



VEISSMAN GROUP

# THE FOUNDER'S GUIDE TO *ACCOUNTING*

From First Invoice to Full  
Compliance — A Practical  
Playbook for Malaysian  
Business Owners

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# Who This Book Is For

This playbook was written for founders who are brilliant at their craft — but didn't go to business school. If you've ever stared at a P&L statement and felt your stomach drop, or nodded along when your accountant explained something you didn't fully understand, this book is for you.

Whether you are just registering your first business or scaling past your first million ringgit, accounting is the silent language of every decision you make. This guide translates that language into plain, actionable terms — with Malaysian law, LHDN requirements, and the new e-invoicing mandate baked in throughout.

## **HOW TO USE THIS BOOK**

Read it linearly to build a complete accounting foundation, or jump directly to the chapter most relevant to your current challenge. Each chapter ends with an action checklist and key resources.

# Who This Book Is For

## **First-Time Founders**

You've just registered your Sdn Bhd or Enterprise. You need the fundamentals, fast.

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## **Growing SME Owners**

Revenue is climbing but your books feel messy. Time to build proper financial infrastructure.

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## **Solopreneurs & Freelancers**

Running a one-person business under a Sole Proprietorship or LLP and need to stay compliant.

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## **Retail & F&B Operators**

High transaction volume businesses that need POS integration, GST/SST, and cash management clarity.

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## **Non-Finance Co-Founders**

You're the product or sales person. But the CFO role landed in your lap anyway.

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## **Anyone Preparing for e-Invoicing**

MyInvois is not optional. If you haven't started, this book will walk you through it.

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## CHAPTER 01

# Why Accounting Is Your Business's Immune System

Most founders treat accounting as an obligation. The ones who win treat it as intelligence.

You didn't start your business to stare at spreadsheets. Yet every business decision — hiring your first employee, taking on a new client, expanding to a second location — is fundamentally a financial decision. Accounting is not about compliance alone. It is a real-time picture of the health of your business.

**Accounting vs. Bookkeeping: What's the Difference?**  
 Bookkeeping is the systematic recording of financial transactions. Think of it as data entry with rules. Accounting is the analysis, interpretation, and reporting of that data to support decisions and meet statutory obligations.

FUNCTION	BOOKKEEPING	ACCOUNTING
Primary Task	Record transactions	Analyse & report
Who does it	Bookkeeper / admin	Accountant / CFO
Output	Ledgers, journals	P&L, Balance Sheet, Tax filing
Frequency	Daily / Weekly	Monthly / quarterly / annually
Software	SQL, Autocount, Wave	MYOB, Xero, QuickkBooks

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# The Three Things Accounting Protects You From

1. Invisible insolvency — Your bank account looks fine but your liabilities are piling up. Accounting surfaces this before it becomes a crisis.
2. Tax shock — LHDN assessments with penalties and interest that accumulate silently when records are poor.
3. Poor decisions on bad data — Pricing a product below cost. Hiring when cash is about to run dry. Declining a good deal because you thought you had no margin.

## *MALAYSIA-SPECIFIC NOTE*

*Under Section 82 of the Income Tax Act 1967, every business in Malaysia is required to keep records and books of accounts for a minimum of 7 years. Failure to do so is a criminal offence with fines up to RM50,000 and/or imprisonment.*

## CHAPTER 02

# Business Structures & Their Accounting Obligations in Malaysia

Your legal structure determines your tax rate, your reporting requirements, and your personal liability exposure.

Malaysia offers four primary business registration structures. Each carries different accounting and compliance obligations. Choosing the wrong structure early can cost you significantly in tax and administrative overhead later.

