

Event Report

e-Invoice and Service Tech Impact on Independent Directors

Date: 15 April 2025

Co-Hosted By: FIDE FORUM and Deloitte Malaysia

Speakers:

Ms. Ang Weina, Executive Director, Global Employment Services, Deloitte

Mr. Eugene Chow, Executive Director, Business Process Solutions, Deloitte

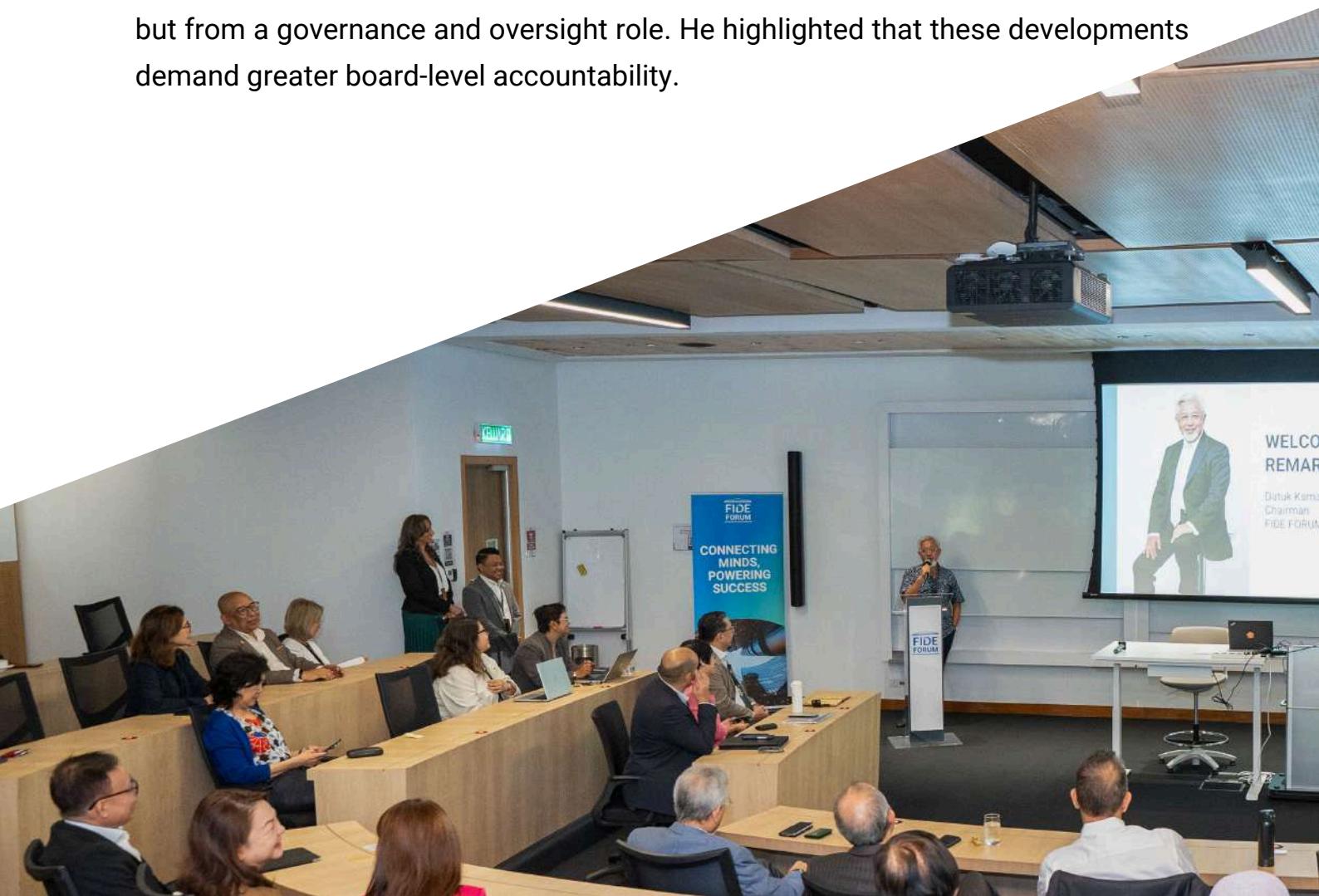


EVENT OVERVIEW

The breakfast talk drew participation from over 60 independent directors and senior professionals across the financial services sector. It was organised to address growing concerns and knowledge gaps surrounding the implementation of e-invoicing and recent changes in the service tax regime in Malaysia—particularly their impact on independent directors

OPENING REMARKS

The event began with opening remarks from Dato' Kamaruddin Taib, Chairman of FIDE FORUM, who emphasise the increasing importance of directors understanding e-invoicing and service tax, not just from a compliance perspective, but from a governance and oversight role. He highlighted that these developments demand greater board-level accountability.



