

**CIRCULAR**

Date:	7 September 2023	Ref No.:	ID/IRB/JW-PV/007-23 (Total no. of pages: 1)
To:	UTMC and PRS Providers		
Attn:	Authorised Representative/Chief Executive Officer		

**Inland Revenue Board of Malaysia (IRB) E-Invoicing**

In line with the commencement of the mandatory electronic invoicing (E-Invoicing) from June 2024 onwards, the IRB on 21 July 2023 launched its webpage ([e-Invoice | Lembaga Hasil Dalam Negeri Malaysia](#)) and released its guidelines.

FIMM is sharing Deloitte Tax Services Sdn Bhd's deck as a summary of the scope of the e-Invoicing implementation as the Unit Trust and Private Retirement Scheme industry are within the scope of the E-Invoicing implementation. This will have a significant impact on your operations, compliance, and reporting procedures.

FIMM would like to invite you to submit your feedback via our online form by **14 September 2023 (Thursday)**. The online form can be accessed via the link below, <https://survey.alchemer.com/s3/7507383/E-Invoicing-Industry-Feedback>

If you require assistance, please contact the undersigned or Mr. Puvaneshwaran Ramakrishnan at [puvaneshwaran@fimm.com.my](mailto:puvaneshwaran@fimm.com.my).

Thank you.

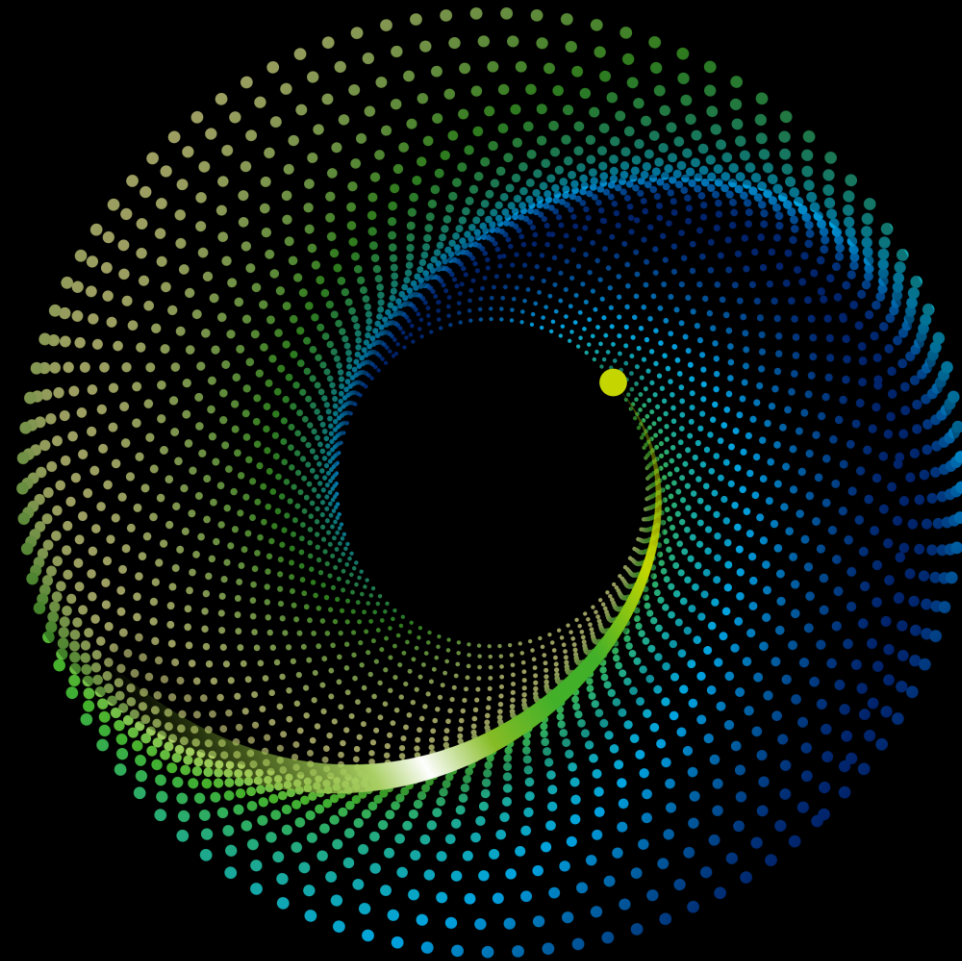
Yours faithfully,  
**FEDERATION OF INVESTMENT MANAGERS MALAYSIA**



**Joyce Wee**

Senior Manager, Industry Development

**Deloitte.**



**Malaysia E-invoicing**

Trusted. Transformational. Together.



