COMPLYANCE

2024

Malaysia E-invoicing Guidebook

Complyance's perfect guide book to understand about
Malaysia E-invoicing & LHDN Compliance

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E-Invoicing Simplified for Malaysian Businesses

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Complyance: Now a PEPPOL Certified Service Provider

Complyance is now officially listed as a certified service provider on the PEPPOL website, revolutionizing PEPPOL E-invoicing with seamless ERP integration. PEPPOL is more than just another E-invoicing standard; it is a gateway to global business opportunities. Its unique infrastructure enables entities to exchange electronic documents over its network, regardless of the ERP systems in use.

By integrating PEPPOL solutions, Complyance allows businesses to leverage global E-invoicing capabilities, ensuring compliance with various international regulations and standards. This integration helps businesses expand their market reach without the compliance headaches. Furthermore, Complyance is working closely with the Malaysia Digital Economy Corporation (MDEC) to achieve both PEPPOL and LHDN compliance, ensuring that Malaysian businesses can seamlessly adopt and benefit from this global standard. PEPPOL compliance has never been easier with Complyance by your side.

“PEPPOL Compliance Made Easy with Complyance”

Introduction

In Malaysia, e-Invoicing is becoming increasingly important for businesses to ensure compliance with tax regulations and to streamline their invoicing processes. This guide provides a comprehensive overview of e-Invoicing in Malaysia, covering key aspects such as the process flow, types of e-Invoices, and the benefits of adopting e-Invoicing.

History and Evolution of E-Invoicing in Malaysia

The journey of e-Invoicing in Malaysia began as part of the government's initiative to digitize financial transactions and improve tax compliance. Over the years, the adoption of e-Invoicing has gained momentum, driven by technological advancements and the need for more efficient business operations. Today, e-Invoicing is a critical component of Malaysia's digital economy, with widespread adoption across various industries

What is an E-Invoice in Malaysia?

An e-Invoice is an electronic document that serves as a digital version of a traditional paper invoice. It contains all the transaction details required for billing and tax purposes, formatted in a way that is recognized and accepted by both businesses and the Malaysian tax authorities.

Understanding the E-Invoicing Process in Malaysia

The e-Invoicing process in Malaysia involves the following key steps:

1. **Generation:** The seller creates an e-Invoice using their financial software or e-Invoicing platform.
2. **Delivery:** The e-Invoice is electronically sent to the buyer, typically via email or a dedicated portal.
3. **Receipt:** The buyer receives and processes the e-Invoice in their accounting system.
4. **Payment:** The buyer makes payment based on the details provided in the e-Invoice.
5. **Reporting:** Both parties report the transaction to the tax authorities as required.

E-Invoicing isn't just a digital transaction; it's a tech-savvy journey paving the way for efficient financial management.

-Complyance

The functions and responsibilities of the IRBM :

1. **Tax Collection and Administration:** Acting as the government's tax collector, the IRBM is responsible for the administration, assessment, enforcement, and collection of various taxes. These taxes encompass income tax, petroleum income tax, real property gains tax, stamp duties, estate duties, and other related levies.
2. **Participation in Tax-Related Activities:** The IRBM engages in tax-related activities both within and outside Malaysia, collaborating with international tax organizations and participating in global tax forums.
3. **Advisory Role:** The agency serves as an advisor to the government on tax-related matters. This includes providing guidance to various ministries and statutory bodies on taxation policies and practices.
4. **Legal Functions:** The IRBM is empowered to perform additional functions as mandated by other written laws, ensuring compliance with the nation's tax regulations.
5. **Collection Agency:** Beyond its tax-related duties, the IRBM also acts as a collection agency for organizations involved in the recovery of overdue loans.

> **In the world of taxes, e-invoicing is the melody that turns compliance into a harmonious financial composition**
>
> **-Complyance**

Necessity for issuance of an e-Invoice:

The necessity for issuance of an e-Invoice include:

Proof of Income:

- Issued to record any form of income from sales or services provided, acknowledging the revenue generated by the taxpayer.

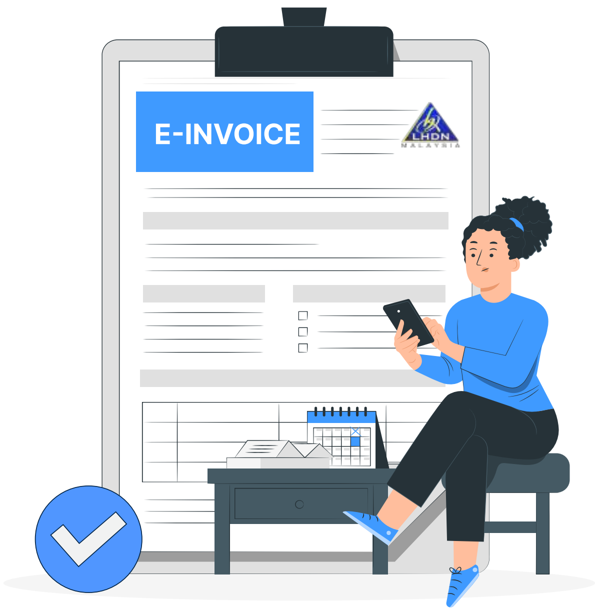
Proof of Expense:

- Utilized for recording all expenditures, including purchases and other costs. This type of document is vital for returns, discounts, and adjustments to previously recorded income.

How to Get Started with E-Invoicing

If you're a business in Malaysia, here's what you can do to start using e-invoicing:

- **Register for MyInvois System:** If you haven't already, register your business on the MyInvois platform to start issuing and receiving e-invoices.
- **Attend a Webinar:** Look out for webinars on e-invoicing hosted by LHDN/IRBM. These sessions can provide valuable insights and address any questions you may have.
- **Seek Assistance:** For further assistance or specific queries, don't hesitate to contact LHDN/IRBM. They are there to help you navigate this transition smoothly.



Entities Required to Comply with e-Invoice Malaysia

e-Invoice is mandatory for all individuals and legal entities engaging in business activities, including but not limited to:

- Associations
- Bodies of persons
- Branches
- Business trusts
- Co-operative societies
- Corporations
- Limited liability partnerships
- Partnerships
- Property trust funds
- Property trusts
- Real estate investment trusts
- Representative and regional offices
- Trust bodies
- Unit trusts

Who is Exempt from Issuing e-Invoices?

Royalty and Government Leaders

A significant exemption category includes members of the royalty and government leaders. This group encompasses:

- Current rulers and ruling chiefs, recognized under specific legal frameworks, who hold or have held positions of significant cultural and traditional authority.
- Former rulers and ruling chiefs, maintaining their respect and traditional roles even after their tenure.
- Consorts of rulers or former rulers who bear titles such as Raja Perempuan, Sultanah, Tengku Ampuan, Raja Permaisuri, Tengku Permaisuri, and Permaisuri. These titles reflect their esteemed positions within the state and national hierarchy.

Government and Statutory Bodies

Government entities, both at the federal and state levels, are also exempt. This includes:

- State governments and state authorities tasked with governance and administrative functions specific to their regions.
- Local authorities and government authorities that manage local administrative tasks and civic responsibilities.
- Statutory authorities and bodies, which are established by acts of parliament to perform specific governmental functions.
- Facilities provided by these bodies, such as hospitals, clinics, and multipurpose halls, are part of the exemption to streamline operations and reduce administrative burdens.

Diplomatic and Consular Offices

Entities involved in international relations such as consular offices, and personnel including diplomatic officers, consular officers, and consular employees are exempt. This exemption facilitates the smooth execution of diplomatic and consular functions, which are often governed by international treaties and agreements.

Individuals Not Conducting Business

Entities involved in international relations such as consular offices, and personnel including diplomatic officers, consular officers, and consular employees are exempt. This exemption facilitates the smooth execution of diplomatic and consular functions, which are often governed by international treaties and agreements.

Key Points to Remember

While the exemptions are clear, it's important for entities and individuals to understand their specific obligations:

- Entities owned by exempt individuals or groups must still comply with e-Invoice regulations unless specifically stated otherwise.
- Exempt parties are encouraged to voluntarily adopt e-Invoicing to support the government's digital initiatives. This is part of Malaysia's broader aim to enhance digital literacy and streamline governmental processes.

Types of Transactions Included in Malaysia's E-Invoice System

E-Invoicing in Malaysia is designed to accommodate different types of business transactions. Here's a simple breakdown:

Business-to-Business (B2B)

This is when two companies do business with each other. For example, a supplier selling raw materials to a manufacturing company.

Business-to-Consumer (B2C)

This occurs when a business sells directly to individual consumers. An example would be an online retailer selling products to people shopping from home.

Business-to-Government (B2G)

In these transactions, businesses provide goods or services to government agencies. For instance, a construction company building a new public school.

All companies engaged in commercial activities in Malaysia need to use e-Invoicing, regardless of whether they are large corporations or small partnerships. This helps ensure that all transactions are recorded transparently and accurately, making tax compliance easier for businesses and the government.

E-Invoicing in Malaysia covers a wide range of transactions, including:

- Domestic and international sales of goods and services
- Government procurement and contracts
- Intercompany transactions and transfers

Types of e-invoices in Malaysia

Types of e-invoices in Malaysia

1. **Invoice:** An invoice is a commercial document issued by a supplier to detail and record a transaction with a buyer. It lists the products or services provided, their quantities, and the agreed-upon prices, forming the basis for payment.
2. **Credit Note:** A credit note is issued by suppliers to correct errors, apply discounts, or account for returns on a previously issued e-Invoice, aiming to reduce the original invoice's value. This document does not involve the return of actual funds to the buyer but adjusts the amounts owed.
3. **Debit Note:** A debit note is issued to signify additional charges on a previously issued e-Invoice. This document is typically used when the original invoiced amount is found to be less than the required payment due to various reasons like undercharging or an addition of services.
4. **Refund Note:** A refund note is issued by a supplier to confirm the refund of the buyer's payment. This document is used in transactions where actual monies are returned to the buyer, usually due to overpayment, returns, or cancellations.
5. **Self-Billed Invoice:** Under specific conditions outlined in Section 8 of the e-Invoice Specific Guideline, a party other than the supplier, usually the buyer, is permitted to issue a self-billed e-Invoice. This type of invoice is issued by the buyer when they are authorized to bill themselves for the goods or services received.
6. **Self-Billed Credit Note:** This document is issued by buyers to make adjustments on a previously issued self-billed e-Invoice. Similar to a regular credit note, it serves to correct errors or apply discounts, reducing the value of the original self-billed e-Invoice without involving a return of funds.

