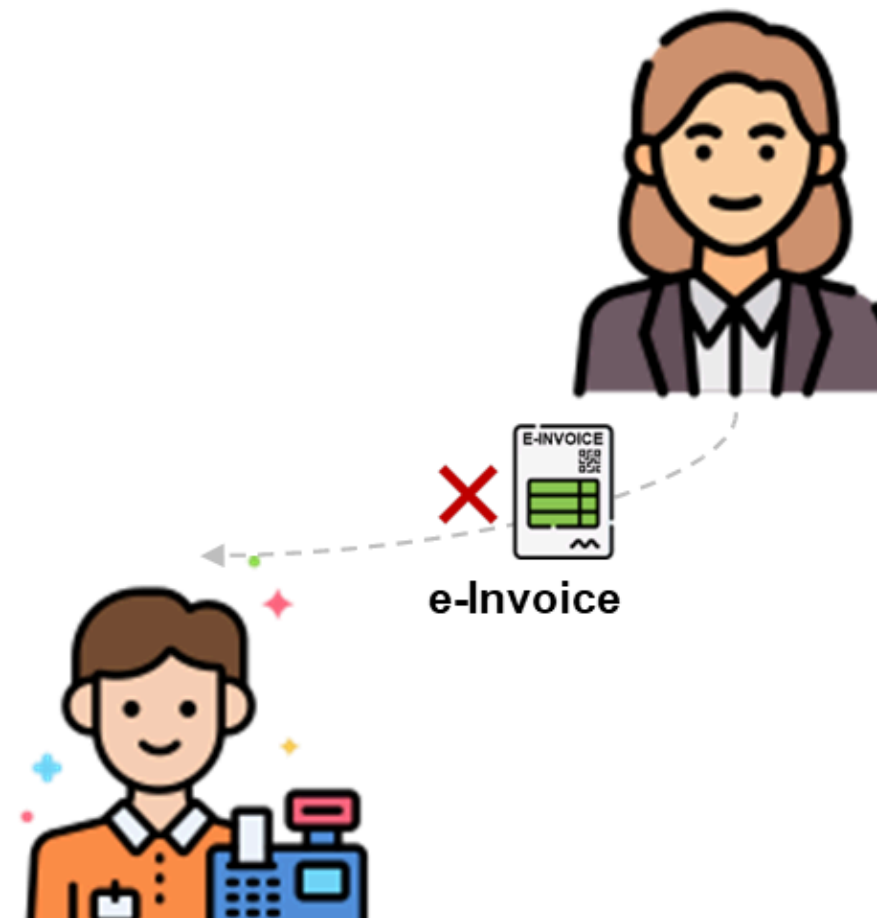
1



Smart Gadget

Tina, an individual who does not conduct a business, owns¹ a commercial shophouse. She rents her shophouse to Kedai Elektronik Smart Gadget

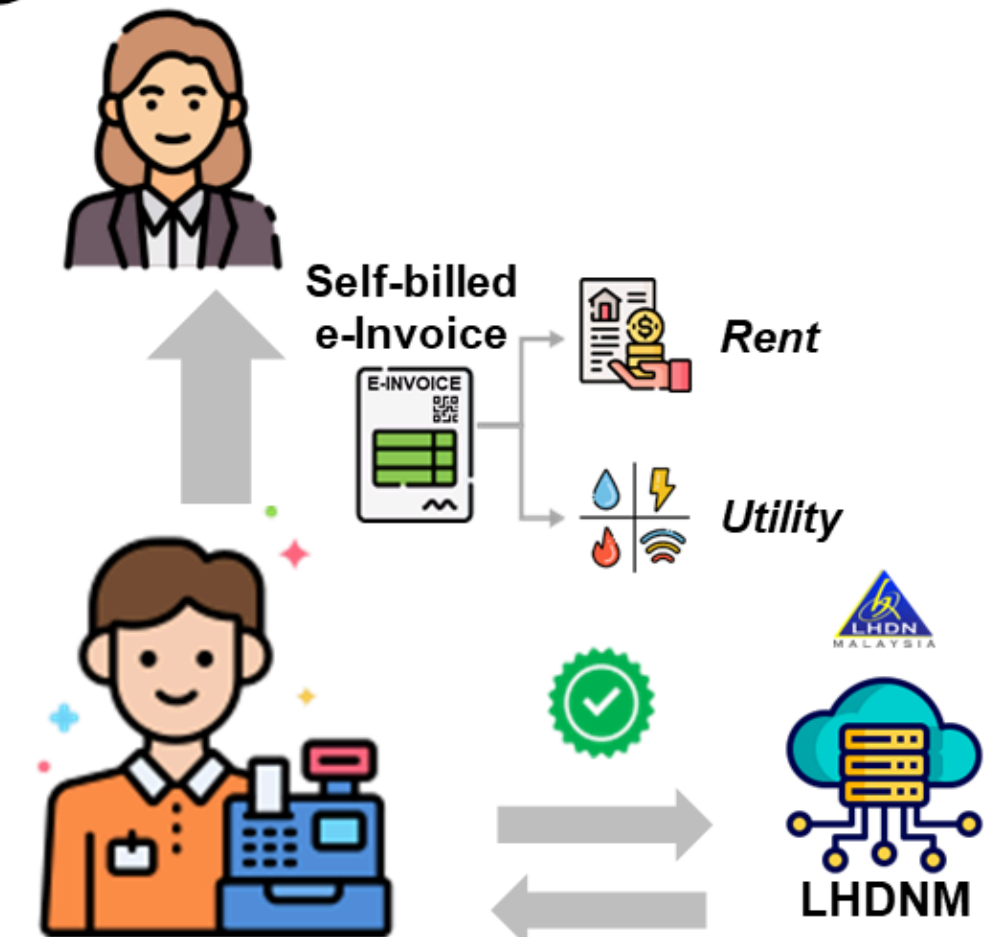
2



Smart Gadget

As Tina is an individual who is not conducting a business, she is not required to issue e-Invoice to Kedai Elektronik Smart Gadget for the rental and utility bills

3



Smart Gadget

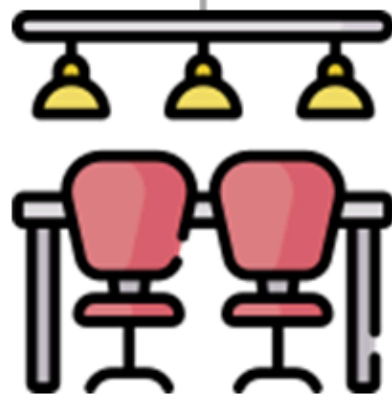
Instead, Kedai Elektronik Smart Gadget is required to create and submit a self-billed e-Invoice for its rental and utility expenses (registered under Tina's name)

***Notes:**

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

1



**Best
Mesra**

Best Mesra Sdn Bhd rents an office space owned¹ by three brothers – Haikal, Alif and Arif