# E-Invoicing

## Concept of E-Invoicing

### **E-invoicing**

Refers to the process of issuing and receiving invoices in an electronic format, where **transactional data** is sent from one system to another. Despite what the name implies, E-invoicing is not about sending PDF invoices or scanned documents to IRB.

---

### **Global tax digitalization initiative**

Part of a global trend in digitalizing tax where many countries have implemented or plan to implement e-invoicing. Aimed at facilitating more extensive data collection by tax authorities and verification of tax information at source.

---

### **Different models adopted across the globe**

E-invoicing can be implemented via the clearance method or the post-audit method.

---

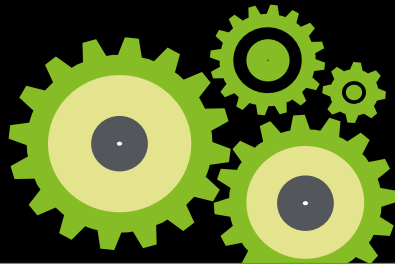
# E-invoicing and potential models

## Overview of models

- A **Direct Model** allows business to customer connection. It is a peer to peer (P2P) process where the supplier and buyer directly share e-documents with each other's systems, typically sending/receiving EDI or XML file structures
- Tax authorities are required to design and introduce a standard (such as open PEPPOL). An example is Estonia



### Direct Model



### Hard Clearance Model

- A **Hard Clearance Model** is where a central entity (often a government agency) acts as the hub by which all transactions flow between Access Points
- This model is often used in government sponsored initiatives where central government wants to track tax commitments
- Latin America, Asian and some European countries implemented the Hard Clearance Model. Examples are Philippines and Indonesia

# Malaysia Model

---

## Malaysia's E-Invoicing Background



Unlike other countries that have implemented e-invoicing clearance models where indirect tax has been the driver, in Malaysia, direct tax is the driver with the recent inclusion of indirect tax. Thus, while the motivation is aligned with other countries, the manner of implementation is divergent.