7. **Self-Billed Debit Note:** Issued by buyers, a self-billed debit note indicates additional charges on a previously issued self-billed e-Invoice. It's used when there are extra charges or fees that were not included in the original invoice.

8. **Self-Billed Refund Note:** A self-billed refund note is issued by buyers to confirm the refund of their payment. This is applicable in cases where there is a return of funds to the buyer, generally stemming from overpayments or errors in the self-billed invoices.

E-Invoicing Implementation Timeline in Malaysia

JULY 2023

Initiation of Guidelines:

- The launch of the E-invoicing 1.0 guidelines signifies the commencement of e-Invoicing in Malaysia, providing businesses with initial frameworks and standards to adopt e-Invoicing.

SEPT 2023

Refinement of Guidelines

- Introduction of E-invoicing 2.0 guidelines and e-Invoicing specific guidelines, indicating a progression in the e-Invoicing framework with more detailed protocols for businesses to follow.

NOV 2023

Software Development Kit Release

- The Inland Revenue Board of Malaysia (IRBM) plans to tentatively release a software development kit by the first week of November(SDK released on 6th april 2024). This will aid software developers in creating e-Invoicing solutions that are compliant with Malaysian standards.

APR 2024

Pilot Phase Commencement

- A pilot phase for all companies begins, offering businesses the opportunity to test and adapt to the e-Invoicing system in a controlled environment. This is a crucial step towards full implementation.

In Malaysia, the e-Invoicing system is being rolled out in phases. The criteria for each phase are primarily based on the annual turnover or revenue of the taxpayers. Below is the table outlining the targeted taxpayers and the implementation dates:

Phase 1: Large Enterprises (Starting 1 August 2024)

Criteria: Taxpayers with an annual turnover or revenue of more than RM100 million.
Annual Turnover Threshold: More than RM100 million.
Implementation Date: 1 August 2024.This phase targets the largest players in the economy, enforcing e-Invoicing to streamline and enhance their invoicing and tax compliance processes.

Phase 2: Medium-sized Enterprises (Starting 1 January 2025)

Criteria: Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM100 million.
Annual Turnover Threshold: Between RM25 million and RM100 million.
Implementation Date: 1 January 2025.Medium-sized businesses will be required to comply with e-Invoicing, aiming to broaden the adoption of digital invoicing to improve tax efficiency and accuracy.

Phase 3: Small and Other Enterprises (Starting 1 July 2025)

Criteria: All other taxpayers.
Annual Turnover Threshold: No specific threshold; applies to all other businesses regardless of turnover.
Implementation Date: 1 July 2025.The final phase includes all remaining businesses. By this stage, e-Invoicing will become a norm across the economic landscape in Malaysia.

With these phases, the Malaysian government aims to gradually bring all businesses into the fold of digital invoicing. This structured approach allows for a smoother transition for companies of all sizes, ensuring that they have adequate time to update their systems, train their employees, and integrate the new processes into their workflows.

How can Businesses Report E-Invoices in Malaysia?

E-Invoices must be reported to the Malaysian tax authorities in compliance with the guidelines provided by the Inland Revenue Board of Malaysia (IRBM). Businesses are required to submit their e-Invoices through designated electronic reporting platforms or integrated accounting software.

The process of submission, validation, and issuance of e-invoices in Malaysia.

Step 1: Preparation

- **Ensure Readiness:** Make sure your business systems are capable of generating e-invoices that comply with the Inland Revenue Board of Malaysia (IRBM) standards.
- **Gather Required Information:** Collect all necessary details such as supplier and buyer information, transaction details, tax calculations, etc.

Step 2: Creation of e-Invoice

- **Generate e-Invoice:** Use your accounting or invoicing software to create an e-invoice. Ensure that it includes all mandatory fields as prescribed by the IRBM.
- **Apply Digital Signature:** If required, apply a digital signature to the e-invoice for authentication purposes.

Step 3: Submission

- **Choose Submission Method:** Decide whether to submit the e-invoice via the MyInvois Portal or through an Application Programming Interface (API) if you have a high volume of transactions.
- **Submit e-Invoice:** Upload or transmit the e-invoice to the IRBM's system for validation.

Step 4: Validation by IRBM

- **Automatic Validation:** The IRBM's system will automatically validate the e-invoice in real-time or near real-time.
- **Error Checking:** The system checks for errors or discrepancies. If any are found, the e-invoice is rejected, and the issuer is notified to make corrections.

Step 5: Issuance and Sharing

- **Receive Validation:** Once validated, the e-invoice is officially issued. The issuer receives a confirmation along with a unique identifier number from the IRBM.
- **Share with Buyer:** The validated e-invoice, often with a QR code for easy verification, is shared with the buyer electronically.

Step 6: Correction Window (If Required)

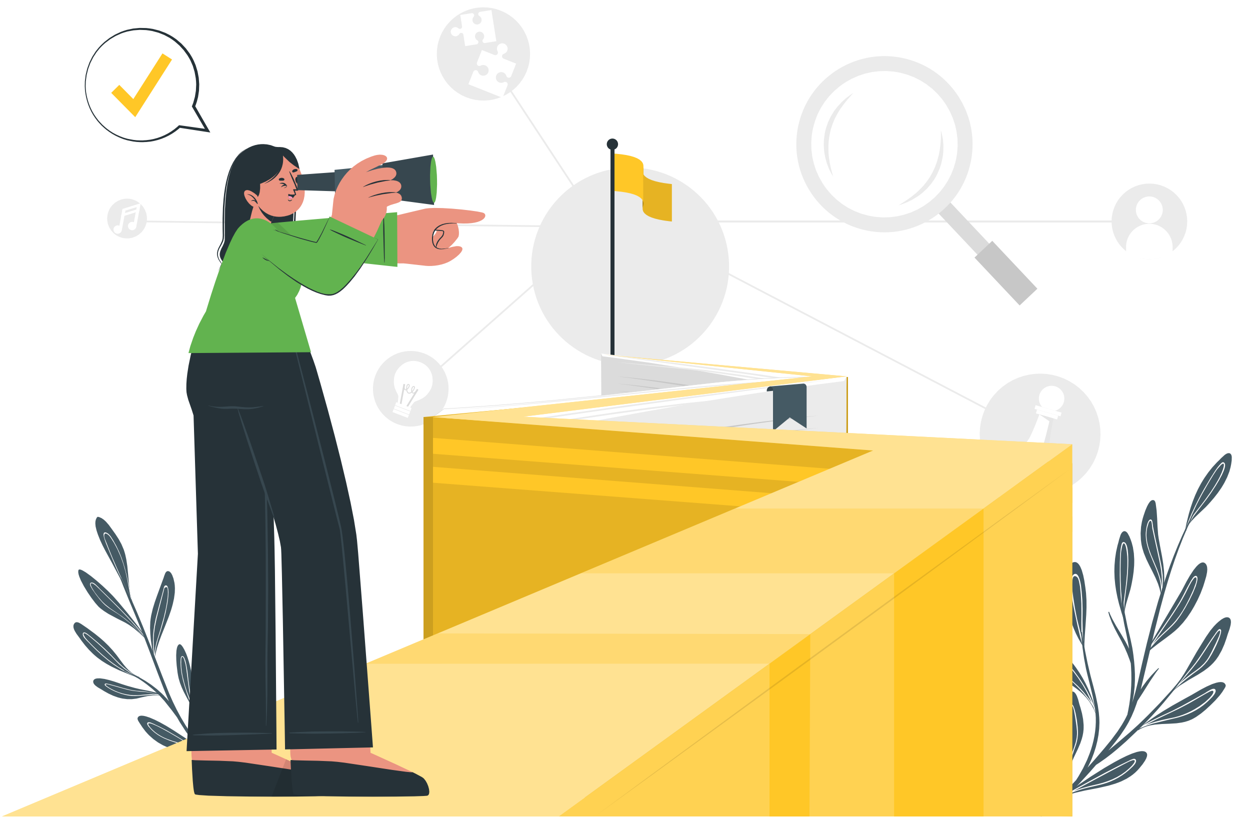
- **72-Hour Window:** If there are errors discovered after issuance, there is a 72-hour window during which the issuer can request a cancellation or correction of the e-invoice.

Step 7: Record Keeping

- **Store e-Invoices:** Both the issuer and the recipient should store the validated e-invoices for their records and future reference.

Step 8: Reporting and Reconciliation

- **Regular Reporting:** Businesses may need to report their e-invoice transactions periodically to the IRBM as part of their tax filings.
- **Reconciliation:** Ensure that all e-invoice transactions are accurately recorded and reconciled in your accounting records.



Malaysia e-Invoice via MyInvois Portal:

Overview of MyInvois Portal

Purpose and Functionality

The MyInvois Portal is specifically designed to cater to all e-Invoicing needs, offering taxpayers (particularly suppliers) a comprehensive platform for generating, submitting, viewing, canceling, and rejecting invoices. The portal serves two primary purposes:

1. **Centralized Access:** It allows all taxpayers to view and search for their respective e-Invoices.
2. **Accessibility:** It provides a platform for taxpayers who do not have the capability to issue e-Invoices through their own systems.

