

E-INVOICE RELIEF FOR SMALL BUSINESSES

Companies earning less than RM1m a year don't have to implement system

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COMPANIES with annual revenue below RM1 million will be exempt from issuing e-invoices, Prime Minister Datuk Seri Anwar Ibrahim said yesterday.

He said the exemption threshold had been raised from RM500,000 to RM1 million to ease the burden of small businesses.

"Large Malaysian companies should not complain about e-invoicing. They have the capacity, and issuing proper invoices would only enhance operations.

"But small companies feel it adds to their burden and costs.

"So, a decision was made to cancel the current RM500,000 threshold and raise it to RM1 million. This means small companies will no longer be compelled to adopt e-invoicing for now."

"What happens beyond RM1 million will be studied in detail, including cost implications," he said during the Madani Sentuhan Rakyat programme at the Sabah International Convention Centre here.

Present were Sabah Chief Minister Datuk Seri Hajiji Noor and state ministers.

Anwar, who is also finance minister, said he was aware that many small businesses had complained about the slow refund process.

"They said the government is efficient when collecting taxes, but when they overpay, refunds take far too long. This understandably angers them."

He said he had directed the cabinet to settle all outstanding refunds and would raise the allocation from RM2 billion to RM4 billion to expedite payments.

Separately, Anwar said the first meeting on Sabah's 40 per cent revenue entitlement was expected to take place in mid-January.

He said the Treasury secretary-general and the state secretary had met to prepare the groundwork.



A member of the public at the Inland Revenue Board counter in Jalan Tuanku Abdul Halim, Kuala Lumpur, to enquire about the e-invoice system.
NSTP FILE PIC

"I have one or two weeks to think through the matter and discuss it with federal authorities and Chief Minister Datuk Seri Hajiji Noor, before finalising it.

"So, the first meeting will likely be held before mid-January to determine the methods and parameters for the 40 per cent entitlement, so we can give real confidence to our partners.

"I cannot say it will be fully resolved in January, but we will clarify the parameters, the amount involved, and the number of payment phases within a year."

The outcome will be presented to the Technical Central Committee, the Federal Committee, the Sabah cabinet and subsequently the federal cabinet.

Anwar said the government was committed to delivering Sabah's revenue entitlement, rejecting claims it was merely an election promise.

The prime minister also said that although the federal government had allocated substantial funds for water, electricity, lighting and roads in Sabah, infrastructure was still in poor condition.

He said that a joint body would be set up with the state government to review and track progress on a monthly basis.

"We may disagree on certain issues, but when it comes to neglect — or the perception that the federal government or Peninsular Malaysia does not care — people become disheartened. That perception is untrue.

"It only appears so because implementation has been slow. Therefore, we are expediting it.

"For next year's projects, if previously all allocations were only released in April, over the past two years I have approved allocations for state projects as early as January.

"This means that by January

E-INVOICING EXPLAINER

- All businesses and self-employed individuals are required to issue digital invoices (e-invoices) instead of traditional paper invoices for most transactions.
- The Inland Revenue Board's MyInvois platform manages the system.
- The implementation is in phases according to the annual revenue of the company:
 - Above RM100 million
Aug 1, 2024
 - RM25-100 million
Jan 1, 2025
 - * RM5-25 million
July 1, 2025
 - * RM1-5 million
Jan 1, 2026
- Firms earning between RM500,000 and RM1 million were initially scheduled to begin issuing e-invoices on July 1, 2026. That requirement has been rescinded, meaning businesses earning less than RM1 million a year are exempt.
- * A business that meets the revenue threshold to issue e-invoices must continue to do so even if its turnover declines.

PENALTIES

Fines from RM200 to RM20,000 and/or up to six months jail for each non-compliant invoice.

you can begin planning, and work must start immediately. We are tightening the implementation of what we announce."

Page 1 pic: Prime Minister Datuk Seri Anwar Ibrahim at the Madani Sentuhan Rakyat programme in Kota Kinabalu yesterday.