2

*We do not conduct
any businesses*



As Haikal, Alif and Arif are individuals who are not conducting a business, they are not required to issue e-Invoice to Best Mesra for the rental

3



Self-billed
e-Invoice



Self-billed
e-Invoice



Self-billed
e-Invoice



**Best
Mesra**

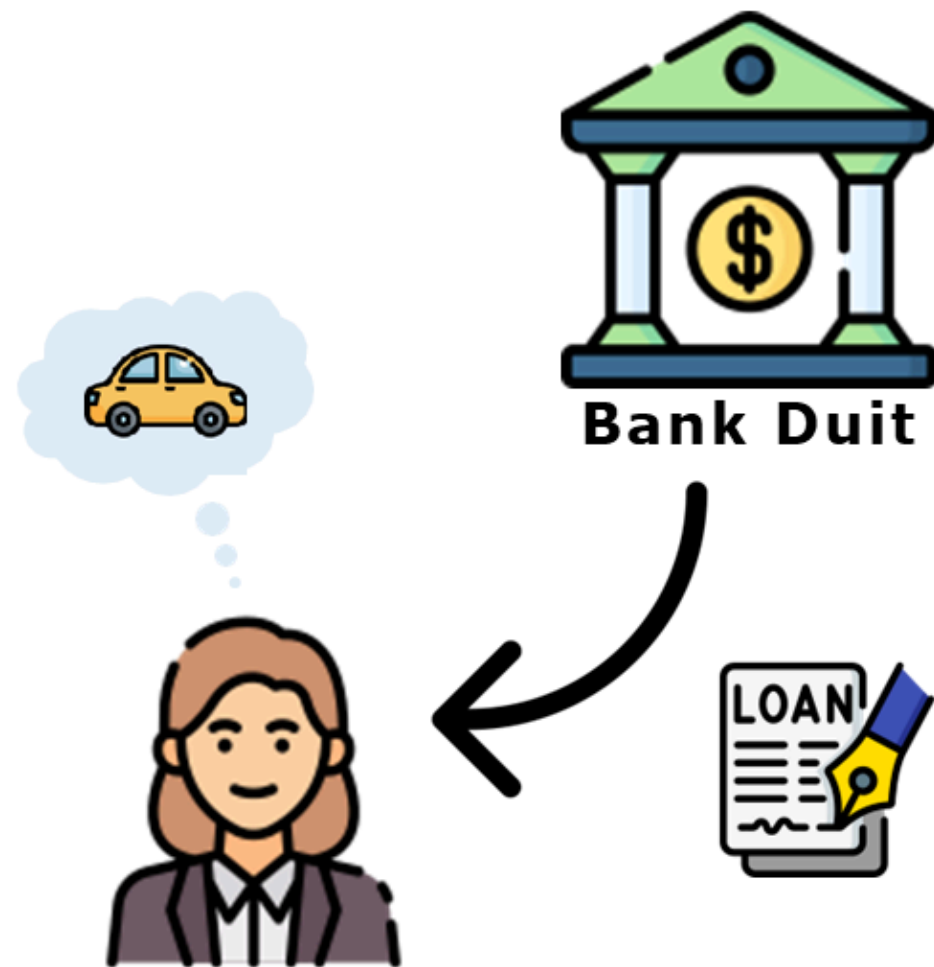
Instead, Best Mesra is required to create and submit self-billed e-Invoices to Haikal, Alif and Arif according to their agreed-upon proportions to record the expense

*Notes:

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.

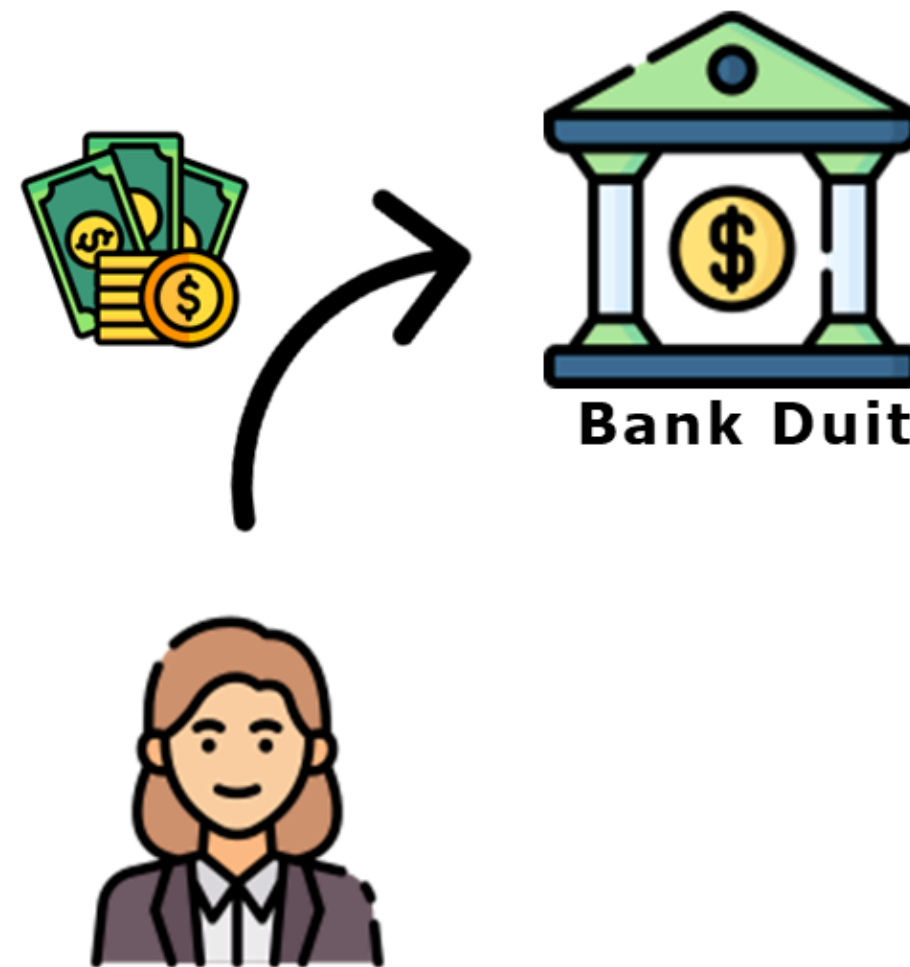
Illustration 19: If the interest payment is paid to a financial institution, buyers are not required from issuing self-billed e-invoices.