Access to MyInvois Portal requires login through the MyTax Portal and adherence to the rules and requirements outlined by the Inland Revenue Board of Malaysia (IRBM).

Pre-Submission Requirements for e-Invoice Submission

Retrieval and Verification of TIN

Before creating an e-Invoice, suppliers must retrieve and verify their Taxpayer Identification Number (TIN). This can be done via two primary avenues:

1. **MyTax Portal:**
   - Login at MyTax Portal.
   - Navigate to the TIN verification section.
2. **e-Daftar Platform (if TIN is not retrievable via MyTax):**
   - Log in to MyTax Portal.
   - Select the e-Daftar option.
   - Fill in required details such as the type of taxpayer, email, and phone number.
   - Click "Search" to register and obtain the taxpayer's TIN.

Step-by-Step Workflow via MyInvois Portal

Step 1 – Creation and Submission

Upon concluding a sale or transaction, including any adjustments (e.g., debit notes, credit notes, refund notes), the supplier creates an e-Invoice and submits it via the MyInvois Portal for validation.

Creation Options:

1. **Individual Creation:**
   - Fill in a form with all required fields, including payer and payee details, transaction specifics, and any applicable taxes.
2. **Batch Upload:**
   - Upload multiple e-Invoices in batch by using a predefined Microsoft Excel spreadsheet containing necessary information.

The submission step requires the supplier to ensure the accuracy of the information included in the e-Invoice.

Step 2 – e-Invoice Validation

Once submitted, the e-Invoice undergoes near real-time validation by IRBM through the MyInvois Portal.

Validation Outcomes:

Validated Invoice:

- Supplier receives a visual representation of the validated e-Invoice in PDF format.
- The e-Invoice is assigned an IRBM Unique Identifier Number, along with the date, time of validation, and a validation link.
- This Unique Identifier Number aids in traceability and reduces the chance of tampering.

Step 3 – Notification

Upon successful validation, IRBM notifies both the supplier and buyer through the MyInvois Portal. Notifications are also sent via email and include invoice clearance confirmation or buyer rejection requests if applicable.

Step 4 – Sharing of e-Invoice

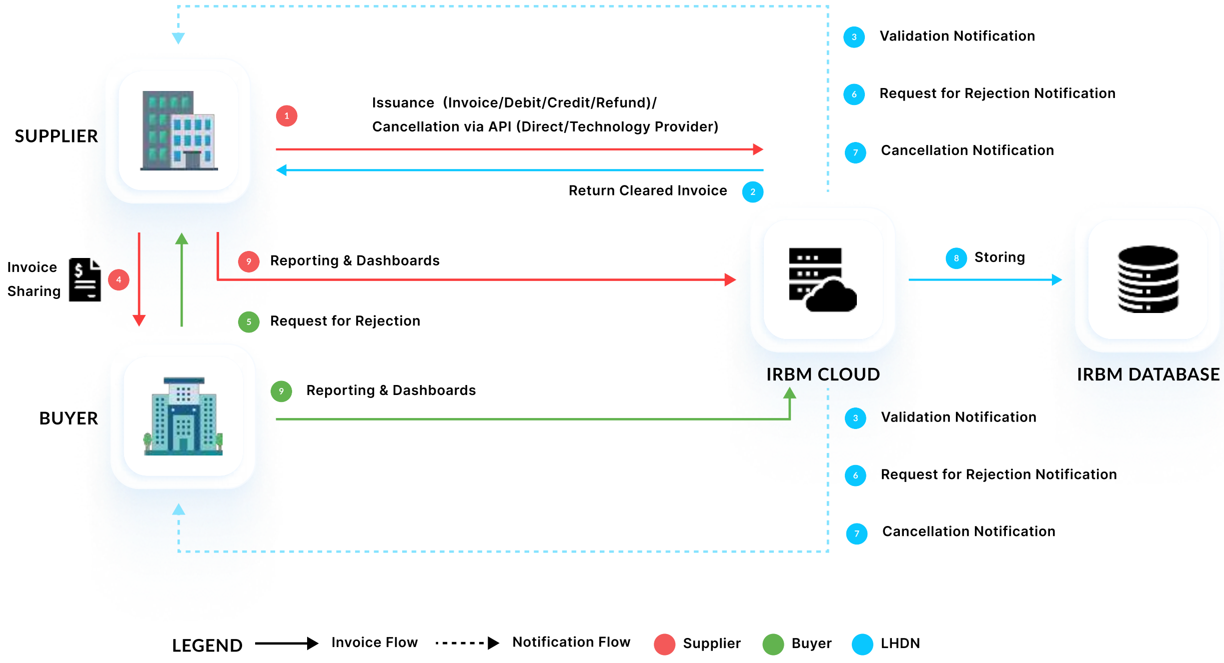
. After validation:

- The supplier shares the validated e-Invoice with the buyer.
- The e-Invoice includes a QR code, which can be scanned to verify its existence and current status through the MyInvois Portal.

Step 5, 6, and 7 – Rejection or Cancellation

After the validation, suppliers and buyers have the ability to cancel or reject the e-Invoice within a stipulated 72-hour timeframe.

Malaysia e-Invoice Model via API



Why Use API for e-Invoicing?

API integration offers several advantages for businesses looking to automate their invoicing processes:

- **Real-Time Processing**: API allows for near-instantaneous validation and submission of invoices.
- **Reduced Errors**: Automated data entry reduces the risk of manual errors.
- **Streamlined Operations**: Direct integration with ERP (Enterprise Resource Planning) systems enhances workflow efficiency.
- **Compliance**: Ensures adherence to tax authority regulations and standards.

Pre-Submission Requirements

Digital Certificate

A digital certificate is critical for verifying the authenticity of the invoice issuer. It ensures that the e-Invoice originates from a legitimate source.

- **Types:** Commonly used types include .cer and .pfx certificates.
- **Usage:** The digital signature, derived from the certificate, forms part of the API request body, providing a hashed value that verifies the e-Invoice's origin.

E-Invoice Preparation

Before submission, businesses must configure their systems to generate e-Invoices in the required XML or JSON format. This preparation involves:

- **System Configuration:** Ensure ERP systems are capable of producing invoices in the Universal Business Language Version 2.1 (UBL2.1) format.
- **Field Requirements:** Populate mandatory and optional fields as per the defined data structure.

E-Invoice Submission Workflow

Step 1: Submission

When a sale or transaction concludes, including adjustments such as debit notes or credit notes, the supplier or their technology provider creates an e-Invoice in the required format (XML/JSON) and submits it to the tax authority via API.

Process:

- **Creation:** Generate e-Invoices aligning with UBL2.1 structure.
- **Submission:** Transmit the e-Invoice to IRBM through API endpoints specified in the SDK (Software Development Kit).

Step 2: Validation

The submitted e-Invoice undergoes validation by the MyInvois System. This near real-time process entails:

Validation Response:

- **Success:** Receipt of an API response containing the IRBM Unique Identifier Number, date and time of validation, and information for forming the validation link.
- **Error:** API error response detailing issues that need correction before re-submission.

Step 3: Sharing of e-Invoice

Upon validation, the supplier must share the e-Invoice with the buyer, ensuring the inclusion of a QR code for verification purposes.

Requirements:

- **Visual Representation:** Embed the QR code in the e-Invoice copy sent to the buyer.
- **Verification:** This QR code can be used to validate the e-Invoice's existence and status via the MyInvois Portal.

Step 4: Rejection or Cancellation

Once validated, both the buyer and supplier can request the rejection or cancellation of the e-Invoice within a designated 72-hour window.

4.1 Buyer-Initiated Rejection

- **Conditions**: Errors detected in the e-Invoice.

Request:

- Initiate rejection via API within 72 hours.
- Provide a unique identifier and reason for rejection.

Supplier Response:

- Accept and proceed with cancellation within 72 hours, or
- If not accepted, no cancellation allowed post-72 hours. Amendments require a new e-Invoice (credit/debit note).

4.2 Supplier-Initiated Cancellation

Conditions: Errors or erroneous issuance.

Request:

- Initiate cancellation via API within 72 hours.
- Specify the unique identifier of the e-Invoice.

Post-Cancellation:

- Notify the buyer.
- Issue a new, corrected e-Invoice if required.

Step 5: Storing e-Invoices

All validated e-Invoices are securely stored in the tax authority's database. While the authority maintains records, businesses must also retain sufficient documentation related to the transactions.

Step 6: Reporting and Dashboard Services

API integration enables businesses to request and retrieve detailed e-Invoice information efficiently. The real-time access and comprehensive data analytics enhance transparency and streamline e-Invoice management.

Features:

Retrieval Options: Suppliers and buyers can request e-Invoice data in various formats which include,

- **XML/JSON:** Standardized data exchange formats for integration with ERPs.
- **Metadata:** Summarized data providing key details.
- **Grid:** Tabular representation for easy interpretation.
- **PDF:** Printable versions of e-Invoices.

Dashboard Services: Provides insights into:

- Invoice date
- Amount
- Invoice status
- Other relevant details

Detailed Technical Implementation

Preparing Your ERP System

To integrate e-Invoice API functionality, your ERP system must be configured correctly. This **involves the following steps:**

1. **System Requirements:** Ensure your ERP supports UBL2.1 format.
2. **Field Mapping:** Map internal data fields to the required API fields.
3. **Digital Signature Integration:** Integrate digital certificate capabilities to sign e-Invoices.

API Endpoints and Methods

API integration requires using specific endpoints and HTTP methods provided in the SDK. **Common endpoints and their purposes include:**

- **POST /submitInvoice:** Submit an e-Invoice for validation.
- **GET /invoiceStatus:** Retrieve the current status of an e-Invoice.
- **POST /cancelInvoice:** Cancel a validated e-Invoice.
- **GET /retrieveInvoice:** Download a copy of a validated e-Invoice.