STRUCTURE	REGISTERED UNDER	TAX RATE	AUDIT REQUIRED?	SEPARATE LEGAL ENTITY
Sole Proprietorship / Partnership	ROB (SSM)	Personal income tax (up to 30%)	No	No
LLP (PLT)	LLP Act 2012 (SSM)	Personal income tax	No (unless required)	Yes
Private Limited (Sdn Bhd)	Companies Act 2016 (SSM)	17% (first RM50k) / 24%	Yes	Yes
Public Listed	Companies Act 2016 + Bursa	24%	Yes (statutory)	Yes

# Key Compliance Milestones by Structure

## SOLE PROPRIETORSHIP / PARTNERSHIP

- File Form B (individual) by 30 June each year
- No statutory audit required
- Must maintain records for 7 years (ITA s.82)
- SST registration required if taxable turnover exceeds RM500,000

## SDN BHD (MOST COMMON FOUNDER STRUCTURE)

- File Form C (corporate tax return) within 7 months of financial year end
- Submit CP204 (estimated tax) 30 days before financial year start
- Annual statutory audit by an MIA-approved auditor
- Audit is required unless the company qualifies for audit exemption under SSM criteria (e.g. dormant or threshold-based exemption).
- Lodge audited accounts with SSM via MBRS portal
- AGMs are no longer mandatory

### **FOUNDER INSIGHT**

*Most founders choose Sdn Bhd for the 17% preferential corporate tax rate on the first RM150,000 of chargeable income — significantly lower than personal income tax rates. The trade-off is higher compliance costs (audit, SSM filings, company secretary).*

## *HIGH AUDIT RISK AREAS*

- *Director current account (overdrawn → potential deemed income)*
- *Personal expenses in company books*
- *Cash sales without audit trail*
- *Related-party pricing (transfer pricing exposure)*

## **OFFICIAL RESOURCES**

- SSM Registration Portal: [ssm.com.my](http://ssm.com.my)
- LHDN e-Filing: [mytax.hasil.gov.my](http://mytax.hasil.gov.my)
- MBRS (Annual Return Filing): [mbrs.ssm.com.my](http://mbrs.ssm.com.my)
- Companies Act 2016: Available at [SSM website](http://SSM website)

## CHAPTER 03

# The Chart of Accounts — Your Business's Financial DNA

Before you record a single transaction, you need a system to categorise it.

A Chart of Accounts (COA) is the numbered list of every financial category your business uses to record transactions. It is the backbone of your accounting system. Without a well-structured COA, your financial reports become meaningless.

## The Five Account Categories

CATEGORY	TYPE	EXAMPLES	NORMAL BALANCE
Assets	Balance Sheet	Cash, Debtors, Equipment, Inventory	Debit
Liabilities	Balance Sheet	Loans, Trade Creditors, SST Payable	Credit
Equity	Balance Sheet	Paid-up Capital, Retained Earnings	Credit
Revenue	P&L	Sales, Service Fees, Rental Income	Credit
Expenses	P&L	Salaries, Rent, Utilities, Marketing	Debit

## *A Simple Numbering System for SMEs*

- *1000–1999: Assets*
- *2000–2999: Liabilities*
- *3000–3999: Equity*
- *4000–4999: Revenue*
- *5000–5999: Cost of Goods Sold (COGS)*
- *6000–6999: Operating Expenses*
- *7000–7999: Other Income / Other Expenses*

### **BEST PRACTICE**

*Leave gaps in your numbering (e.g. 1010, 1020, 1030) to easily insert new accounts later without disrupting your entire structure. A clean COA prevents messy reclassifications during audit.*

## CHAPTER 04

# Bookkeeping Fundamentals — Debits, Credits & Double-Entry

The accounting equation that has governed every business transaction for 500 years.

## The Accounting Equation

THE FOUNDATION OF ALL ACCOUNTING  
Assets = Liabilities + Equity

Every single transaction in your business affects this equation — and it must always remain balanced. This is the essence of **double-entry bookkeeping**, introduced by Luca Pacioli in 1494 and still the global standard today.

## Understanding Debits and Credits

Debit and credit do not mean "money in" and "money out." They mean *left side* and *right side* of a ledger entry. Each transaction has at least one debit and one equal credit.

ACCOUNT TYPE	INCREASE WITH	DECREASE WITH
Assets	Debit	Credit
Liabilities	Credit	Debit
Equity	Credit	Debit
Revenue	Credit	Debit
Expenses	Debit	Credit

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## A Real Life Example

You sell a service for RM5,000. The client pays immediately by bank transfer.