1



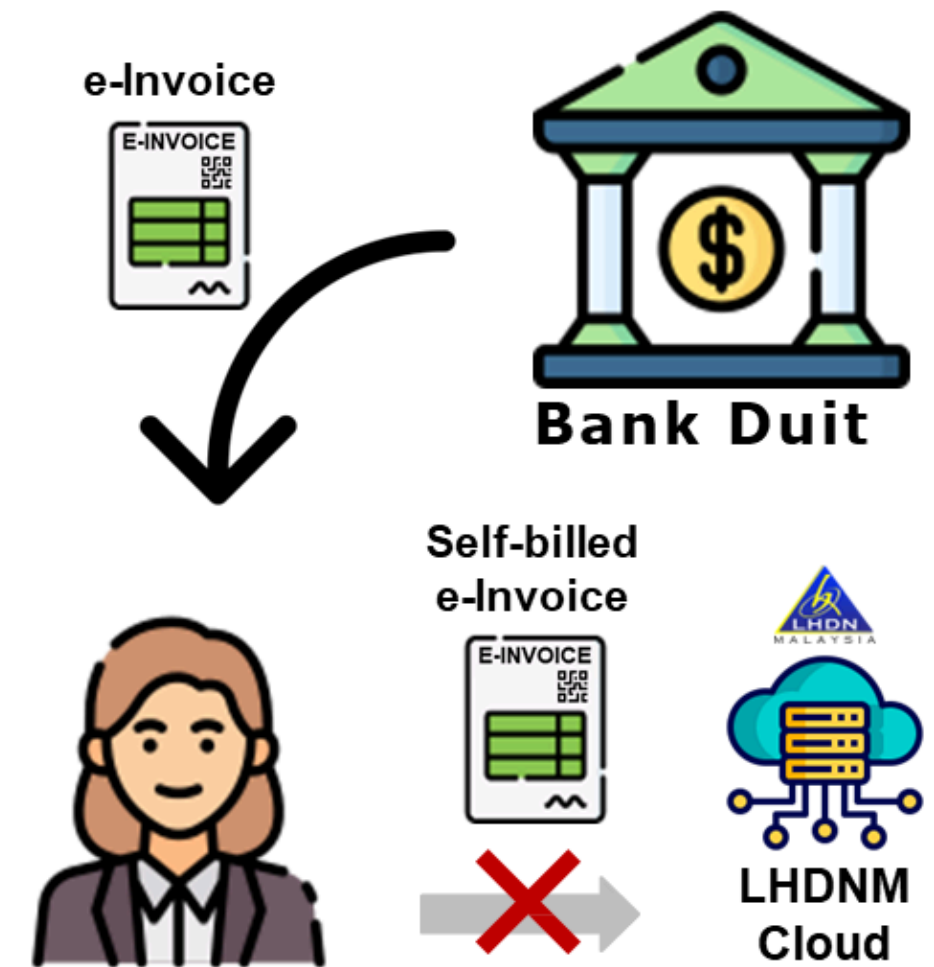
Tina secured a loan from Bank Duit to finance the purchase of her car

2



Tina makes monthly instalment payments, consisting of principal and interest, to Bank Duit

3



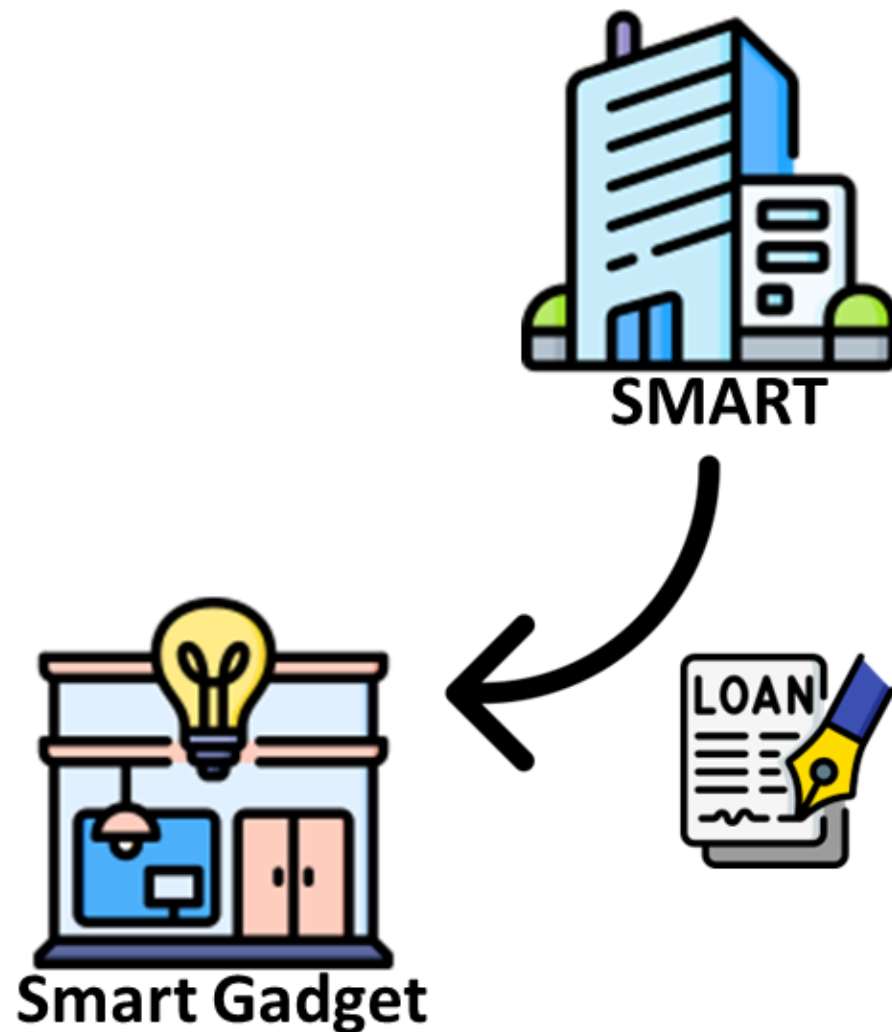
As Tina is making an interest payment to a bank, she is not required to issue a self-billed e-Invoice. Instead, she will receive an e-Invoice from Bank Duit.

***Notes:**

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.