Error Handling and Validation

To ensure successful integration and operation, your system must handle various potential errors effectively.

Common Errors:

- **Syntax Errors:** Incorrect XML/JSON formatting.
- **Validation Errors:** Missing or incorrect data fields.
- **Authentication Failures:** Issues with digital certificates or API keys.

Testing and Deployment

Before going live, it's crucial to test your API integration thoroughly.

Testing Steps:

1. **Sandbox Environment**: Use a test environment provided by the tax authority to simulate real transactions.

2. **Test Scenarios:** Cover various scenarios including:
    - Successful submissions
    - Error handling
    - Retrieval and cancellation scenarios
3. **Compliance Check:** Ensure that all generated e-Invoices meet the compliance requirements of the tax authority.

Deployment:

1. **Rollout:** Gradually roll out the integration to monitor real-world performance.
2. **Monitoring:** Continuously monitor API interactions for any issues.
3. **Feedback Loop:** Implement a feedback mechanism to address any errors or required adjustments promptly.

Feature Comparison Malaysia's e-Invoice Model via API vs MyInvois Portal

Feature	MyInvois Portal	API Integration
Creation and Submission	E-Invoices are created manually (one-by-one) or in batches (Excel upload) via the MyInvois Portal.	E-Invoices are automatically submitted from ERP systems or third-party software using API.
Validation	Validated e-Invoices are received in PDF format; errors require fixing and resubmitting.	Instant validation with responses for errors or successful validation, including unique identifiers from IRBM.
Notification	Notifications are sent via MyInvois Portal and email to both supplier and buyer for validation outcomes.	Notifications are sent through the integrated ERP system or software, directly to both supplier and buyer.
Sharing	Suppliers manually share the validated e-Invoice with buyers, including a QR code for verification.	Buyers can access validated e-Invoices directly through their ERP system or integrated software.
Rejection/Cancellation	Rejections or cancellations must be requested within 72 hours through the portal.	Rejections or cancellations must be requested within 72 hours through the service provider's platform.
Reporting & Dashboard	Provides built-in reporting and dashboard tools for detailed insights.	Allows for flexible and customizable reporting and dashboards within the business's existing systems.
Storage	Stored in IRBM's database; businesses are advised to keep their own records as well.	Stored in IRBM's database and easily accessible through the business's ERP or integrated software.

MY INVOIS PORTAL	VS	API INTEGRATION
• Created Manually or • Created in Batches	CREATE INVOICE	• Automatically submitted from ERP or • Automatically submitted from ERP
• Through My Invois Portal.	SUBMIT INVOICE	• Directly from API to IRBM
• Validated e-Invoices are received in PDF format. • Errors require fixing and resubmitting.	VALIDATION	• Instant validation with responses for errors. • Also receive unique identifiers from IRBM.
• Through Portal and Email	NOTIFICATION	• Through ERP/Software
• Manual shared to Buyers	SHARING	• Directly Accessible Within System
• 72-Hour Window	REJECTION/ CANCELLATION	• 72-Hour Window
• Built-In Tools	REPORTING & DASHBOARDS	• Customizable Within System
• IRBM Database • Business Records	STORAGE	• IRBM Database • Business Records

Best practices for e-Invoicing in Malaysia

To thrive in this digitized invoicing ecosystem, adherence to the following best practices is paramount:

1. **Diligent Data Entry**: Prioritize accuracy in every data field, reducing the likelihood of errors that can lead to rejections.
2. **Regular Training**: Equip your staff with the knowledge and skills necessary to manage e-Invoicing effectively.
3. **System Checks**: Implement robust software solutions that can cross-verify invoice data against IRBM's standards before submission.
4. **Stay Updated**: Keep abreast of updates to the IRBM’s e-Invoicing guidelines to ensure ongoing compliance.
5. **Leverage Technology**: Use the MyInvois Portal’s features to their fullest potential, including QR code generation and validation checks.
6. **Timely Action**: In the event of a rejection, act within the prescribed 72-hour window to correct and resubmit the e-Invoice.
7. **Record Keeping**: Maintain comprehensive records of all transactions and e-Invoices issued, aiding in potential audits and financial reconciliations.

How Complyance Streamlines E-Invoicing in Malaysia

Complyance offers leading e-Invoicing solutions in Malaysia, seamlessly integrating your systems with the Inland Revenue Board of Malaysia (IRBM). Our advanced e-Invoicing and API technology ensures compliance and efficiency in the e-Invoicing landscape of Malaysia.

Benefits of Complyance's E-Invoicing Solutions:

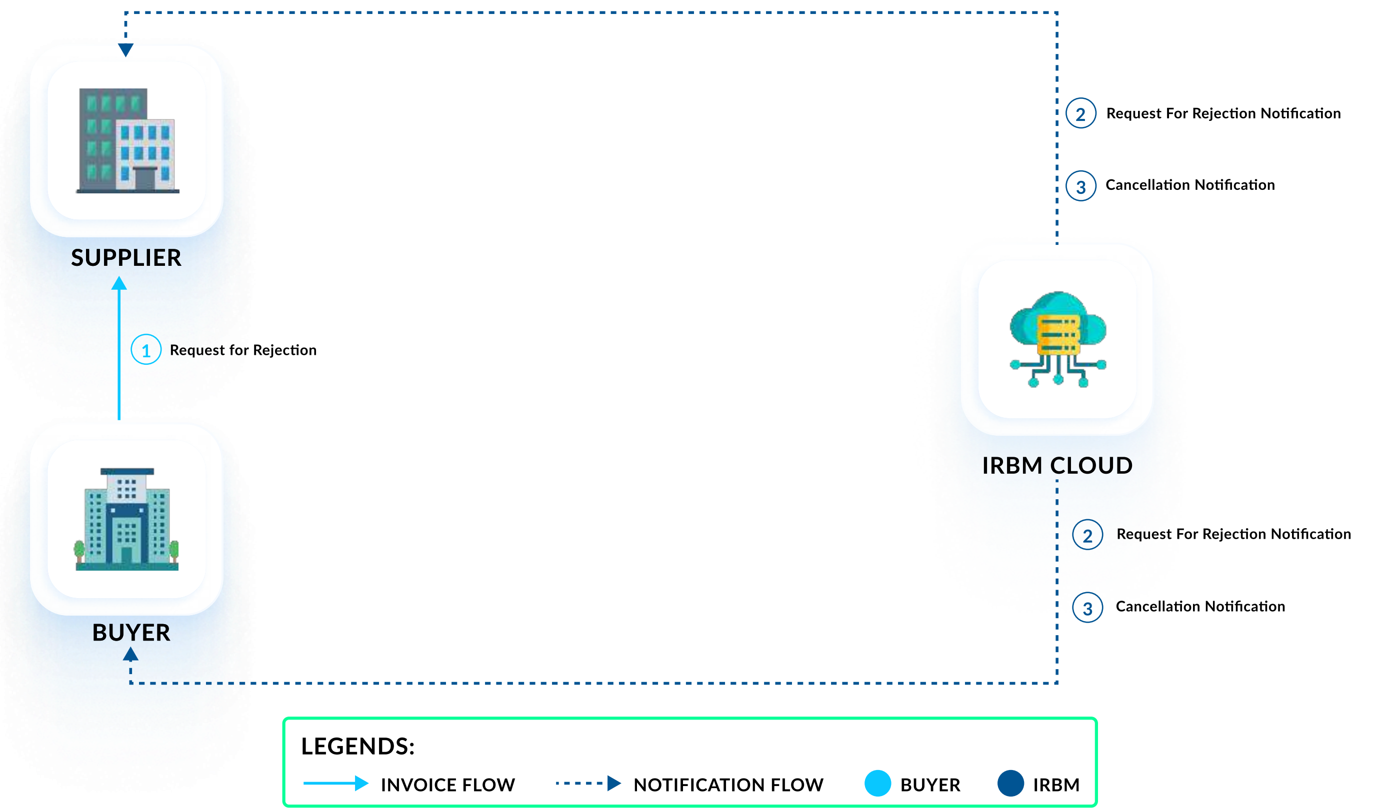
- **Significant Time Reduction**: Drastically cut down the processing time for e-Invoicing, streamlining your financial operations.
- **Error Minimization**: Automated data validation reduces errors, ensuring accurate and reliable invoicing.
- **Customization**: Tailor e-Invoicing solutions to fit any ERP system, providing flexibility for your specific business needs.
- **Zero Rejection Rate**: Achieve a 0% rejection rate, ensuring all your invoices are accepted without any issues.
- **Enhanced Security**: Robust security measures protect your sensitive invoice data, giving you peace of mind.
- **Language Customization**: Customize the language in your invoices, catering to the diverse linguistic needs of your customers.
- **Personalized Account Management**: Complyance assigns a dedicated account manager to each client, providing specialized guidance on both compliance and technical aspects of e-invoicing. This personalized approach ensures that you have a knowledgeable point of contact to help you navigate the complexities of e-invoicing with ease.
- **Robust Data Validation**: Complyance ensures thorough data validation before sending information to the Inland Revenue Board of Malaysia (IRBM). This careful process guarantees a 99.99% success rate in e-invoice generation, providing you with accurate and reliable e-invoices.

- **Seamless ERP Integration**: Complyance offers rapid integration with Enterprise Resource Planning (ERP) systems. With the ability to seamlessly incorporate Complyance's web APIs within 2-3 weeks, you can achieve compliance efficiently and without disrupting your existing business processes.

Understanding Rejection: Why Do e-Invoices Get Rejected?

Rejections often occur due to discrepancies in the submitted details. For instance, an incorrect Tax Identification Number (TIN) or a mismatch in the Business-to-Government (B2G) details can trigger an immediate red flag in the system. Other reasons include:

- Incomplete or incorrect product descriptions or pricing.
- Missing mandatory fields outlined in the MyInvois guidelines, such as the Supplier's Sales Tax (SST) Registration Number or the Buyer's TIN.
- Discrepancies in payment information, like mismatched payment terms or incorrect bank account numbers.