DR Bank Account (Asset) RM5,000  
CR Service Revenue (Revenue) RM5,000

Now suppose you paid RM800 for office supplies on a company credit card:

DR Office Supplies (Expense) RM800  
CR Credit Card Payable (Liab.) RM800

### ***COMMON FOUNDER MISTAKE***

*Mixing personal and business expenses in the same account is one of the most damaging bookkeeping errors. It distorts your profitability, complicates your tax filing, and can create personal liability exposure. Open a dedicated business bank account the day you register your business.*

## CHAPTER 05

# Understanding Your Financial Statements

Three documents. Every investor, banker, and tax officer will ask for them.

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## 1. The Profit & Loss Statement (P&L / Income Statement)

Shows your business performance over a period of time — typically monthly, quarterly, and annually.

### P&L STRUCTURE

Revenue - Cost of Goods Sold (COGS)  
= **Gross Profit** - Operating Expenses  
= **EBITDA** (Earnings before Interest, Tax, Depreciation, Amortisation)  
- Depreciation & Amortisation  
= **EBIT** - Interest Expense  
= **Profit Before Tax (PBT)** - Corporate Tax  
= **Net Profit After Tax (NPAT)**

## 2. The Balance Sheet

Shows your business position at a point in time. It is a snapshot of what you own, what you owe, and what's left for owners.

### BALANCE SHEET STRUCTURE

#### ASSETS

Current Assets (Cash, Debtors, Inventor)  
 + Non-Current Assets (Equipment, Property)  
 = **Total Assets**

#### LIABILITIES & EQUITY

Current Liabilities (Creditors, Short-term loans)  
 + Long-term Liabilities (Term loans) +  
 Shareholders' Equity  
 = **Total Liabilities & Equity**

## 3. The Cash Flow Statement

Shows actual cash movement — not profit. A business can be profitable on paper and still run out of cash. This statement is the most honest financial document you have.

- **Operating Activities** — Cash from your core business operations
- **Investing Activities** — Cash used to buy/sell assets
- **Financing Activities** — Cash from loans, capital injections, dividend payments

### KEY INSIGHT

*Profit ≠ Cash. If you offer 60-day payment terms to clients, you can record RM100,000 in revenue this month and still have RM0 in cash. Manage your cash flow statement as obsessively as your P&L.*

## CHAPTER 06

# Malaysian Tax Compliance — LHDN, Form C, CP204 & More

LHDN is not your enemy. But ignorance of its requirements is very expensive.

The Inland Revenue Board of Malaysia (LHDN — Lembaga Hasil Dalam Negeri) administers direct taxes under the Income Tax Act 1967. Compliance is not optional — Penalties typically start at 10% for non-compliance and can escalate significantly in cases of wilful evasion.

## Corporate Tax at a Glance (Sdn Bhd)

CHARGEABLE INCOME	TAX RATE (2026)	NOTES
First RM 150,00	15%	Reduced SME rate
RM 150,001 - RM 600,000	17%	Mid-tier SME rate
Above RM 600,000	24%	Standard corporate rate

## Key LHDN Forms & Deadlines

FORM	PURPOSE	DEADLINE (2026 UPDATED)
Form C	Annual corporate income tax return	Within 7 months of financial year end (manual) / 8-months via e-Filing
CP204	Estimated tax payable (12 monthly instalments)	30 days before financial year start (existing) / 3 months from incorporation (new companies)
CP204A	Revision of estimated tax	6th, 9th, or 11th month of basis period
Form E	Employer's annual remuneration return	31 March 2026 (manual) / 30 April 2026 (e-Filing)
Form EA	Employee income statement issued by employer	Last day of February
Form B	Individual income tax (Sole Prop / Partner)	30 June each year
Form BE	Individual income tax (employment income only)	30 April (manual) / 15 May (e-Filing)

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## Common Tax-Deductible Expenses

Under Section 33 of the ITA 1967, expenses are deductible if they are wholly and exclusively incurred in the production of income. Common deductible expenses include:

- Staff salaries, EPF, SOCSO, EIS contributions
- Office rental and utilities
- Professional fees (accounting, legal, consulting)
- Marketing and advertising
- Interest on business loans
- Repairs and maintenance (not capital improvements)
- Staff training costs (Double deduction may apply for qualifying training programmes approved by relevant authorities.)

