

Q&A on Malaysian E-Invoice for Donations and Contributions

1. Are e-Invoices required to be issued for donations or contributions received?

Recipients of donations or contributions must issue an e-Invoice, either individual e-Invoices or consolidated e-Invoices, governed by the following provisions:

(1) Exemptions

E-Invoice issuance is not required for religious institution or organisations established exclusively for religious worship or the advancement of religion, or for any person receiving donations or contributions that are not tax-exempt under the Income Tax Act 1967 (hereinafter referred to as “the Act”) is not required to issue e-Invoices.

(2) Non-applicability of exemption

Religious institutions or organisations described in (1) above are still required to issue e-Invoices if they are approved institutions, organisations, or funds (hereinafter referred to as “IOFs”) under subsection 44(6), 44(6B), 44(11B), 44(11C), or 44(11D) of the Act or if they manage an approved charity or community project approved under paragraph 34(6)(h) of the Act.

2. What is the e-Invoice treatment for donations or contributions received in monetary form versus in-kind?

For entities and persons required to issue e-Invoices for donations or contributions received, the applicable tax treatment is determined by whether the contribution is monetary or non-monetary:

(1) Donations or contributions received in monetary form

An e-invoice, either an individual e-Invoice or a consolidated e-Invoice, is required to be issued for any monetary donation or contribution received, regardless of the payment channel or methods utilised.

The institution or organisation is required to issue an individual e-Invoice to the donor upon their request.

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If an e-Invoice is not requested, a standard receipt will be issued and the institution or organisation is required to issue consolidated e-Invoice within seven (7) days from the end of the month, by aggregating the receipt numbers of all donations or contributions in which no individual e-Invoice has been issued.

(2) Donations or contribution in-kind (non-monetary form)

No e-Invoice is required to be issued for donations or contributions-in-kind received from donors.

3. Does the self-billed e-Invoice requirement apply to donors, or to persons not approved for tax exemption under the Act?

The self-billed e-Invoice requirement depends on the nature of the transaction, not on the tax-exempt status of the parties involved:

(1) Donations made to a non-exempt charitable organisation

A donor making a donation or contribution to a charitable organisation that lacks tax-exempt approval under the Act is not obliged to issue a self-billed e-Invoice in respect of that donation.

(2) Cross-border purchases of goods or services

Separately, any person, including religious institutions or organisations, must issue a self-billed e-Invoice when importing goods from abroad or engaging a foreign service provider.

4. We are a religious institution or organisation managing a place of worship, and we also undertake other activities such as the sale of goods or provision of services. Are we required to implement e-Invoices?

The e-Invoice obligation depends on which activity is involved. Donations and contributions collected in connection with the place of worship is not required to issue e-Invoice.

Commercial activities such as goods sold or services rendered by the institution or organisation are treated differently, where the issuance of e-Invoice is mandatory.

5. What should be used as the Business Registration Number (“BRN”) for Tax Identification Number (“TIN”) registration and e-Invoice purposes?

The applicable BRN depends on how the institution or organisation is constituted:

(1) Registered Entities

An entity registered with a recognised body, such as the Registrar of Societies of Malaysia (ROS), the Companies Commission of Malaysia (SSM), or the Legal Affairs Division of the Prime Minister’s Department (BHEUU), uses their BRN for TIN registration and e-Invoice purposes.

(2) Non-Registered Entities

When an institution or organisation is not registered, stamp certificate number of the governing document, such as constitution, charter stamped with the Inland Revenue Board of Malaysia (hereinafter referred to as “IRBM”) will be used as the BRN for TIN registration and e-Invoice purposes. It is important to take note that the adjudication number will not be used as the BRN.

(3) Branches of a National Religious Body

A registered National Religious Body may operate through multiple branches across Malaysia, and some of these branches manage their own finances and operations independently of the head office.

Separate TIN registration is not required for every branch. By default, any branch may issue e-Invoices using the head office’s TIN and BRN.

A branch that operates independently may choose to register its own TIN instead. Where it does so, its BRN must be the stamp certificate number obtained when its own governing document, such as a constitution or charter, is separately stamped by IRBM. The adjudication number cannot be used as the BRN.

6. For IOFs approved under the Act, is a pre-printed official receipt still required for monetary donations once e-Invoice has been implemented, or can the e-Invoice replace it entirely?

Where a pre-printed official receipt is still needed depends on whether the donor asks for an e-Invoice.

The approved IOF issues an individual e-Invoice to that donor upon request. The issuance of e-Invoice will replace the pre-printed official receipt for the said donation. No prior approval is required from the IRBM if the approved IOFs issue an e-Invoice that complies with the e-Invoice requirements.

If an e-Invoice is not requested, a standard receipt will be issued and the IOF are required to issue consolidated e-Invoice within seven (7) days from the end of the month, by aggregating the receipt numbers of all donations or contributions in which no individual e-Invoice has been issued.

7. Can an approved IOF rely on its own electronic receipt or e-Receipt format instead of an e-Invoice to document donations received?

An approved IOF that wants to adopt an electronic receipt format falling outside the e-Invoice Guideline and e-Invoice Specific Guideline must first obtain separate approval from IRBM to do so.

That approval does not remove the IOF's consolidated e-Invoice obligation, the donations for which no individual e-Invoice was issued must still be rolled into a consolidated e-Invoice within seven (7) calendar days after the months end.

Alternatively, the institutions or organisations may use the MyInvois Portal, which is provided by IRBM at no charge, to issue e-Invoices.

For further information, please visit the official website of the Inland Revenue Board of Malaysia at <https://www.hasil.gov.my/en>

KAIZEN Group, together with its associate firms in Malaysia, can help the clients to perform these compliances formalities so as to maintain the Malaysia company in good standing. Please call and talk to our professional accountants in Kaizen for further clarification.

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