Navigating Cancellations: What Triggers e-Invoice Cancellations?

Cancellations can be as disruptive as rejections. These typically arise when:

- There's a mutual agreement between the supplier and buyer to nullify the transaction after the e-Invoice has been issued.
- Errors are identified post-validation that necessitate the voiding of the e-Invoice, such as incorrect transaction amounts or tax calculations.

Rejection and Cancellation of E-Invoices

Upon validation by the Inland Revenue Board of Malaysia (IRBM), both Suppliers and Buyers are given the flexibility to cancel or reject the e-Invoice within a specific timeframe. This ensures that any discrepancies can be addressed promptly, maintaining the accuracy and integrity of financial records.

Buyer-Initiated Rejection via API

1. **Rejection Request by Buyer**

- **Timeframe:** The Buyer has up to 72 hours from the time of validation to request a rejection.
- **Process:** The rejection request is communicated via API and must include the unique identifier of the e-Invoice along with the reason for rejection. Common reasons include erroneous information such as incorrect SST number, business registration number, or any other relevant business-related details.

2. **Supplier Notification & Response**

- Upon receipt of the rejection request, a notification is sent to the Supplier.
- If the Supplier agrees with the reason provided, they must proceed to cancel the said e-Invoice within the same 72-hour window from the time of validation.

3. **Outcome if Supplier Disagrees**
    - If the Supplier does not accept the rejection request or fails to cancel the e-Invoice within 72 hours, the cancellation will not be allowed post the stipulated timeframe. Any further corrections will necessitate issuing a new e-Invoice, such as a credit note, debit note, or refund note.

Supplier-Initiated Cancellation via API

1. **Cancellation by Supplier**
    - **Timeframe:** The Supplier can cancel an erroneous e-Invoice within 72 hours from the time of validation.
    - **Process:** The request, made via API, must include the unique identifier of the e-Invoice.
2. **Buyer Notification**
    - Upon cancellation, a notification is dispatched to the Buyer. The Supplier must then issue a new e-Invoice, adhering to the standard process.

The Critical 72-Hour Window: Your Opportunity to Amend

Once an e-Invoice is issued and validated, suppliers and buyers are provided a 72-hour window to identify and correct errors, a timeline set to ensure the agility and responsiveness of business operations. During this window, either party can initiate a rejection or cancellation request, providing a succinct opportunity to address discrepancies before they escalate into financial inaccuracies.

What is Consolidated Invoicing?

Consolidated invoicing is the process of creating one comprehensive invoice that includes multiple transactions over a specific period. Instead of sending separate invoices for each purchase, all transactions are combined into one invoice.

Why Use Consolidated Invoicing?

1. **Simplifies Billing:** Customers might make several purchases or subscribe to multiple services within a month. Sending a separate invoice for each transaction can be overwhelming and confusing. With consolidated invoicing, you combine all these purchases into one simplified invoice.
2. **Saves Time:** Businesses reduce the time spent on manually generating and managing multiple invoices. This streamlined process allows staff to focus on more critical tasks.
3. **Reduces Errors**: With fewer invoices, there's a lower risk of mistakes, ensuring more accurate billing.
4. **Enhances Customer Experience:** Customers will appreciate not being bombarded with numerous invoices. A single, clear invoice makes it easier for them to track their expenses and make timely payments.

How Does Consolidated Invoicing Work?

In a traditional billing system, each purchase by a customer generates an individual invoice. With consolidated invoicing, all transactions within a defined period are compiled into one invoice.

Example: Let's say Alfred subscribes to three different services within a week. Instead of receiving three separate invoices, Alfred will receive a single invoice at the end of the month, summarizing all his subscriptions. This makes it simpler for Alfred to keep track of his expenses and make just one payment.

Steps to Consolidate Invoices

1. **Set the Billing Cycle:** Decide on a billing cycle that makes sense for your business and your customers. Common cycles include monthly or 30-day periods. This avoids long waits for payments and ensures a steady cash flow.
2. **Record All Transactions:** Keep detailed records of all transactions, including the date of purchase, the products or services bought, and the amount. This helps in ensuring accuracy and resolving any potential discrepancies later.
3. **Generate the Consolidated Invoice:** At the end of the billing cycle, compile all transactions into one invoice. Include essential details such as the billing period, a breakdown of charges, and the total amount due with any applicable taxes and fees.

Example: Suppose you offer products A, B, and C. A customer buys product A on February 10th and later buys products B and C on February 15th and 17th, respectively. When you issue an invoice in March, all three products will be included in one consolidated invoice, adjusting for any proration due to different dates.

Advantages of Consolidated Invoicing

1. **Streamlined Process:** Instead of handling multiple invoices for different products and services, you only need to manage one. This saves time and reduces administrative burden, freeing up resources to focus on other aspects of your business.
2. **Lower Administrative Costs:** Consolidating invoices diminishes the number of invoicing tasks, subsequently decreasing labor costs. You'll spend less on paperwork and the time involved in processing multiple invoices, saving money in the long run.
3. **Clearer Financial Overview:** Having all transactions listed in one invoice provides a clearer and more comprehensive view of the financial dealings with a particular client. You won't need to sift through numerous invoices to determine where each transaction belongs.
4. **Reduced Errors:** With fewer invoices to manage, the likelihood of making billing mistakes decreases. This means fewer client disputes and a more straightforward reconciliation process.

5. **Improved Cash Flow Management:** It's easier to track incoming payments when dealing with fewer invoices. This helps in better planning and forecasting your cash flow, making financial management more predictable and reliable.
6. **Enhanced Customer Relationships:** Customers appreciate clarity and organization. Consolidated invoices make it easier for them to manage their expenses, saving them effort and enhancing their overall experience with your business.
7. **Better Payment Times:** Simplified and clear invoicing processes lead to timely payments. Customers understand what they owe and when it's due, which helps maintain a steady cash flow for your business.

Buyer's Details in E-Invoice

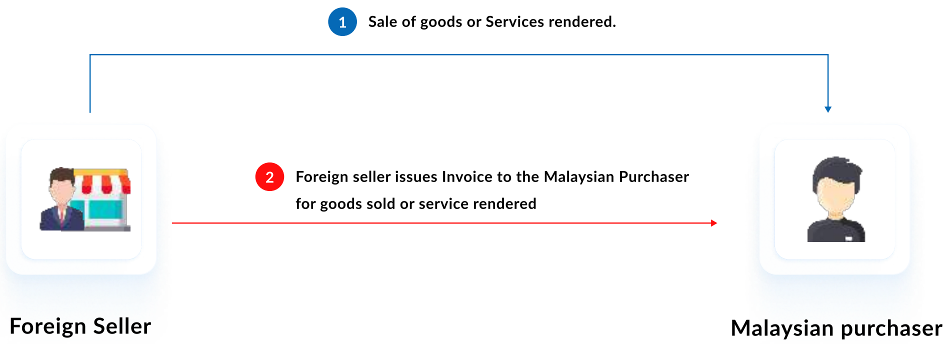
When creating a consolidated e-invoice, certain buyer details need to be included. Refer to the table below for the required information:

No	Data field	Details to be input by Supplier in e-Invoice	Additional Remarks
1	Buyer's Name	Name of Buyer	Supplier to input "General Public" in the e-Invoice
2	Buyer's TIN	TIN of Buyer	Supplier to input "EI00000000010" in the e-Invoice
3	Buyer's Registration/Identification Number/Passport Number	Details of registration/identification number/passport number	Supplier to input "NA"
4	Buyer's Address	Address of Buyer	Supplier to input "NA"
5	Buyer's Contact Number	Telephone number of Buyer	Supplier to input "NA"
6	Buyer's SST Registration Number	SST registration number of Buyer	Supplier to input "NA"
7	Description of Product/Services	Details of products or services being billed for a transaction with consumers	IRBM allows the Suppliers to adopt one (or a combination) of the following methods:(a) Summary of each receipt is presented as separate line items(b) List of receipts (in a continuous receipt number) is presented as line items (i.e., where there is a break of the receipt number chain, the next chain shall be included as a new line item)(c) Branch(es) or location(s) will submit consolidated e-Invoice, adopting either (a) or (b) above for the receipts issued by the said branch(es) or location(s)Note that for any method adopted by businesses, the receipt reference number for each transaction are required to be included under this field in the consolidated e-Invoice

Cross Border Transactions : e-invoicing Malaysia

1. **There are two main types of cross-border transactions:**
    a. Goods or services provided by a foreign seller to a buyer in Malaysia.
    b. Goods or services provided by a seller in Malaysia to a foreign buyer.

Goods or services provided by a foreign seller to a Malaysian buyer



Currently, when a Foreign Seller conducts a transaction with a Malaysian Purchaser, such as selling goods or providing services, the Foreign Seller will issue an invoice, bill, or receipt to document the transaction.

The invoice, bill, or receipt is created following the local invoicing regulations of the Foreign Seller's country as part of their standard business practices.

Since the Foreign Seller is not required to comply with Malaysia's e-Invoice regulations, it falls upon the Malaysian Purchaser to generate a self-billed e-Invoice to record the expense. This self-billed e-Invoice is crucial for tax documentation purposes.

For the self-billed e-Invoice process, the roles are defined as follows:

- **Supplier**: Foreign Seller
- **Buyer**: Malaysian Purchaser (acting as the Supplier to issue the self-billed e-Invoice for expense documentation)

The steps for the Malaysian Purchaser to issue a self-billed e-Invoice are outlined below:

Step 1: Once a transaction is completed, the Foreign Seller will provide an invoice, bill, or receipt to the Malaysian Purchaser, recording the revenue from the sale of goods or services provided.