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## Disallowed Expenses (Common Mistakes)

- Entertainment expenses — only 50% deductible unless for staff
- Personal expenses coded as business expenses
- Penalties and fines (including late LHDN payments)
- Depreciation — replaced by Capital Allowance claims
- Dividends paid to shareholders

## CRITICAL COMPLIANCE POINT

*Late submission of Form C incurs an automatic 10% penalty on tax payable under Section 107C(10) ITA. Missing CP204 instalments draws an additional 10% penalty per missed instalment. These penalties are not deductible expenses — they compound your effective tax rate.*

## LHDN RESOURCES

- MyTax Portal (e-Filing, CP204, payments): [mytax.hasil.gov.my](https://mytax.hasil.gov.my)
- LHDN Official: [hasil.gov.my](https://hasil.gov.my)
- e-CP204 (Estimated Tax): [ecpai.hasil.gov.my](https://ecpai.hasil.gov.my)

## CHAPTER 07

# SST — Sales & Service Tax: What You Must Know

Malaysia replaced GST with SST in 2018. Here's how it works and when it applies to your business.

Sales and Service Tax (SST) was reintroduced on 1 September 2018 under the Sales Tax Act 2018 and Service Tax Act 2018, replacing GST. Unlike GST, SST is a single-stage tax — not a consumption value-added chain — which means input tax credit claims do not apply.

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## Sales Tax

- Applies to manufacturers of taxable goods
- Threshold: Registration required when annual taxable turnover exceeds RM500,000
- Rates: 5% or 10% depending on the goods category
- Certain goods (food, agricultural produce, medicine) are exempt

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## Service Tax

- Applies to prescribed service providers in Malaysia
- Threshold: Registration required when annual taxable turnover exceeds RM500,000
- Rate: 8% (revised from 6% effective March 2024) on most services
- Exceptions: Food & beverage services remain at 6%
- B2B imported digital services: subject to service tax effective January 2020

## SST Filing & Payment

OBLIGATION	FREQUENCY	DEADLINE	PLATFORM
SST Return (SST-02)	Bi-monthly	Last day of following month	MySST
Payment of SST	Bi-monthly	Same as return deadline	MySST / Bank
SST Registration	Once (upon threshold breach)	Within 28 days	<a href="https://mysst.customs.gov.my">mysst.customs.gov.my</a>

### SST RESOURCES

- MySST Portal: [mysst.customs.gov.my](https://mysst.customs.gov.my)
- Royal Malaysian Customs Dept: [customs.gov.my](https://customs.gov.my)
- Taxable goods & services list: Available at Customs portal above

## CHAPTER 08

# E-Invoicing in Malaysia — The MyInvois Mandate Explained

This is not a system upgrade. This is a shift in how your revenue is recognised by the government.

Malaysia is undergoing the most significant tax infrastructure transformation in its history. Through Lembaga Hasil Dalam Negeri (LHDN), e-invoicing is now mandatory—not as a recommendation, but as an enforceable compliance framework.

This is not about digitising paperwork.

This is about real-time visibility of your business transactions by the tax authority.

If your accounting system is your internal truth, MyInvois is now the government’s version of that truth.

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## What Is E-Invoicing (Really)?

E-invoicing is not:

- a PDF invoice
- an emailed bill
- or a document stored in your accounting software

### *E-invoicing is:*

*The real-time submission and validation of structured transaction data with LHDN before an invoice is considered compliant.*

*Invoices are transmitted in structured formats (XML/JSON) via the MyInvois system, validated instantly, and assigned a Unique Document Identification Number (UID).*

*Without validation, the invoice exists internally—but may not stand as a compliant tax document.*

## Why This Changes Everything?

Before e-invoicing:

- Your accounting records were private unless audited
- Errors could go unnoticed for years
- Compliance was periodic (monthly, yearly)

After e-invoicing:

- Transactions are visible near real-time
- Data mismatches can trigger audits earlier
- Compliance becomes continuous, not annual

*You are no longer reporting your numbers. You are streaming them.*

## Implementation Timeline (Phased Rollout)

**P1** August 2024 — Taxpayers with annual turnover above RM100 million

Large corporations and groups. Fully mandatory. No grace period extended for core submissions.