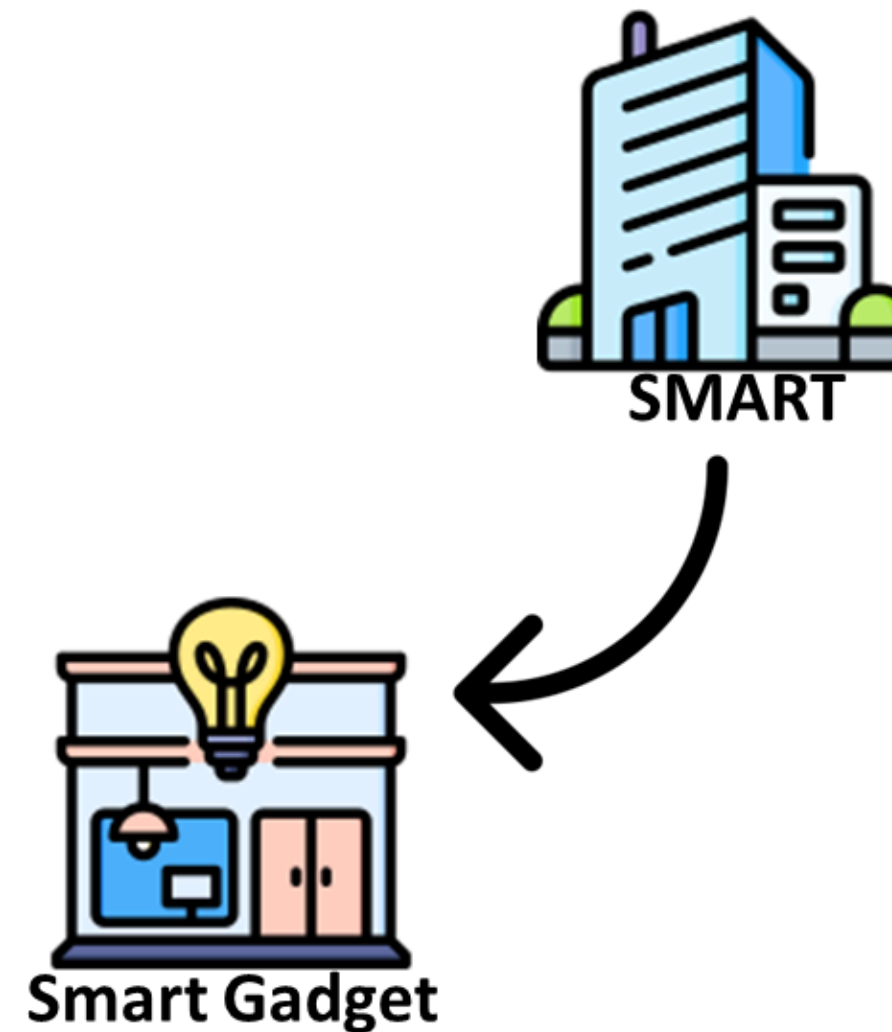
Illustration 20: When paying interest to related companies (a non-financial institution), buyers must submit a self-billed e-Invoice.

1



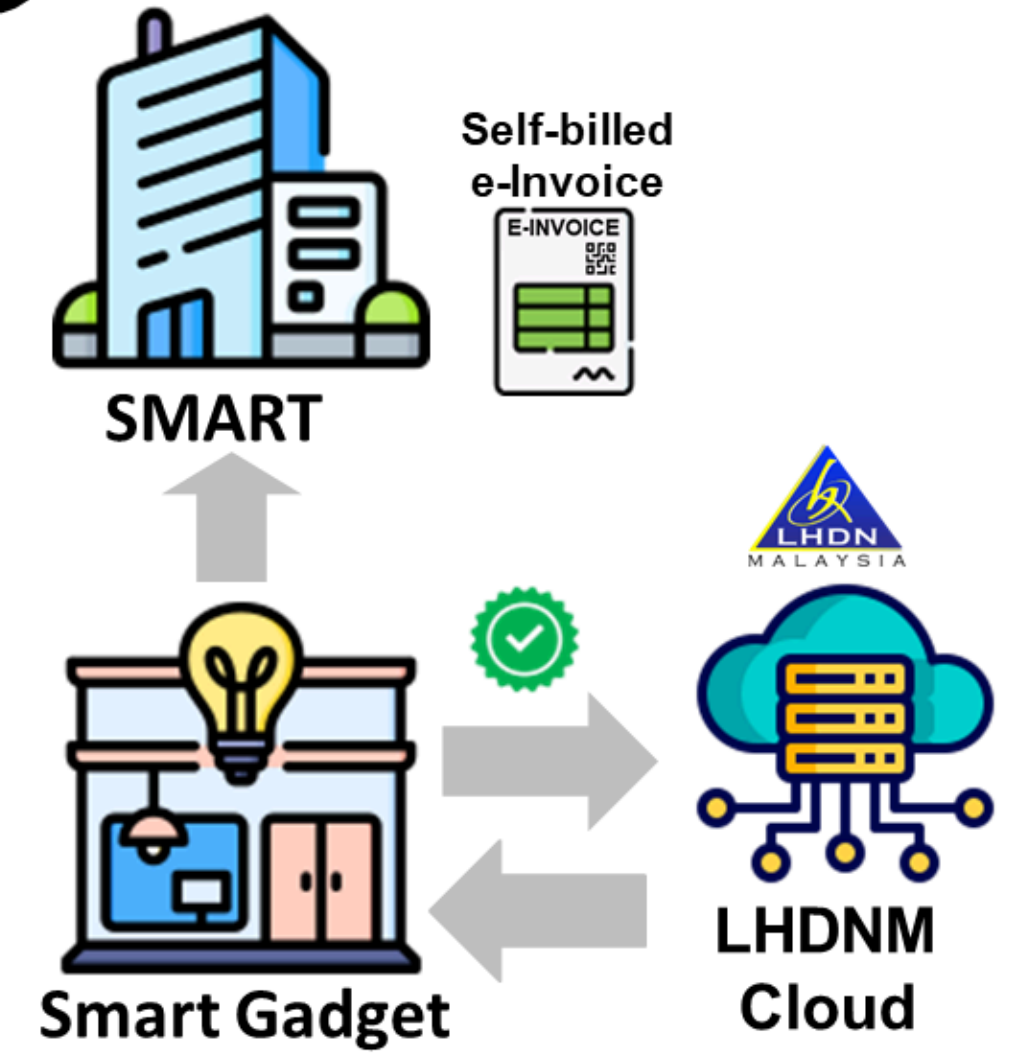
Kedai Elektronik Smart Gadget has obtained RM1 million loan from its holding company, SMART Sdn Bhd

2



SMART charges interest on the loan to Kedai Elektronik Smart Gadget

3



Kedai Elektronik Smart Gadget is required to create and submit a self-billed e-Invoice for interest paid to SMART