Step 2: The Malaysian Purchaser must then take on the role of the Supplier and issue a self-billed e-Invoice to document the expense for tax purposes. This must be done according to the required timing.

- When issuing the self-billed e-Invoice, the Malaysian Purchaser should fill out the necessary fields. The details from the Foreign Seller's invoice, bill, or receipt can be used, or the required information can be requested from the Foreign Seller.
- If certain details are unavailable because they do not apply to the Foreign Seller or were not provided, the Malaysian Purchaser should enter “NA” in the relevant fields of the self-billed e-Invoice.

Step 3: The issuance of the self-billed e-Invoice should follow the established e-Invoice workflow.

- Once the self-billed e-Invoice is validated, the Inland Revenue Board of Malaysia (IRBM) will notify the Malaysian Purchaser (no notification will be sent to the Foreign Seller).

- The validated self-billed e-Invoice serves as proof of expense for the Malaysian Purchaser. There is no requirement for the Malaysian Purchaser to share this self-billed e-Invoice with the Foreign Seller.

Additionally, for self-billed e-Invoices involving imported taxable services subject to service tax as per the relevant Sales and Services Tax (SST) legislation, the taxpayer must include the service tax amount in the self-billed e-Invoice.

For the importation of goods, the Malaysian Purchaser should issue the self-billed e-Invoice by the end of the month following the month in which customs clearance is obtained.

In the case of importation of services, the self-billed e-Invoice should be issued by the end of the month following either the payment made by the Malaysian Purchaser or the receipt of the invoice from the foreign supplier, whichever occurs first. This follows the prevailing rules applicable to imported taxable services. The required information for the self-billed e-Invoice will assist the Malaysian Purchaser in accurately issuing the self-billed e-Invoice.

Information to be Provided by the Malaysian Purchaser (Buyer) for Issuing a Self-Billed e-Invoice to the Foreign Seller (Supplier)

No	Data field	Details to be included by Malaysian Purchaser in a self-billed e-Invoice	Additional Remarks
1	Supplier's Name	Name of Foreign Seller	For Business: Name of businessFor non-Malaysian individual: Full name as per passport / MyPR / MyKAS
2	Supplier's TIN	TIN of Foreign Seller	Malaysian Purchaser to input the Foreign Seller's TIN, where availableWhere TIN is not available or not provided, Malaysian Purchaser to input "EI00000000030" for Foreign Seller
3	Supplier's Registration / Identification Number / Passport Number	Details of registration / identification number / passport number	Malaysian Purchaser to input business registration / passport number / MyPR / MyKAS identification number of Foreign SellerMalaysian Purchaser to input "NA" if business registration number is not available or not provided
4	Supplier's Address	Address of Foreign Seller	Malaysian Purchaser to input business address (for business) / residential address (for individual) of the Foreign Seller
5	Supplier's Contact Number	Telephone number of Foreign Seller	Malaysian Purchaser to input the contact number of Foreign Seller
6	Supplier's SST Registration Number	SST registration number of the Foreign Seller	Where applicable, Malaysian Purchaser to input Foreign Seller's SST registration numberMalaysian Purchaser to input "NA" if such information is not applicable, not available or not provided
7	Supplier's Malaysia Standard Industrial Classification (MSIC code)	MSIC code of Foreign Seller	Where applicable, Malaysian Purchaser to input Foreign Seller's MSIC codeMalaysian Purchaser to input "00000" if such information is not applicable, not available or not provided
8	Supplier's Business Activity Description	Description of the Foreign Seller's business activity	Where applicable, Malaysian Purchaser to input Foreign Seller's Business Activity DescriptionMalaysian Purchaser to input "NA" if such information is not applicable, not available or not provided
9	Classification	Classification of products or services	Malaysian Purchaser to input a 3-digit integer (e.g., "000" to "999"), in accordance with the catalogue set by IRBM

Example:

Imagine Food Eatery Sdn Bhd, a Malaysian company, has just signed an agreement with ABC Advisory Ltd, a top-notch legal advisory service provider based in the UK. Now, ABC Advisory Ltd has sent an invoice for RM200,000 for their expert legal advice concerning some issues in Malaysia. Since this advice pertains to Malaysia, it falls under the category of imported taxable services. Food Eatery Sdn Bhd made the payment on July 31, 2025.

So, what's next? To legitimize this expense for tax purposes, Food Eatery Sdn Bhd needs to whip up a self-billed e-Invoice. Sounds fancy, right? But don't worry, it's not as complicated as it sounds. Basically, Food Eatery Sdn Bhd has to fill out all the necessary fields as detailed in the e-Invoice Guideline. This includes all the supplier's details listed on the invoice. The only tricky part? The supplier's TIN. Here, Food Eatery Sdn Bhd should input the general supplier TIN as specified in the table.

FOR ILLUSTRATION PURPOSES ONLY

Food Eatery Sdn Bhd
1st Floor, Palm Green, Kesari Street, 543210, Kuala Lumpur
60312346789
Contact us@gretasolutions.com

Supplier TIN: E100000000030
Supplier Name : ABC Advisory Ltd
Supplier Registration Number : NA
Supplier SST ID : NA
Supplier Business Address : 1, Street Avenue, NOP 123 England
Supplier Contact Number(Office) : 441234567890
Supplier Email : ABC advisory@gamil.com
Supplier MSIC code : 00000
Supplier business activity description : NA

E-INVOICE
e-Invoice Type :01 - Invoice
e-Invoice version : 1.0
e-Invoice code : INV000001
Unique Identifier No : 123456789-2024-4017344
Orginal Invoice Ref No : Not Applicable
Invoice Date and Time : 11/06/2024 11:53:13

Buyer TIN : C987654321120
Buyer Business Registration Number : 29802101000023
Buyer SST ID : L10-5621-78000000

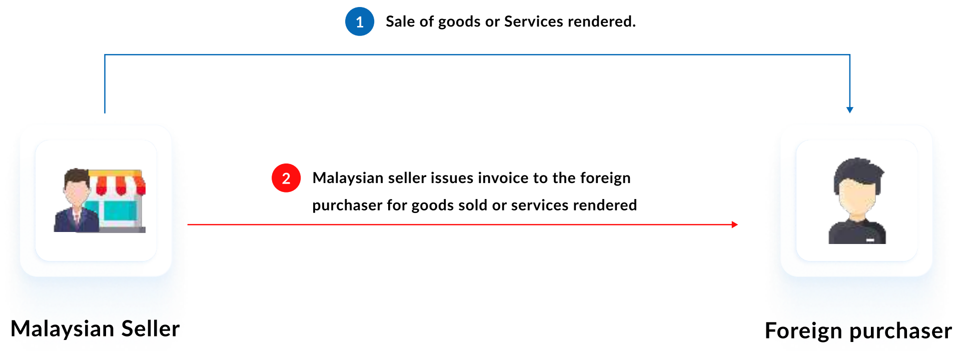
Classification	Description	Quantity	Unit Price	Amount	Disc	Tax Amount	Total Product / Service Price (incl. tax)
035	Provision of legal advisory services	1	RM200,000.00	RM200,000.00	-	RM16,000.00	RM216,000.00
		Subtotal		RM200,000.00		RM16,000.00	RM216,000.00
		Total excluding tax					RM200,000.00
		Tax amount (SST)					RM16,000.00
		Total including tax					RM216,000.00
		Total payable amount					RM216,000.00

Total Product / Service Price	Tax Code	Tax Type	Tax Rate	Tax Amount
RM200,000	02	Service Tax	8.00%	RM16,000

Digital Signature :
9e83e05bbf9b8dbac0deeec3bce6cba983f6dc50531c7a919f28d5fb369etc3
Date and Time of validation : 12/06/2024 12:58:13
This document is a visual presentation of the e-Invoice

Visual example of a validated self-billed e-Invoice for a transaction with a foreign supplier

Goods provided or services delivered by a Malaysian Seller to an International Buyer



Currently, a Malaysian seller issues an invoice, bill, or receipt to a foreign purchaser to record transactions, such as the sale of goods or the provision of services. With the implementation of e-Invoicing, the Malaysian seller is required to issue an e-Invoice to the foreign purchaser to record the income.

Steps for Issuing an E-Invoice

Step 1: Issuing the E-Invoice

Once a sale or transaction is concluded, the Malaysian seller will issue an e-Invoice to the foreign purchaser to record the transaction, whether it's for the sale of goods or the provision of services. The roles in this process are as follows:

- **Supplier:** Malaysian Seller
- **Buyer:** Foreign Purchaser

Step 2: Completing the Required Fields

The Malaysian seller must complete the necessary fields as outlined in the e-Invoice guideline. If certain details are not available because they are not applicable to the foreign purchaser or were not provided, the seller should input "NA" in the e-Invoice.

Step 3: Following the E-Invoice Workflow

The process for issuing the e-Invoice should follow the detailed e-Invoice workflow, with some exceptions:

- Once the e-Invoice is validated, the IRBM will notify the Malaysian seller only. No notification will be sent to the foreign purchaser since they are not using the MyInvois system.
- The validated e-Invoice will serve as proof of income for the Malaysian seller. The seller may share a copy of the visual representation of the validated e-Invoice with the foreign purchaser for record purposes.
- As the foreign purchaser is not part of the MyInvois system, there will be no request for rejection from them. If there is an error on the validated e-Invoice, any adjustment should be made by issuing a credit note, debit note, or refund note e-Invoice by the Malaysian seller.

Information Required for the E-Invoice

The information required in the e-Invoice includes all necessary data fields as outlined in the e-Invoice guideline. These details assist the Malaysian seller in issuing the e-Invoice correctly.

By adhering to these steps, Malaysian sellers can ensure compliance with the new e-Invoicing requirements, streamlining their cross-border transaction processes and maintaining accurate financial records.