**P2** 1 January 2025 — Taxpayers with annual turnover RM25 million to RM100 million

Mid-size companies. Full e-invoicing compliance required by this date.

**P3** 1 July 2025 — All remaining taxpayers (including SMEs)

This means virtually every registered business in Malaysia. If you haven't started, you are behind.

**Subject to revisions or transitional reliefs announced by Lembaga Hasil Dalam Negeri.**

*If you are not ready by your phase, you are not “late” — you are non-compliant.*

## How MyInvois Works — The Transaction Flow

- Seller creates invoice in accounting software or directly in MyInvois
- Invoice is submitted to MyInvois API in XML or JSON format
- LHDN validates the invoice (format, tax number, TIN, structure) in real-time
- Unique Document ID issued by LHDN — this is the validated invoice
- Buyer receives the validated e-invoice via MyInvois or through integrated software
- Buyer can reject within 72 hours (for legitimate disputes)
- Invoice is locked after 72-hour window — immutable tax record

*Once validated, your invoice becomes part of a permanent tax record.*

### WHAT FOUNDERS GET WRONG?

*Mistake 1: “We’ll implement later”*

*→ Your operations will break when enforcement starts*

*Mistake 2: “Our accountant will handle it”*

*→ E-invoicing is operational, not just accounting*

*Mistake 3: “It’s just another compliance task”*

*→ It directly affects:*

- *revenue recognition*
- *collections*
- *customer experience*
- *audit exposure*

## Submission Method

METHOD	BEST FOR	TECHNICAL REQUIREMENT	REALITY
MyInvois Portal (Manual)	Micro businesses with low invoice volume	Browser. No coding needed.	Manual, not scalable
API Integration (SDK)	Medium/large businesses with accounting software	Developer required. REST API.	Requires dev resources
ERP / Accounting Software Integration	Businesses already using Xero, AutoCount, SQL, etc.	Software update. Minimal setup.	Best balance of control + automation

*Choosing the wrong method creates operational bottlenecks—not just inconvenience.*

## Required Data Fields on an E-Invoice

Each e-invoice must contain the following mandatory fields:

- Supplier's name, address, and Tax Identification Number (TIN)
- Buyer's name, address, and TIN (or NRIC/Passport for individuals)
- SSM registration number (where applicable)
- Invoice date and time
- Line item description, quantity, unit price
- Tax type (SST/0%), tax rate, tax amount
- Total amount (exclusive and inclusive of tax)
- Currency and exchange rate (for foreign currency invoices)
- Payment method and bank account details (optional but recommended)

*Most rejections happen due to incorrect buyer data or tax classification.*

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## E-Invoice Types Covered

- Standard Invoice (sale of goods/services)
- Credit Note (post-invoice adjustments downward)
- Debit Note (post-invoice adjustments upward)
- Refund Note
- Self-billed Invoice (for freelancer/agent payments)

*If your system cannot handle adjustments (credit/debit notes), your compliance will break.*

### WHAT CHANGES FOR YOUR BUSINESS

*You can no longer:*

- *Issue backdated invoices freely*
- *Adjust revenue without trace*
- *Treat invoices as internal documents*

*Every invoice is now a tax event.*

*Unvalidated invoices may not be accepted as supporting documents during audit by Lembaga Hasil Dalam Negeri.*

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## System Failure & Edge Cases (Audit Reality)

You must plan for:

- API downtime
- Submission failure
- Incorrect invoice data

In such cases:

- Maintain internal invoice records
- Perform deferred submission once systems recover
- Follow LHDN guidelines for exception handling