Transactions which involve payments to Agents, Dealers and Distributors

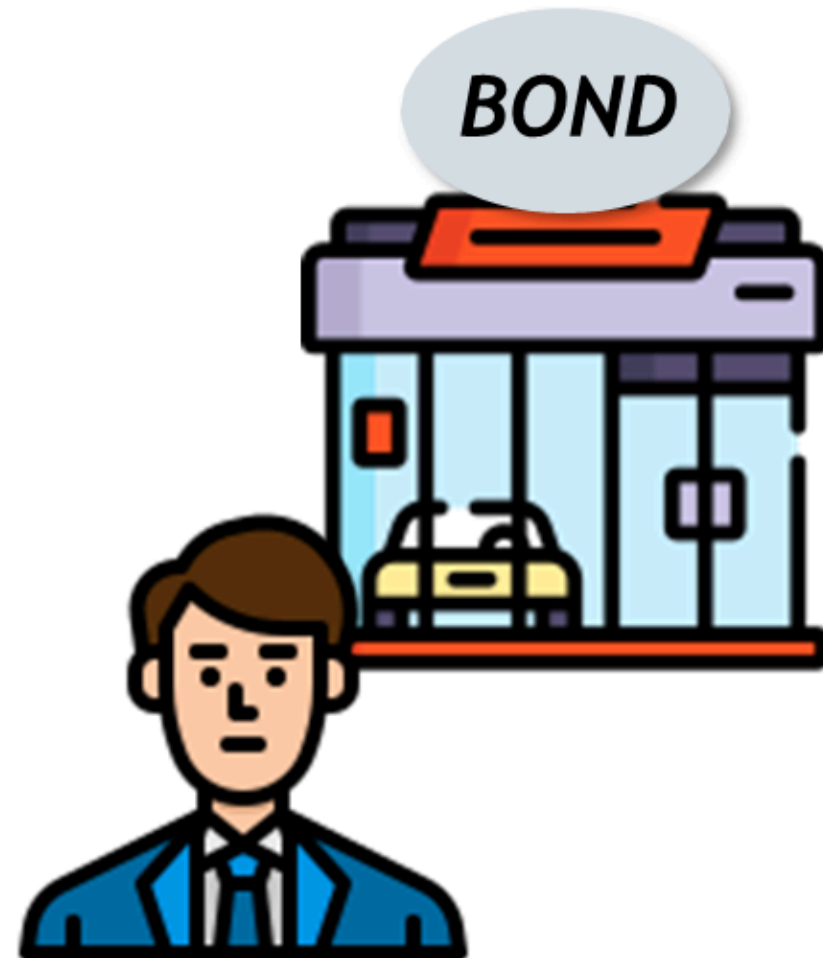
The use of an agent, dealer or distributor (ADD) is commonly seen in a business supply chain. An ADD (i.e., a third party / intermediary) typically earns a commission from the Seller (e.g., product owner or service provider). In addition, the ADD may also earn other forms of monetary and non-monetary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

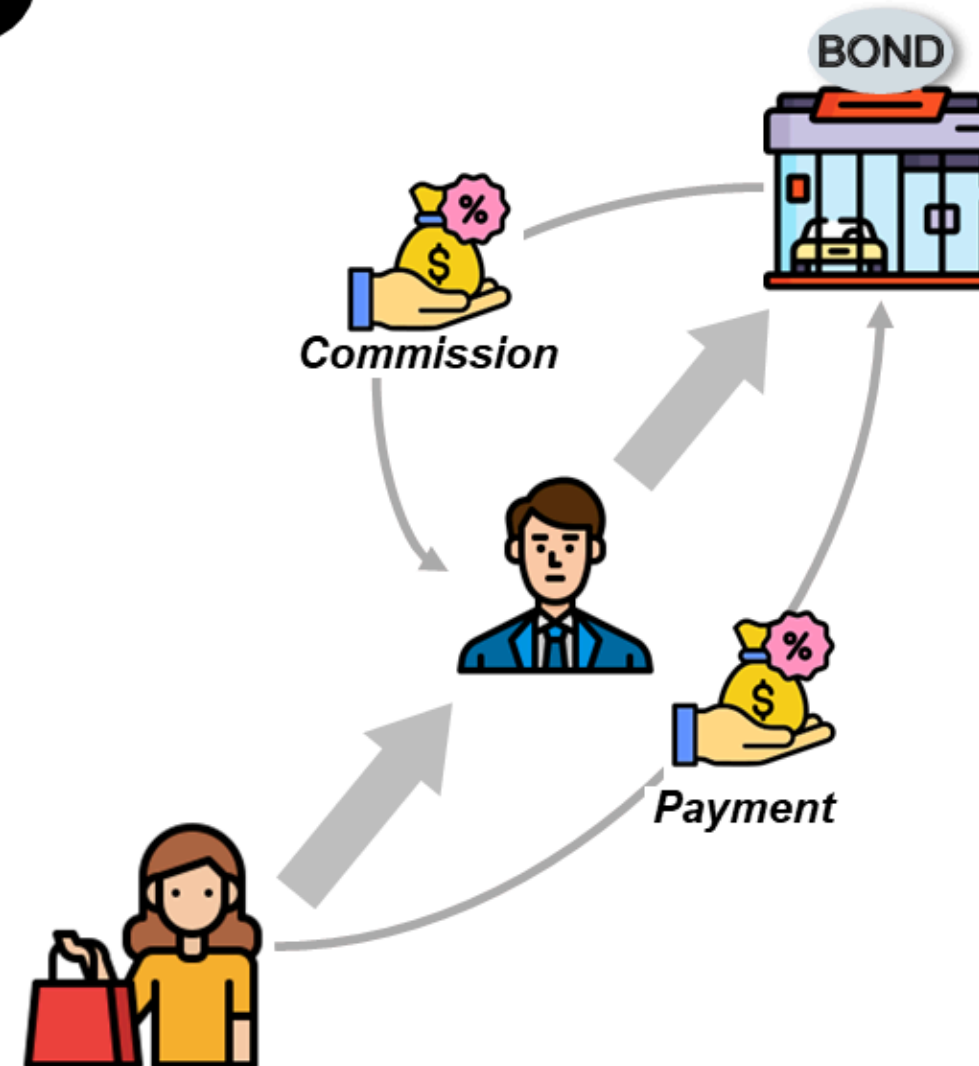
Illustration 21: In order to pay agents, dealers, and distributors (i.e., Commission), Buyer (Payor) must issue self-billed e-Invoices to applicable transactions.