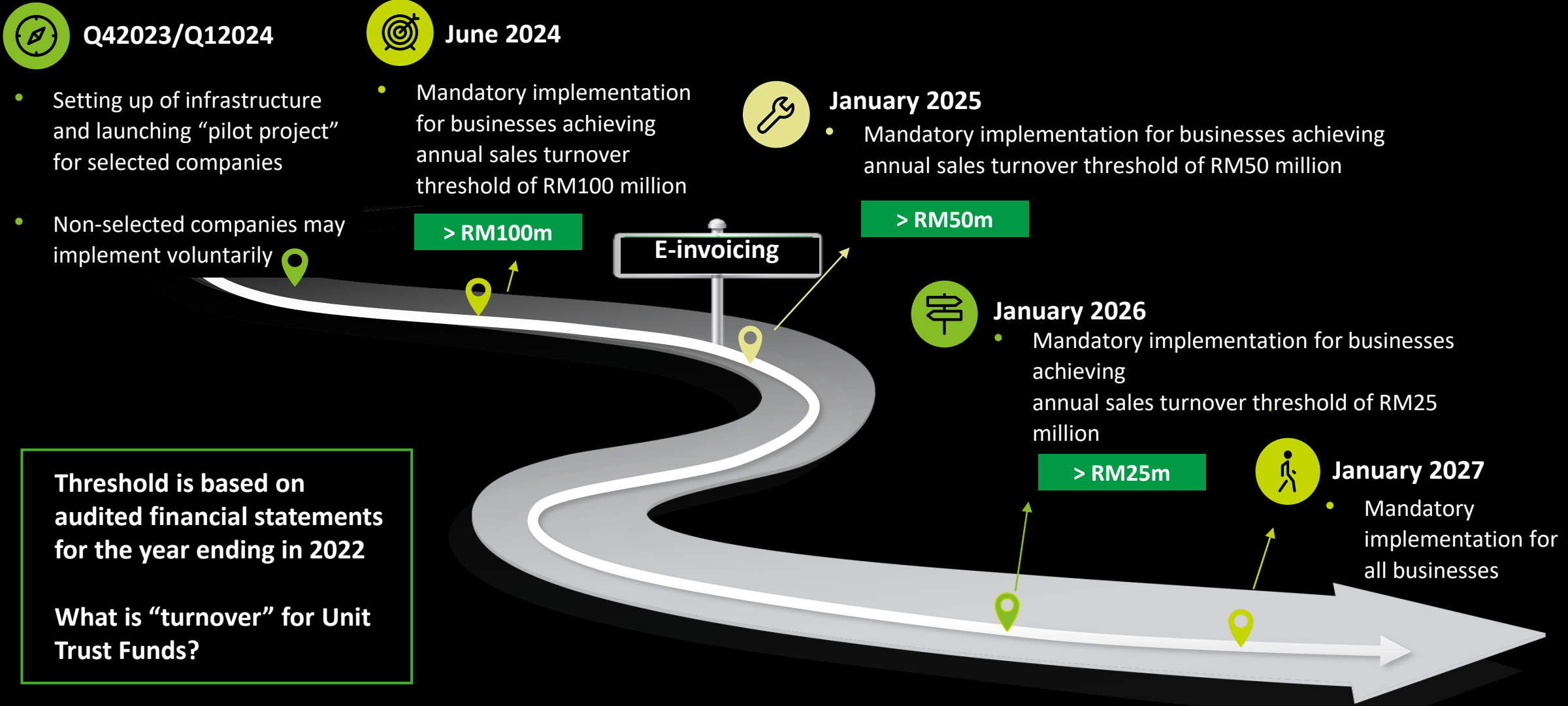
Guidelines (ver 1) were released in July and the e-invoicing requirements are expected to be embedded in the income tax laws with amendments to be introduced in the upcoming Budget. This includes potential penalties for non-compliance and errors/mistakes.



The IRB intends to use e-invoicing as a mean to address tax leakages and the shadow economy. It also has plans to use the data to pre-populate tax returns. It will allow for real-time verification of transactions before they occur and facilitate centralized data storage.