Details to be provided by the Malaysian Seller (Supplier) for issuing an e-Invoice to the Foreign Purchaser (Buyer)

No	Data field	Details to be input by Malaysian Seller in an e-Invoice	Additional Remarks
1	Buyer's Name	Name of Foreign Purchaser	For business: Name of businessFor non-Malaysian individual: Full name as per passport / MyPR / MyKAS
2	Buyer's TIN	TIN of Foreign Purchaser	Malaysian Seller to input the Foreign Purchaser's TIN, where availableWhere TIN is not available or not provided, Malaysian Seller to input "EI00000000020" for Foreign Purchaser
3	Buyer's Registration / Identification Number / Passport Number	Details of registration / identification number / passport number	Where available, Malaysian Seller to input the business registration / passport number / MyPR / MyKAS identification number of Foreign PurchaserMalaysian Seller to input "NA" if business registration number is not available or not provided
4	Buyer's Address	Address of Foreign Purchaser	Malaysian Seller to input the business address (for business) / residential address (for individual) of Foreign Purchaser
5	Buyer's Contact Number	Telephone number of Foreign Purchaser	Malaysian Seller to input the contact number of Foreign Purchaser
6	Buyer's SST Registration Number	SST registration number of the Foreign Purchaser	Where applicable, Malaysian Seller to input Foreign Purchaser's SST registration numberMalaysian Seller to input "NA" if such information is not applicable, not available or not provided

What is Peppol? Why Choose Peppol for E-invoicing?

Peppol, which stands for "Pan-European Public Procurement On-Line," isn't a program or an application. It's a set of rules and technical standards designed for electronic procurement processes, including e-invoicing. It’s like having a common language for business transactions so that everyone can understand each other, no matter where they are or what computer system they use. It allows different systems to 'talk' to each other seamlessly, regardless of what software or hardware they are using.

If you're running a business, you know how important it is to get your invoicing right. It’s not just about sending a bill for services or goods; it’s about making sure that bill gets to your customer in a way that's quick, accurate, and can be easily processed. This is where Peppol comes in as a big help. Peppol is a system that makes sending and receiving invoices between different business systems super simple.

Parts of Peppol

Peppol has a few main parts that work together to make sure everything goes smoothly:

1. **ERP Systems:** This is where it all starts. Your ERP system is where you make the invoice that needs to be sent out.
2. **Access Points:** These are like the post offices for invoices. They take your invoice and make sure it gets to where it needs to go.
3. **SML and SMP:** These are the directories that tell the access points where to send your invoice. SML is the big directory that tells you which local directory (SMP) to look at, and SMP has the specific details for delivery.

How Peppol Works

Here's how you'd use Peppol to send an invoice:

1. **Make Your Invoice:** Just like writing a letter, you create an invoice in your ERP system.
2. **Send It Off:** You give this invoice to your Peppol access point, like dropping a letter in the mailbox.

3. **The Peppol Directories:** Your access point checks the SML, finds the right SMP, and then knows exactly where to send your invoice.
4. **Delivery:** The invoice is sent off to the buyer's access point and then into their ERP system where it gets processed.

Functions of Peppol Authority:

1. **Localization of Peppol Framework:** One of the primary functions of the Peppol Authority is to localize the Peppol Framework to suit the unique requirements and regulatory environment of the country. This involves adapting the framework's technical specifications and protocols to align with local standards and practices.

2. **Governance of Implementation:** The Peppol Authority oversees the implementation of the Peppol framework across the country, ensuring that all stakeholders adhere to standardized practices and protocols. This governance role helps maintain consistency and interoperability within the e-Invoicing ecosystem.
3. **Establishment of Interoperability Infrastructure:** To enable seamless communication and exchange of e-Invoices between participants, the Peppol Authority sets up essential interoperability infrastructure. This includes the deployment of vital components such as the Service Metadata Publisher (SMP), which acts as a central registry for participant information.
4. **Accreditation of Service Providers:** Ensuring the reliability and competence of service providers is paramount to the success of e-Invoicing. The Peppol Authority accredits service providers, verifying their compliance with standards and best practices. Accredited providers are entrusted with facilitating e-Invoicing transactions within the Peppol network.
5. **Management of E-Invoicing Participants:** As the custodian of the e-Invoicing ecosystem, the Peppol Authority manages and coordinates the activities of e-Invoicing participants within the country. This involves fostering collaboration, providing support, and resolving any issues that may arise during implementation.

Why Peppol is a Great Choice

Now, why should a business use Peppol for e-invoicing? It's all about making things easier, faster, and more reliable.

Choosing Peppol is a smart business move because it's easy to use and works everywhere. It's like being able to pay with your card no matter where you go, instead of worrying about having the right cash. Here's why businesses love Peppol

- **It's Easy:** You don't need to worry about different systems not being able to talk to each other.
- **It's Everywhere:** Lots of countries and businesses use Peppol, so it's likely that your customers or suppliers can too.
- **It's Flexible:** You can switch providers without any hassle, just like you can change your email provider without losing your email address.
- **It's Fast:** Invoices get where they're going quickly, which means you can get paid faster.

What's MY PINT?

MY PINT is Malaysia's special version of an international system called Peppol that helps businesses send and receive invoices digitally—meaning no paper needed! It's been adjusted just for Malaysia, so it fits with the country's way of handling taxes and payments.

The Special Adjustments Made for Malaysia:

1. **Tax-Friendly Invoices:** They made sure invoices are ready for tax time in Malaysia, with everything the tax office wants to see.
2. **Following Malaysia's Tax Rules:** All the must-haves for Malaysian taxes are included, so businesses stay on the right side of the law.
3. **Invoices for Buying and Selling:** It lays out what a regular invoice should look like so businesses can use them without worry.
4. **Ways to Pay:** This covers all the different ways people can pay for things in Malaysia, making sure the system can handle them.

5. **Rounding Off Prices:** Sometimes prices need to be rounded up or down to the nearest whole number, and MY PINT has rules on how to do this the Malaysian way.
6. **Sticking to the Rules:** It's all about making sure these digital invoices match up with Malaysian laws.

Who's It For?

MY PINT isn't just for one type of business. It's made for all kinds—from shops and services to big industries like car manufacturing and energy. They've really thought about what each kind of business needs when it comes to sending invoices.

Progress So Far:

MY PINT is like a work in progress that's getting better over time. They've already made a bunch of updates, with more planned in the future. It's a bit like updating the apps on your phone to get the latest features.

What's the Plan?

They have a calendar for when new updates to MY PINT are coming out, so businesses know what's coming and when they can use the new features.

In Simple Words:

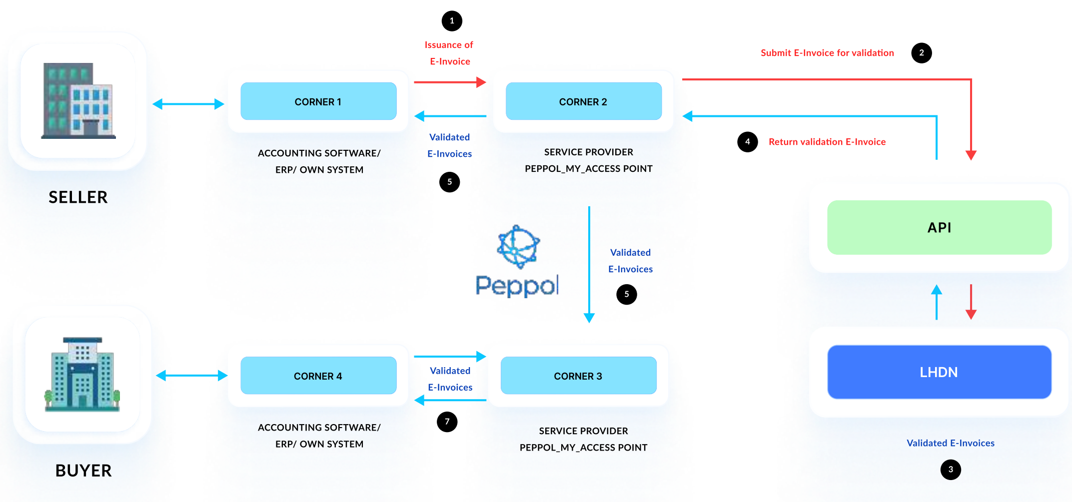
Think of MY PINT as the helper that makes sure your invoices can speak and understand "Malaysian," making invoicing smooth for everyone from the local shop to the big factory. It's about making business easier and ready for the digital world!

> **Embracing e-invoicing is not just about compliance; it's about streamlining operations, enhancing transparency, and driving business efficiency.**
>
> **-Complyance**

Peppol 4-Corner Model for E-Invoicing

The "4-Corner Model" is a fundamental concept in electronic document exchange systems like e-invoicing, especially within frameworks such as PEPPOL (Pan-European Public Procurement OnLine). This model is designed to facilitate interoperable and secure digital transactions between different businesses and entities by using a standardized protocol. Here’s a detailed explanation and breakdown of the 4-Corner Model:

What is the 4-Corner Model?



The 4-Corner Model is an architectural framework used in digital transaction systems that allows different businesses to exchange electronic documents in a standardized, interoperable manner. This model involves four key players:

1. **Corner 1 - Supplier (Sender):** This is the originator of the electronic document, such as an e-invoice. The supplier uses their own Accounting Software or ERP System to generate and send the invoice.
2. **Corner 2 - Supplier’s Access Point (Service Provider):** This service provider receives the electronic document from the supplier and converts it into a standard format that can be understood across different systems. This conversion ensures that the document adheres to the agreed-upon specifications like PEPPOL.

3. **Corner 3 - Buyer's Access Point (Service Provider):** Similar to the supplier's access point, the buyer's service provider receives the standardized document and converts it into a format compatible with the buyer's systems.
4. **Corner 4 - Buyer (Receiver):** This is the endpoint of the document exchange where the buyer receives and processes the invoice through their own Accounting Software or ERP System.