1



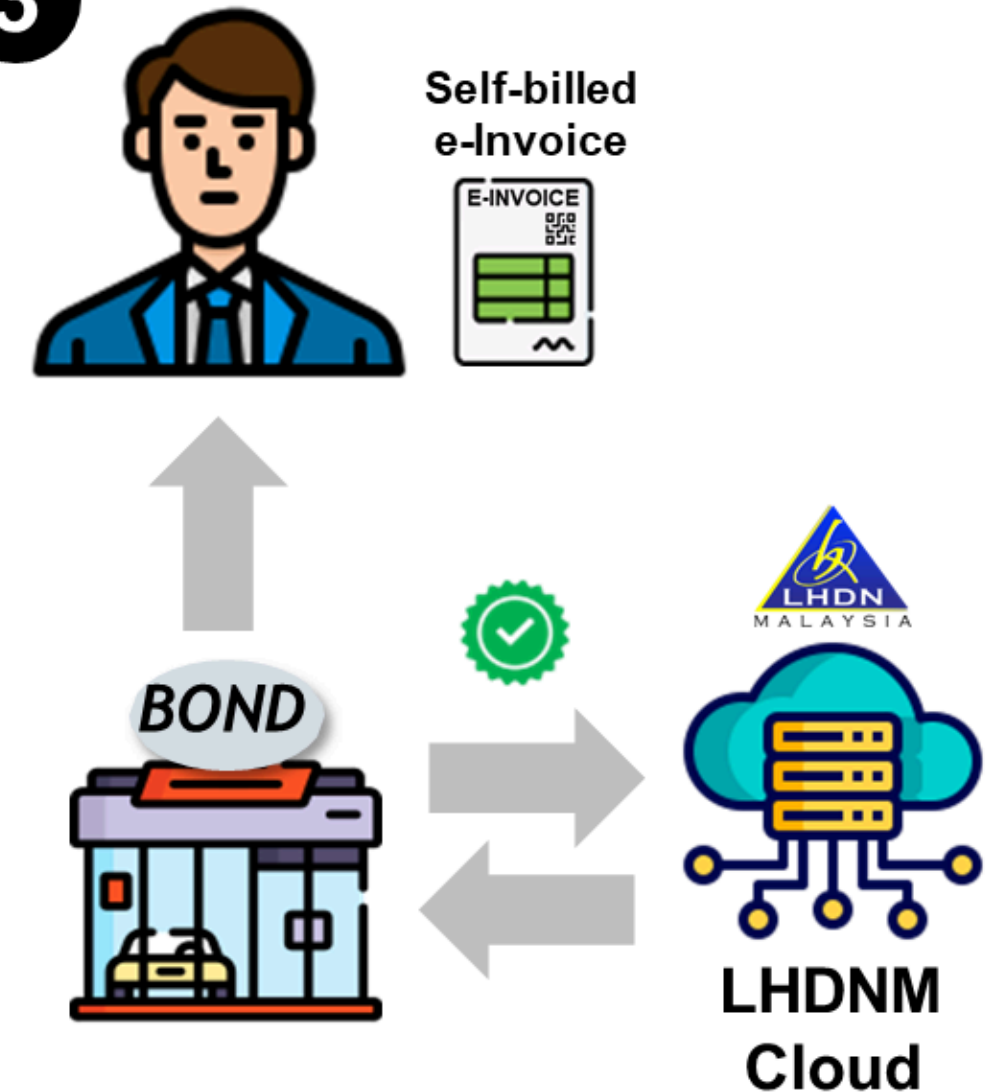
Alif is a car salesman at Bond Automotive Sdn Bhd

2



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

3



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

CrossBorderTransactions

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

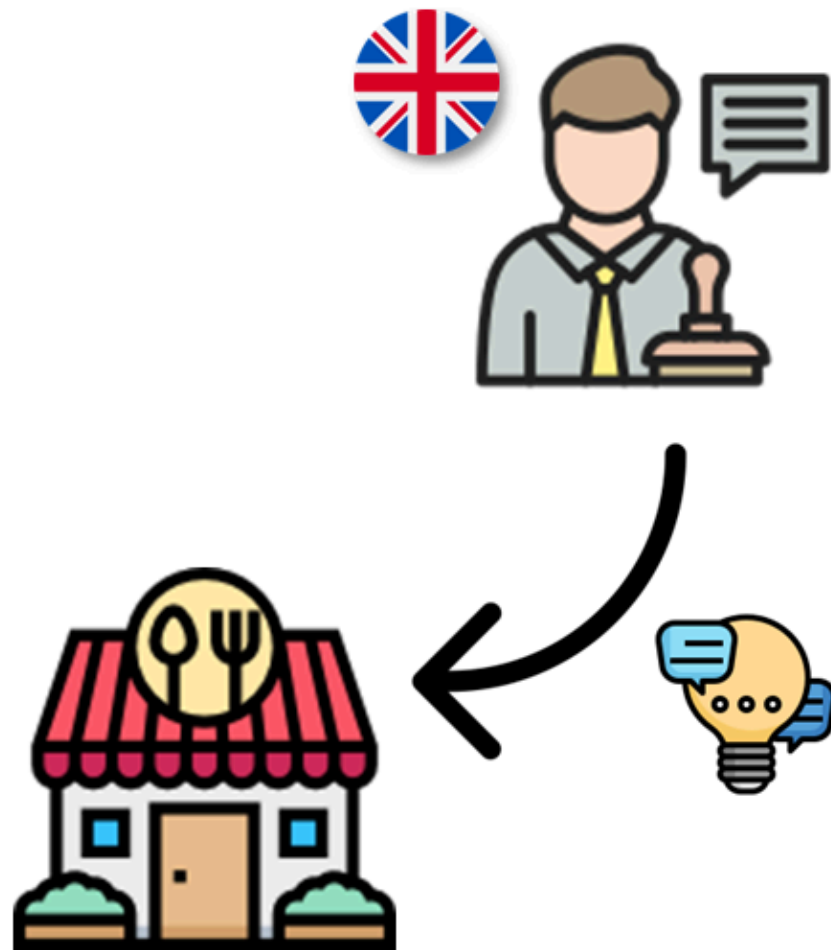
A Foreign Seller refers to any seller operating outside of Malaysia or not established in Malaysia, including non-Malaysian individuals. Conversely, Foreign Buyer refers to any foreign person who acquires goods and/or services from Malaysia.

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.

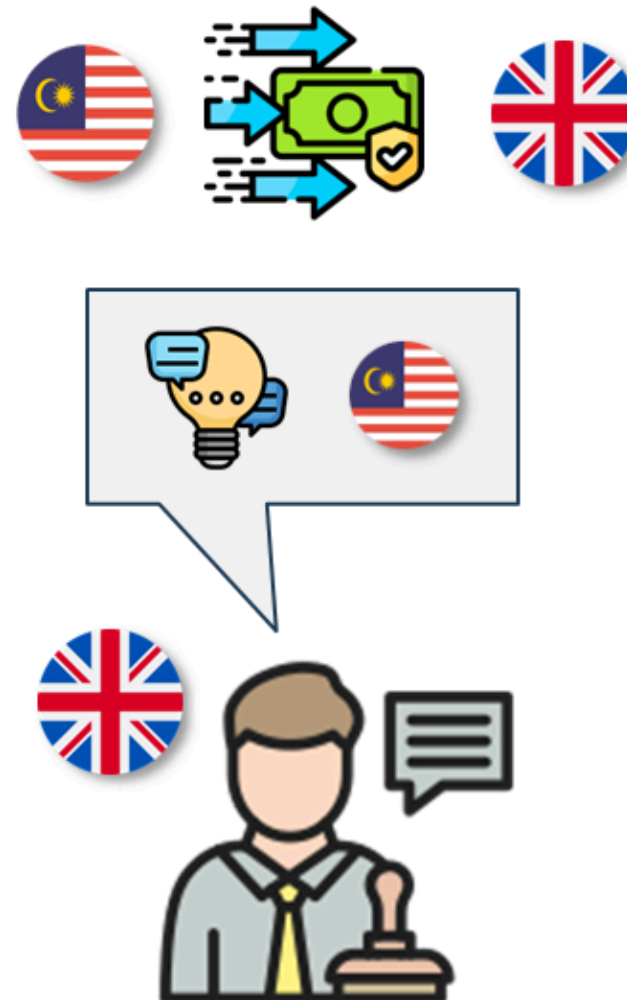
Illustration 22: For services purchased from foreign sellers, Malaysian buyers must issue self-billed e-Invoices.