*No submission ≠ no transaction. You are still accountable.*

## Software That Is MyInvois-Ready (Malaysia)

SOFTWARE	TYPE	MYINVOIS STATUS	NOTES
AutoCount	Desktop / Cloud	Certified	Widely used by Malaysian SMEs. Full API integration.
SQL Accounting	Desktop	Certified	Strong SME adoption. Local support.
Xero	Cloud	Integrated (integration status depends on third-party connectors and may evolve)	MyInvois via Xero App Store connectors (e.g. Synconics, Momos).
QuickBooks Online	Cloud	Partial (still heavily middleware-dependent)	Third-party middleware required for MyInvois submission.
Wave Accounting	Cloud (Free)	Not certified	Not suitable for businesses requiring MyInvois compliance.
MYOB	Cloud	In progress	Check latest status with MYOB Malaysia partner.

*Your accounting software is now part of your tax compliance system—not just bookkeeping.*

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## E-Invoicing for B2C Transactions

For B2C transactions (selling to individual consumers), the immediate focus is B2B. However, LHDN has indicated B2C e-invoicing will be progressively mandated. Businesses in retail, F&B, and direct-to-consumer services should begin preparing their POS systems for e-receipt integration.

*If you run a high-volume business, this will impact your daily operations significantly.*

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## Penalties for Non-Compliance

- Failure to issue e-invoice: fine of RM200 to RM20,000 per offence
- Falsifying e-invoice data: fine up to RM20,000 and/or imprisonment up to 6 months
- Repeated non-compliance draws escalating enforcement action including audit

*But the real cost is:  
system disruption, audit exposure, and backdated corrections*

### ***REAL RISK: DATA MISMATCH***

*E-invoicing introduces cross-verification risk:*

- *Your sales vs customer purchases*
- *Your revenue vs SST filings*
- *Your invoices vs bank inflows*

*Mismatch = audit signal*

## Action Plan for Founders

Step 1: Log in to MyInvois Portal using your MyTax credentials.

Step 2: Verify your TIN and company profile.

Step 3: Contact your accounting software provider and confirm they are certified.

Step 4: Run a test submission with a draft invoice before your compliance date.

Step 5: Train your finance or admin team on the new workflow.

Step 6: Map your full invoice workflow (sales → payment → reporting)

*If your team doesn't understand the workflow, your system will fail under real volume.*

### FOUNDER INSIGHT

*E-invoicing is not about compliance.*

*It is about:*

- *forcing discipline*
- *eliminating informal practices*
- *aligning your internal records with government visibility*

*Businesses with clean systems will move faster.*

*Messy businesses will get exposed.*

### E-INVOICING OFFICIAL RESOURCES

- MyInvois Portal: [myinvois.hasil.gov.my](https://myinvois.hasil.gov.my)
- LHDN E-Invoice Microsite: [hasil.gov.my/en/e-invoice](https://hasil.gov.my/en/e-invoice)
- LHDN SDK & API Documentation: [sdk.myinvois.hasil.gov.my](https://sdk.myinvois.hasil.gov.my)
- Approved PEPPOL Service Providers list: Available at MyInvois portal

## CHAPTER 09

# Payroll Accounting — EPF, SOCSO, EIS & PCB

Your obligations to your employees are statutory. Getting payroll wrong has criminal consequences.

The moment you hire your first employee, you take on four statutory obligations that must be deducted and remitted monthly with zero tolerance for late payment. Malaysian payroll compliance is governed by the Employment Act 1955, EPF Act 1991, SOCSO Act 1969, EIS Act 2017, and the Income Tax Act 1967 (for PCB).