Key Features and Benefits

- **Interoperability:** By standardizing the document specifications and formats (such as using UBL - Universal Business Language), the 4-Corner Model allows different businesses using different systems to communicate seamlessly world wide.
- **Flexibility:** Businesses can choose their service providers for sending and receiving documents, which means they are not locked into a specific technology or vendor.
- **Security:** The exchange of documents is conducted over secure channels with encryption, ensuring the integrity and confidentiality of the data.
- **Compliance and Validation:** The model supports compliance with local tax and business regulations by facilitating accurate and secure data exchange, which can be audited and validated by relevant authorities (e.g., tax offices).

Implementation in Malaysia

In Malaysia, the implementation of the 4-Corner Model is part of the National E-Invoicing Initiative aimed at driving business digitalization and tax compliance. The Malaysia Digital Economy Corporation (MDEC) and Lembaga Hasil Dalam Negeri Malaysia (LHDNM) are key stakeholders in this initiative. They ensure that businesses can submit e-invoices for tax reporting and compliance effectively using either direct APIs or through PEPPOL Service Providers.

Practical Use Case

A typical scenario involves a supplier generating an e-invoice in their ERP system (Corner 1), which is then sent to their chosen PEPPOL Access Point (Corner 2). This Access Point translates the invoice into a PEPPOL-compliant format and sends it across the network to the buyer's Access Point (Corner 3). The buyer's Access Point translates it back into a format suitable for the buyer's ERP system (Corner 4), where it is received and processed.

Steps Involved:

1. **Invoice Creation:**

- ElectroTech Malaysia prepares an invoice for the recent shipment of electronics sold to GadgetMart.
- The invoice includes all relevant details such as item descriptions, quantities, prices, tax information, and terms of payment.

2. **Sending the Invoice:**

- ElectroTech uses their ERP system to send the invoice electronically.
- The ERP system is configured to automatically forward this invoice to Access Point A (their chosen service provider in the 4-Corner Model).

3. **Invoice Standardization at Access Point A:**

- Access Point A receives the invoice and converts it into a standardized format prescribed by the PEPPOL framework, ensuring it adheres to all required specifications for cross-system compatibility.
- This includes validating the invoice against Malaysia's e-invoicing requirements to ensure all necessary fields are correctly filled.

4. **Transmission to Access Point B:**

   - The standardized invoice is securely transmitted from Access Point A to Access Point B, the service provider chosen by GadgetMart.
   - This transmission is facilitated through a secure network that guarantees the integrity and confidentiality of the data.

5. **Receiving and Processing the Invoice:**
    - Access Point B receives the invoice and performs a similar validation process to ensure it meets all local compliance requirements.
    - Once validated, Access Point B converts the invoice into a format suitable for GadgetMart's internal systems.
6. **Invoice Reception at GadgetMart:**
    - GadgetMart receives the invoice through their ERP system, which automatically imports and records the invoice details.
    - The finance team reviews the invoice for accuracy and prepares for payment according to the terms agreed with ElectroTech Malaysia.
7. **Completion and Archiving:**
    - Once the payment is processed, both ElectroTech and GadgetMart store the transaction records for future reference and compliance with Malaysian tax laws.
    - The e-invoicing system ensures that both parties have a traceable, tamper-evident record of the transaction, simplifying audits and financial reporting.

Penalties for Non-Compliance with E-invoicing Rules

Failure to issue an e-invoice constitutes an offence under Section 120(1)(d) of the Income Tax Act 1967. Penalties include fines ranging from RM200 to RM20,000 or imprisonment for up to 6 months, or both, for each instance of non-compliance

Applicability of E-Invoicing in Malaysia

E-invoicing is applicable to various types of transactions and entities:

- **Type of Transactions:** E-invoicing is mandatory for all B2B, B2C, and B2G transactions.
- **Cross-Border Transactions**: E-Invoicing is required for both domestic and international transactions.
- **All Industries:** No industry exemptions; all businesses must comply, subject to periodic reviews. Government authorities, rulers, ruling chiefs, etc., are exempt from e-invoicing.
- **Phased Implementation:** E-invoicing implementation follows a phased timeline based on turnover thresholds:
  - **Annual Turnover > RM 100 million: From 1 August 2024**
  - **Annual Turnover > RM 25 million and up to RM 100 million: From 1 January 2025**
  - **All taxpayers: From 1 July 2025**

Other Consequences of Not Generating E-Invoices

In addition to direct penalties, several other significant consequences can arise from failing to generate an e-invoice:

- **Non-recognition of Revenue and Expense:** Without e-invoices, sales may not be recognized in the books, and expenses cannot be claimed.
- **Revenue Loss:** Businesses may refuse traditional invoices, leading to potential revenue losses.

- **Unavailability of Bill Discounting:** Without e-invoices, businesses may be ineligible for bill discounting facilities.
- **Lower Legal Validity:** E-invoices carry higher legal validity than traditional invoices, reducing the risk of disputes

Penalty for Not Issuing Tax Invoice

While e-invoicing compliance hasn't started yet, businesses registered under SST must furnish tax invoices to their buyers. Failure to do so may incur a penalty of up to RM30,000, imprisonment for a maximum of 2 years, or both.

Steps to Take for Avoiding Penalties

1. **Understand the Mandate and Implementation Timeline:** Identify the phase applicable to your business and the associated deadlines.
2. **Assess Your Requirements:** Evaluate transaction types, frequency, and delivery channels.
3. **Choose the Right E-Invoicing Model:** Select a suitable e-invoicing model for your business needs, whether it's the MyInvois Portal or API integration.
4. **Prepare Your System:** Update your IT infrastructure to accommodate e-invoicing requirements. Partner with a trusted solution provider like Complyance for seamless integration.
5. **Train Employees:** Ensure comprehensive training on the e-invoicing process and compliance requirements.

> **Neglecting e-invoicing compliance can lead to costly penalties—stay ahead by staying informed and compliant.**
>
> **-Complyance**

Why Complyance

Complyance leads the way in global indirect tax compliance solutions, guiding businesses through evolving government regulations worldwide. Rely on our expertise for seamless compliance.

Most Simplified E-Invoicing Solutions

Delightful Customer and Product Experience

100% On-Time Compliance Guaranteed

About Complyance

We Simplify Global E-invoicing compliance and Ensure Seamless E-Invoicing API Integration Worldwide for Flawless Operations.

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Zakat,Tax and Customs Authority

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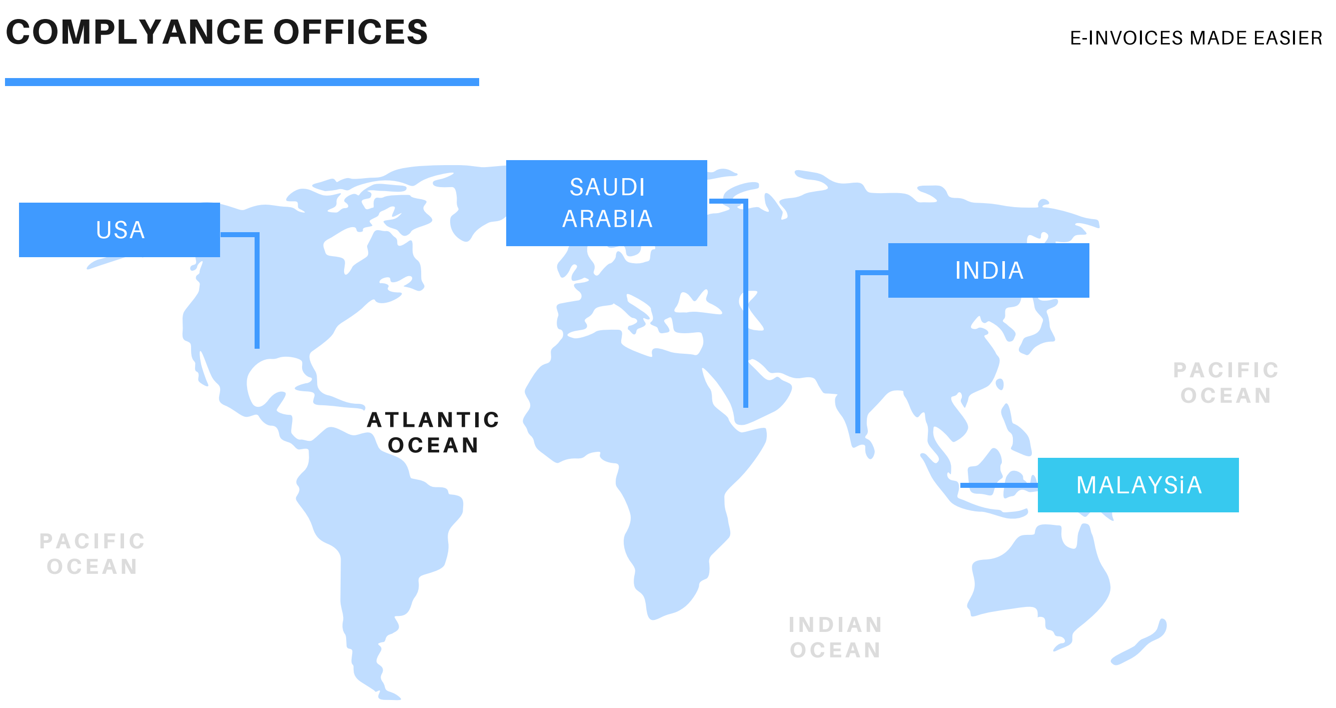

E-invoicing: Where technology meets compliance, making tax processes as seamless as a digital signature.

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Our Delightful Customers

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Feel free to get in touch with us! We're here to answer your questions, address your concerns, and explore opportunities. Your inquiries are valuable to us, and we're committed to providing you with the information and assistance you need. Contact us today and let's start conversing!

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