Keynote Presentations by Deloitte Malaysia

Introduction to e-Invoicing in Malaysia

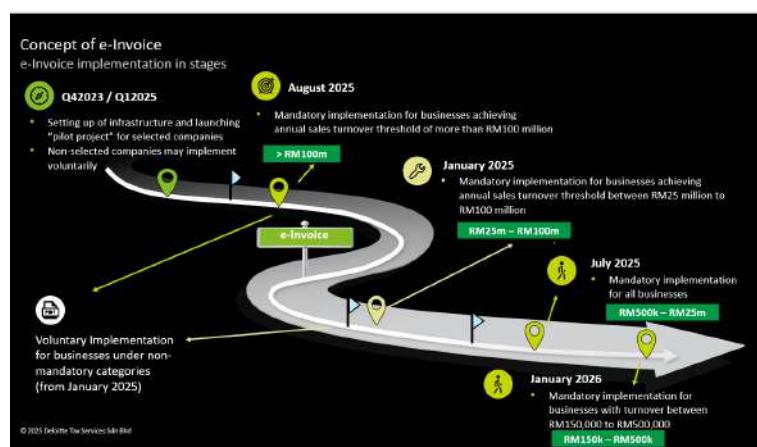


- Malaysia is the first country to implement e-invoicing for **income tax** (not GST).
- Implementation started in **August 2024** for businesses with over RM100 million in revenue.
- Full rollout for all taxpayers by **July 2025**, with exemptions and phase-ins extended to **2026** for micro businesses.
- Objectives: Curb tax leakages, improve transparency, enhance audit capability.

e-Invoice Mechanics

Key insights:

- E-invoicing involves **data transmission**, not just PDF invoices.
- Requires submission of **55+ data points** per transaction.
- Systems must integrate with **IRB's MyInvois portal** via manual entry, API, or middleware.
- Directors will receive a unique **transaction ID** and **QR code** per invoice.



Implications for Independent Directors



Key Requirements

- Independent Directors are deemed service providers, not employees.
- Must issue e-invoices for director's fees and meeting allowances.
- Consolidated e-invoices can be issued if no individual invoice is requested by the company.
- Directors must track and issue their own invoices unless companies voluntarily assist.

Thresholds

- RM150,000 revenue threshold for exemption.
- All income sources are aggregated (fees, rental, commissions).
- Crossing the threshold mandates e-invoice registration and compliance.
- Directors sitting on multiple boards are expected to aggregate income sources for threshold calculations.
- Service tax implications may also apply if thresholds are met (e.g., RM500K annually).

Q & A

↗ Key Questions and Speaker Insights



Q: Must independent directors issue e-invoices for their fees?

A (Eugene): Yes. Directors provide a professional service and are required to issue e-invoices unless they fall under specific exemptions (e.g., only serve on one board and below RM150k annually).

Q: Why not classify directors as employees for tax simplification?

A: Two departments within IRB apply different interpretations. Income Tax views it as employment income; E-Invoicing sees it as a contract for service.

Q: Will companies help directors issue invoices?

A: Some companies may assist (as a courtesy), but directors are ultimately responsible for issuance and compliance. SST filing, however, must be done individually.

Q: Can e-invoicing affect Malaysia's competitiveness?

A: While administrative burden is acknowledged, especially for SMEs, global investors generally adapt well. IRB is offering grace periods and potential subsidies for smaller businesses.

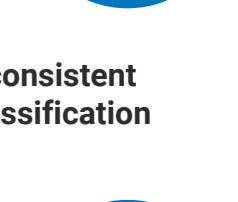
Q: What about rental or other personal income?

A: All income (rental, director's fees, freelance work) is aggregated towards the RM150,000 threshold.



Common Challenges Raised



-  **Administrative burden**
Participants voiced concern about the complexity and disproportionate effort for small-scale income.
-  **System compatibility**
Global systems used by firms often do not accommodate Malaysia-specific requirements.
-  **Inconsistent classification**
Conflicting positions by customs vs IRB cause confusion in treatment of director's fees.
-  **Equity, Reimbursements, and EA Forms**
Directors must closely monitor how companies report benefits and ensure tax filings reflect accurate, reconcilable data.

Conclusion and Takeaways



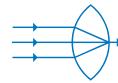
Ms. Weina closed the session with practical HR considerations and audit red flags:



- Directors must ensure their **EA forms are accurate** and not blindly follow them.



- **Disbursement vs reimbursement:** Only reimbursements are claimable via invoices.



- **Optical and dental benefits** are generally taxable unless explicitly exempted.



- **Foreign directors and non-residents** are still subject to local filing obligations based on sourced income.



Recommendations for Directors

- Register and familiarise themselves with **IRB's MyInvois portal**.
- Track and record **all board-related income and claims** across companies.
- Work with companies to determine **support or automation** options.
- Consult a tax professional to assess **aggregation threshold and SST filing** obligations.



Thank you



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