1



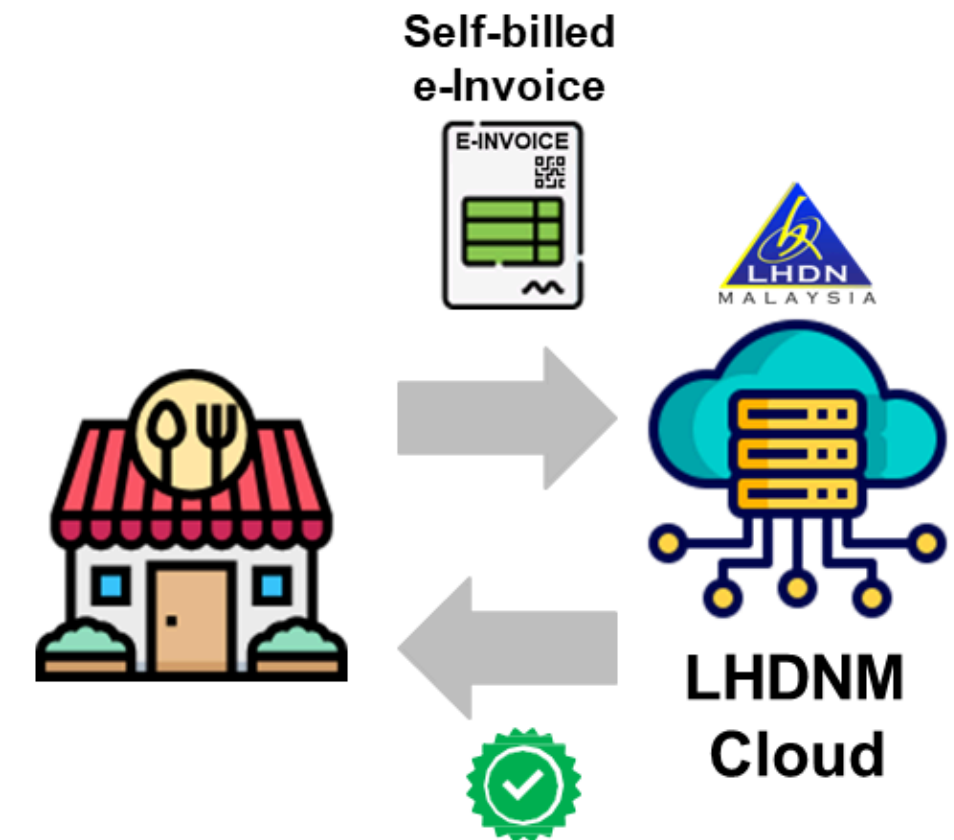
Food Eat Sdn Bhd hires legal advisor, ABC Advisory Ltd from the UK for legal advice

2



ABC Advisory issues invoice to Food Eat Sdn Bhd (Malaysian Buyer) for the services rendered

3



As ABC Advisory is not required to issue an e-Invoice, Food Eat is required to issue a self-billed e-invoice¹

***Notes:**

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.

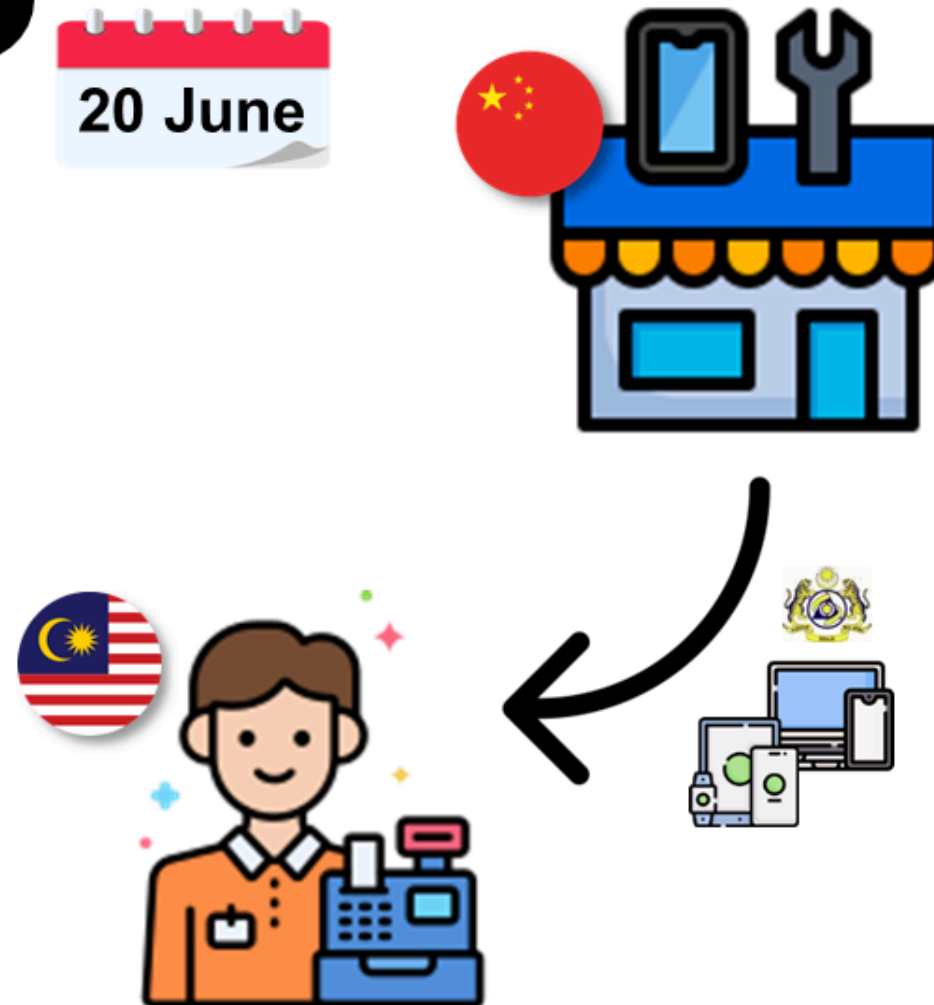
Illustration 23: When buying imported items from a foreign seller, businesses must issue a self-billed e-Invoice.