## The Four Mandatory Contributions

CONTRIBUTION	EMPLOYER RATE	EMPLOYEE RATE	REMITTANCE DEADLINE
Employees Provident Fund (EPF)	<ul style="list-style-type: none"> <li>• 13% → if employee salary ≤ RM5,000</li> <li>• 12% → if salary &gt; RM5,000</li> <li>• 4% → only for employees aged 60+</li> </ul>	11% (below 60)	15th of following month
Social Security Organisation (SOCSO)	<ul style="list-style-type: none"> <li>• 1.75% of wage</li> </ul>	0.5% of wage	15th of following month
Employment Insurance System (EIS)	<ul style="list-style-type: none"> <li>• 0.4% of wage</li> </ul>	0.4% of wage	15th of following month
Potongan Cukai Berjadual (Monthly Tax Deduction) (PCB)	<ul style="list-style-type: none"> <li>• Nil</li> </ul>	As per PCB table	15th of following month

### WAGE CAP FOR SOCSO & EIS

*SOCSO contributions are based on a wage ceiling (currently RM6,000 — subject to updates by PERKESO).*

## Payroll Journal Entry (Monthly)

### EXAMPLE: EMPLOYEE GROSS SALARY RM4,000

DR Salary Expense RM4,000  
DR EPF Expense (13%) RM520  
DR SOCSO Expense (1.75%) RM70  
DR EIS Expense (0.4%) RM16  
CR EPF Payable RM960 (employer + employee)  
CR SOCSO Payable RM90 (employer + employee)  
CR EIS Payable RM32 (employer + employee)  
CR PCB Payable RM [amount per PCB table]

### PAYROLL STATUTORY PORTALS

- EPF (KWSP) i-Akaun: [i.kwsp.gov.my](http://i.kwsp.gov.my)
- SOCSO (PERKESO): [perkeso.gov.my](http://perkeso.gov.my) / EIS at same portal
- PCB Calculator: [mytax.hasil.gov.my](http://mytax.hasil.gov.my) → PCB Calculator
- MyHRD (HRD Corp levy if applicable): [hrdcorp.gov.my](http://hrdcorp.gov.my)

## CHAPTER 10

# Cash Flow Management — The Lifeblood of Your Business

More businesses die from cash flow problems than from unprofitability. Here's how to stay alive.

A study by U.S. Bank found that 82% of small business failures are caused by poor cash flow management, not lack of profitability. In Malaysia, the pattern is the same — especially in industries with long payment cycles like construction, wholesale, and professional services.

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## The 13-Week Cash Flow Forecast

The gold standard for managing cash flow in an SME is a rolling 13-week cash flow forecast. Updated weekly, it gives you a 90-day visibility window into your cash position.

### WEEKLY CASH FLOW FORMULA

Opening Cash Balance  
+ Expected Receipts (customer payments, grants, etc)  
- Expected Disbursements (payroll, rent, suppliers, tax)  
= Closing Cash Balance (this week's opening cash for next week)

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## Key Cash Flow Levers

- Shorten receivables — Invoice immediately upon delivery. Offer early payment discounts (e.g. 2% if paid within 10 days).
- Lengthen payables — Negotiate 45–60 day terms with suppliers where possible. Don't pay early unless there's a discount.
- Build a cash reserve — Target 3 months of operating expenses in liquid cash at all times.
- Control inventory — Dead stock ties up cash. Review slow-moving items monthly.
- Use invoice financing — Banks and licensed fintechs (e.g. CapBay, FundedHere) allow you to unlock 80–90% of unpaid invoice value as working capital.

### *MALAYSIA CONTEXT*

*Under the Prompt Payment Code initiative and the Trade Receivables Securitisation Platform (TRSM) governed by BNM, SMEs now have more tools than ever to manage receivables. The Tekun, MARA, SME Bank, and Bank Negara's SME Financing schemes also offer working capital support for eligible businesses.*

## CHAPTER 11

# Accounts Receivable & Payable — Getting Paid and Paying Right

The operational heartbeat of your cash cycle.

## Accounts Receivable (AR)

AR represents money owed to you by customers. Letting AR age beyond your payment terms is one of the most common ways founders lose cash without realising it.

### AR AGING ANALYSIS

AGE BAND	ACTION REQUIRED	PROVISION FOR BAD DEBT (Suggested)
0 - 30 days	Monitor. Send statement of account.	0%
31 - 60 days	First reminder. Phone call.	5–10%
61 days - 90 days	Formal demand letter. Escalate to management.	25%
91 days - 120 days	Debt collection. Consider legal action.	50%
>120 days	Write-off consideration. Legal proceedings.	100%

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## Accounts Payable (AP)

AP represents money you owe to suppliers and creditors. Good AP management means preserving cash while maintaining supplier relationships.

