

E-invoicing deadline for RM1mil-RM5mil firms extended

PUTRAJAYA: The deadline for the mandatory e-invoicing for companies with total annual sales of RM1mil to RM5mil, previously set to come into force on Jan 1, has been extended by another year, says Datuk Seri Anwar Ibrahim.

The Prime Minister said the government decided to extend the transition period without any penalties for another year as some companies are not ready due to the high cost of implementing e-invoicing.

“We also agreed to extend the consolidated e-invoicing facility to the retail and building materials sector,” he said at the Prime Minister’s Department monthly assembly.

Putrajaya introduced the implementation of e-invoices in stages to improve the efficiency of the country’s tax administration management in an effort to support the growth of digital economy.

Previously, businesses with annual turnover between RM1mil and RM5mil were required to be fully e-invoice compliant by mid-2026.

However, many operators had raised concerns that they were not technically or operationally ready, prompting the government to review the timeline.

Anwar said the sales and services tax for rental services has been reduced from 8% to 6%, adding that the government was aware of concerns as it was raised to 8% from being untaxed previously.

“The minimum tax rate in the country is 6%. Therefore, I am only able to reduce it to 6%, with an estimated loss of RM500mil to our revenue annually.”

He said services tax on rental services have been exempted for micro-small-medium enterprises (MSME) with annual turnover below RM1.5mil annually.

The Prime Minister said the government agreed to implement the voluntary stamp duty disclosure programme for another six months beginning Jan 1 till June 30.

On income tax, he said the government has paid income tax refunds amounting to RM22.5bil.

“This explains that the Inland Revenue Board (LHDN) collects first and returns if extra was paid.

“But as usual, they are efficient in collecting but slow in refunding.

“So, I have given instructions on that. I want to also thank LHDN and the Treasury for the tax refunds,” he said.

He said LHDN had solved 3.5 million backlogged cases on tax refunds last year alone.

“For the 2023 assessment period, God-willing we will solve it by the first quarter of this year and for 2024, we hope to solve

it by the end of the year,” he said.

“We listen to the views and concerns of the people, especially small companies. If MSMEs have delayed payments of half a million, that is huge and that is why we must solve it.”

Meanwhile, Anwar also said the special Cabinet meeting that took place earlier had agreed to limit tax exemptions for registered manufacturers of animal feed, fertiliser, and insecticides.

“This is to reduce the cost of producing agricultural goods,” he added.

Anwar had chaired a special Cabinet meeting before attending the Prime Minister’s Department monthly assembly.

Business groups have recently called for faster and lump-sum refunds of excess income tax paid, noting that delays are straining their cash flow and creating operational challenges.