# Tax administration—empowering tax administration\initiatives

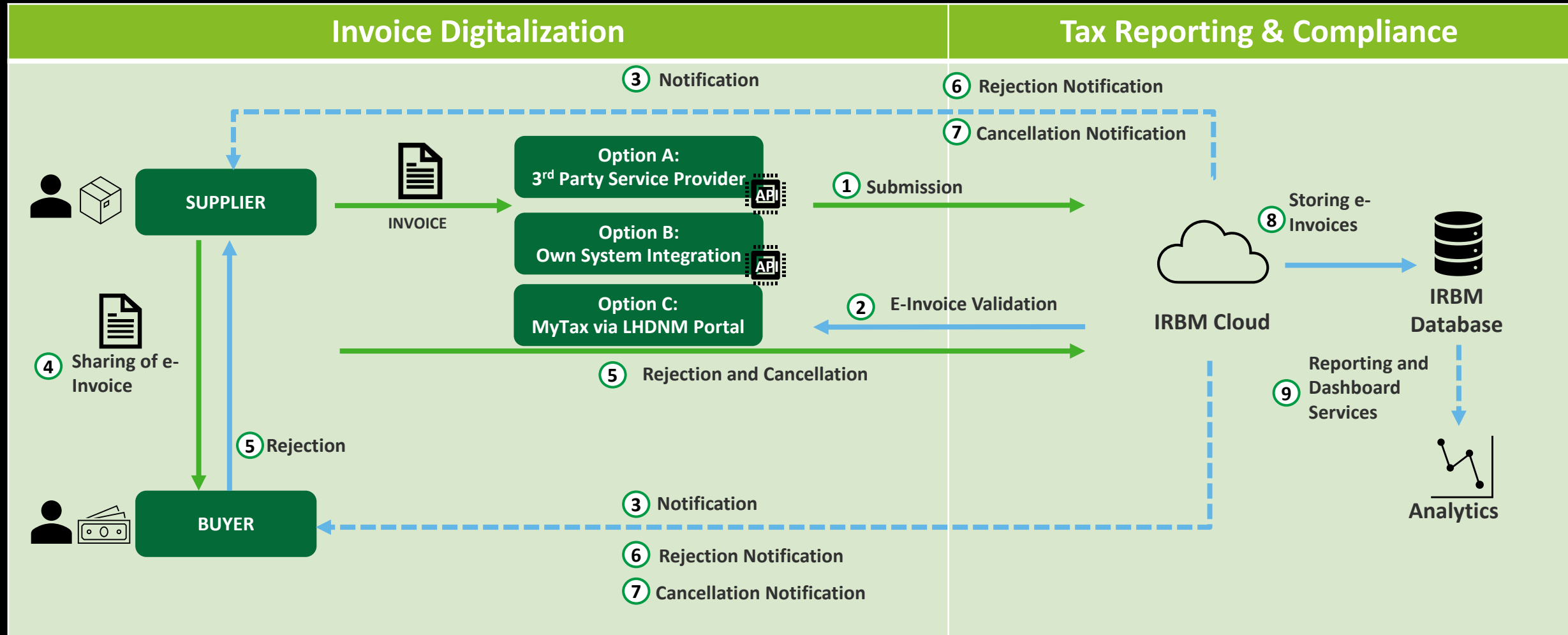
## E-invoicing Implementation in stages



**Threshold is based on audited financial statements for the year ending in 2022**

**What is “turnover” for Unit Trust Funds?**

# LHDNM e-INVOICE – CENTRALISED CTC MODEL



## Additional Considerations



Self issuance of e-invoice for foreign transactions acquired to document expense

For **B2C transactions** where end consumers do not require e-invoicing for tax purposes, suppliers are required to aggregate the normal receipts of invoice and issue a consolidated e-Invoice

**All individuals and legal entities** are in scope, including unit trust funds

Practicality of **72 hours** time-frame to cancel or reject e-invoices

**Types of e-Invoices** include Invoice, Credit Note, Debit Note and Refund.

**TIN** should be pre-validated to ensure invoice clearance and accuracy



# E-invoicing requirements

Field Name	Supplier	Buyer
<b>1. Address</b>	✓	✓
<b>2. Business Details</b>		
- Tax Identification Number (TIN)	✓	✓
- Business registration/ MyKad Identification/ Passport number	✓	✓
- SST Registration Number	✓	✓
- Supplier's Tourism Tax Registration Number	✓	
<b>3. Contact Number</b>	✓	✓
<b>4. Invoice Details</b>		
- Version	✓	
- Type	✓	
- Purpose	✓	
- E-invoice date ( <i>must be current date</i> )	✓	
- Date and Time of Validation	✓	
- Digital Signature	✓	
<b>5. Parties</b>		
- Name	✓	✓
<b>6. Party Details</b>		
- Email	✓	✓
- Website	✓	
- Supplier's Malaysia Standard Industrial Classification (MSIC) Code	✓	
- Business Activity Description ( <i>based on MSIC code</i> )	✓	
- Supplier's Bank Account Number (Optional)	✓	
<b>7. Unique ID Number</b>		
- IRBM Unique Identifier Number ( <i>assigned by IRBM</i> )	✓	
- E-invoice code/number	✓	
- Original e-Invoice Reference Number ( <i>Where applicable</i> )	✓	

Field Name	Supplier	Buyer
<b>8. Payment Information</b>		
- Frequency of Billing (Optional, where applicable)	✓	
- Billing Period (Optional, where applicable)	✓	
- Invoice Currency Code	✓	
- Currency Exchange Rate (Where applicable)	✓	
- Payment Mode (Optional)	✓	
- Payment Terms (Optional)	✓	
- Payment Amount (Optional)	✓	
- Payment Date (Optional)	✓	
- Payment Reference Number (Optional)	✓	
- Bill Reference Number (Optional)	✓	
<b>9. Product/ Services</b>		
- Product Tariff Code / Service Category (For SST purposes only)	✓	
- Description of Product or Service	✓	
- Quantity (Optional, where applicable)	✓	
- Measurement (Optional, where applicable)	✓	
- Unit Price	✓	
- Discount Rate (Optional, where applicable)	✓	
- Discount Amount (Optional, where applicable)	✓	
- Tax Type	✓	
- Tax Rate	✓	
- Tax Amount	✓	
- Details of Tax Exemption	✓	
- Amount Exempted from Tax	✓	
- Subtotal	✓	
- Total Excluding Tax	✓	
- Total Including Tax	✓	