1



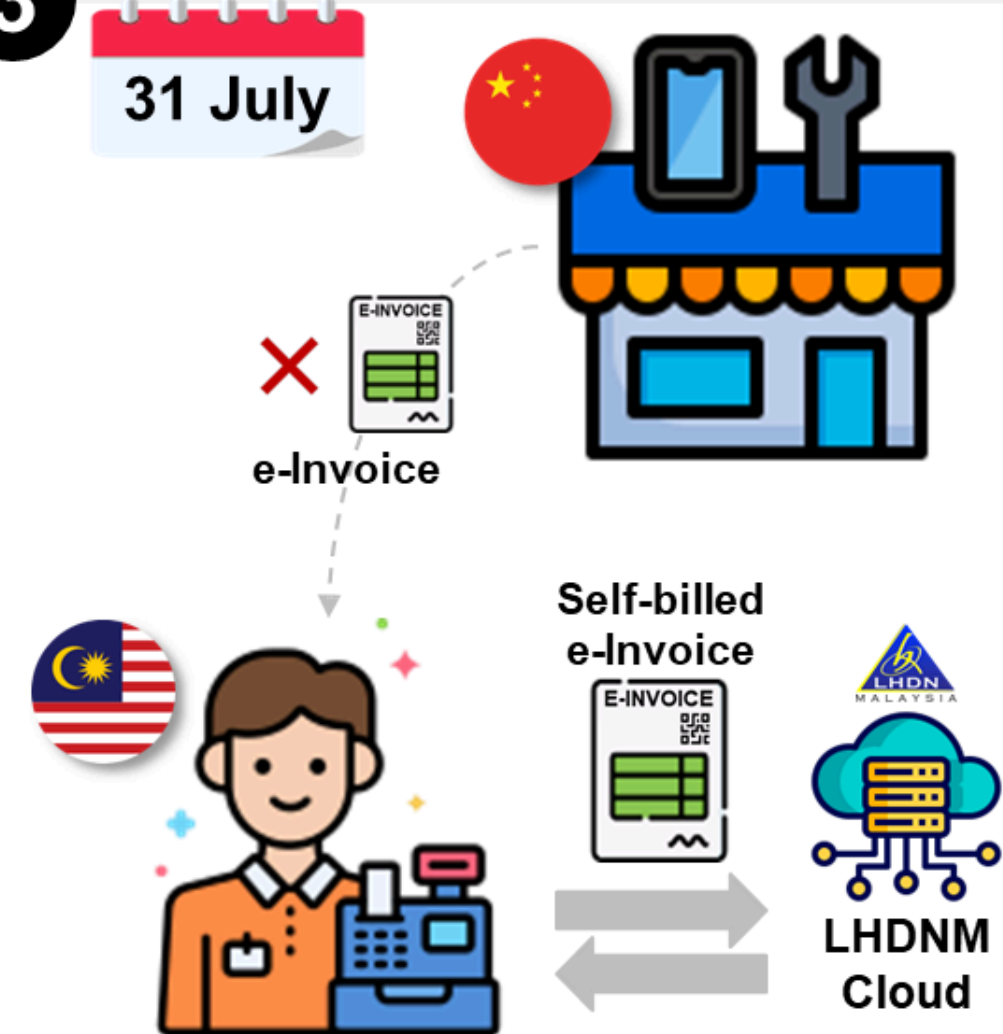
Bobby runs Kedai Elektronik Smart Gadget, an electronic store based in Malaysia

2



Bobby imports most of his products from a Seller in China, and the customs clearance is obtained on 20 June

3



As the Chinese seller is not required to issue an e-Invoice, Bobby is required to submit a self-billed e-Invoice¹ latest by 31 July

***Notes:**

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.

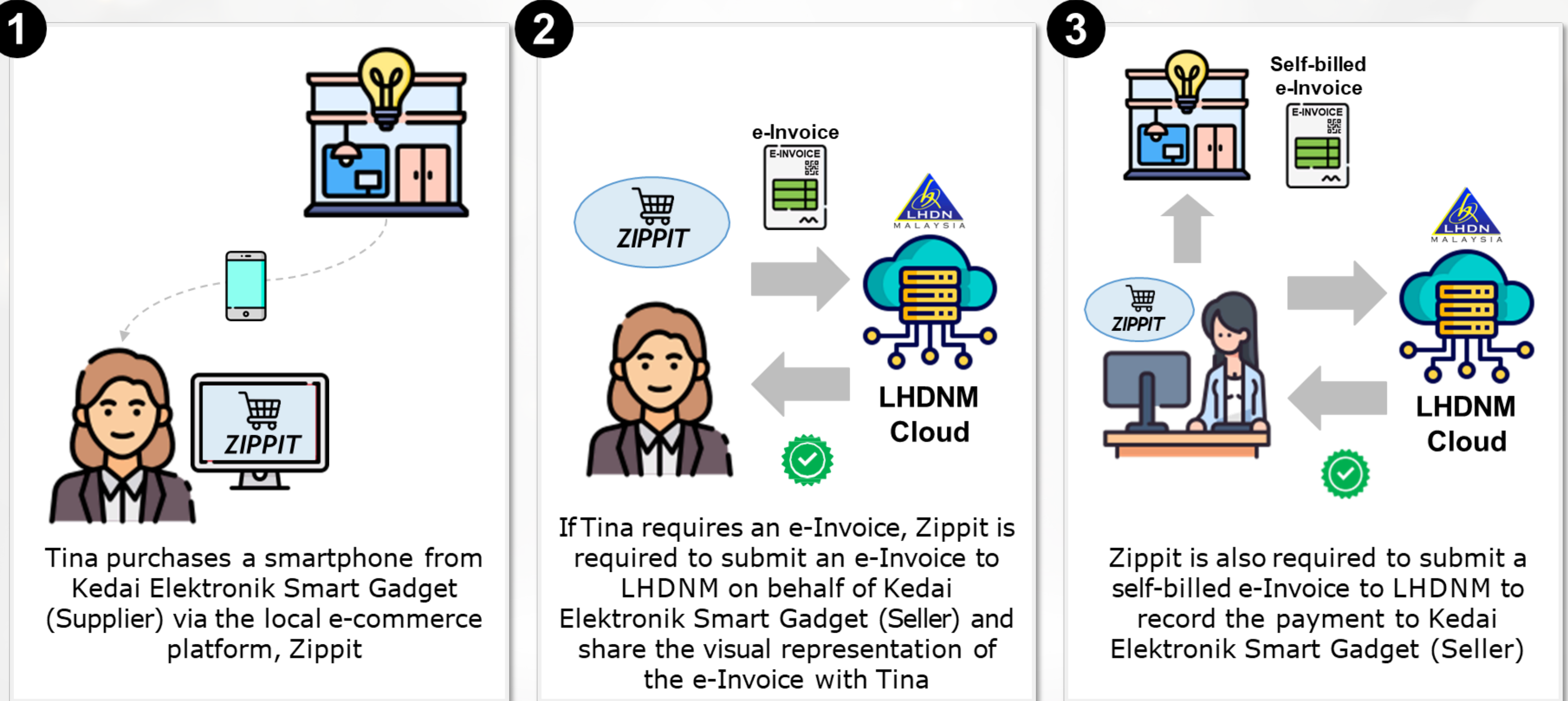
e-Commerce Transactions

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

SenangAkaun



E-INVOICE

ILLUSTRATIVE GUIDE

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.