# Key implementation issues for Unit Trust Funds

Who will undertake e-invoicing obligations for the UTF? Fund Manager, Trustee or Outsourced?

Consolidation of unit holder information for e-invoicing – which systems, how to consolidate? How will this impact transactions involving intermediaries?

How will e-invoicing impact the distributions process? Will documentation have to change?

System enhancement approach and timeline – do you need a deferment? What about systems not owned by you but originate transactions?

Transactions currently not invoiced – investment income, switching fees, exit fees, realization of equity investments

Regulatory requirements and customer data privacy, data security



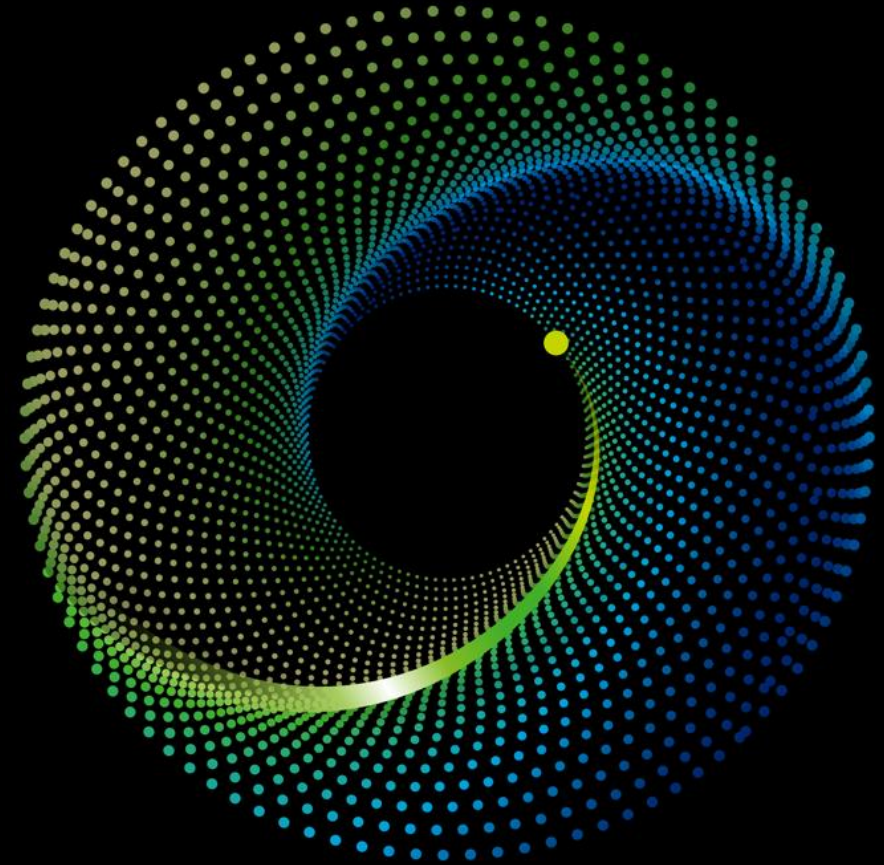
# Q&A



**Mark Chan**  
Financial Services Industry Tax Leader  
Malaysia  
+60 3 7610 8966  
[marchan@deloitte.com](mailto:marchan@deloitte.com)



**Senthuran Elalingam**  
Tax Technology Leader Malaysia  
Kuala Lumpur, Malaysia  
+60 3 7610 8879  
[selalingam@deloitte.com](mailto:selalingam@deloitte.com)





Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

#### About Deloitte Malaysia

In Malaysia, services are provided by Deloitte Tax Services Sdn Bhd and affiliates.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.