- Centralise all supplier invoices through one approval workflow
- Never pay a supplier without a valid Purchase Order (PO) or Goods Received Note (GRN)
- Capture every supplier invoice in your accounting system on receipt — not on payment
- Review the AP aging report weekly

## CHAPTER 12

# Fixed Assets, Depreciation & Capital Allowances

What you buy for the long term must be accounted for differently than what you consume today.

## What Is a Fixed Asset?

A fixed asset (or non-current asset) is something your business owns for more than one year that contributes to generating income — machinery, vehicles, computers, furniture, renovations.

## Depreciation vs. Capital Allowance

CONCEPT	PURPOSE	USED IN
Depreciation	Allocate asset cost over useful life in accounts	P&L Accounting
Capital Allowance	Tax deduction for qualifying assets under Schedule 3 ITA 1967	LHDN Tax Return

Depreciation reduces your accounting profit; Capital Allowance reduces your taxable income. They are separate calculations. Never use accounting depreciation in your LHDN tax computation.

## Common Capital Allowance Rates (LHDN)

ASSET TYPE	INITIAL ALLOWANCE	ANNUAL ALLOWANCE
Heavy machinery / plant	20%	20%
Office equipment, computers	20%	20%
Motor vehicles	20%	20%
Office furniture	20%	10%
Industrial buildings	10%	3%

## CHAPTER 13

# Choosing the Right Accounting Software

Your accounting software is not just a tool. It is your compliance infrastructure.

With e-invoicing mandatory and LHDN increasingly data-driven, your accounting software choice is now a compliance decision — not just a convenience one. Here is an honest framework for Malaysian businesses.

SOFTWARE	BEST FOR	MYINVOIS READY	PRICE RANGE (EST.)
AutoCount	SMEs, retail, manufacturing	Yes	RM1,500 - RM5,000/year
SQL Accounting	SMEs, trading, distribution	Yes	RM1,500 - RM4,00/year
Financio	Micro-SME, service businesses	Yes	RM50 - RM150/month
Xero	Cloud-first, multi-currency businesses	Via connector	USD 15-65/month
QuickBooks Online	SMEs familiar with US accounting	Partial	USD 30-90/month
Wave	Freelancers, non-SST registered	No	Free

## QUESTIONS TO ASK BEFORE CHOOSING

- *Is it certified for MyInvois submission?*
- *Does it handle SST reporting automatically?*
- *Can it generate EPF, SOCSO, and PCB reports?*
- *Does it support multi-currency if you have overseas clients?*
- *Is there local support in Malaysia (Bahasa Malaysia or English)?*
- *Does your accountant/auditor have access to the same platform?*

## CHAPTER 14

# Working With Your Accountant — A Founder's Guide

Your accountant is not there to judge you. They are there to protect you — but only if you give them what they need.

## Types of Accounting Professionals in Malaysia

ROLE	WHAT THEY DO	CREDENTIAL
Bookkeeper	Data entry, reconciliations, basic reports	No formal requirement, but AAT/LCCI preferred
Accountant	Full accounts preparation, tax returns, advisory	MIA membership (ACCA, CPA, ICAEW, etc.)
Auditor	Independent statutory audit for Sdn Bhd	Must be MIA-approved auditor
Tax Agent	LHDN submissions, tax planning, appeal representations	Registered with LHDN under s.153 ITA

## What to Give Your Accountant Every Month

- Bank statements (all business accounts)
- All sales invoices issued
- All purchase invoices and receipts
- Payroll summary and statutory contribution receipts
- Loan statements (principal and interest breakdown)
- Credit card statements (if used for business)
- Any fixed asset purchases or disposals

### **THE GOLDEN RULE**

*Never wait until year-end to gather your documents. A monthly document submission habit takes 30 minutes. A year-end scramble takes 3 weeks, costs you in accountant overtime fees, and increases the risk of errors in your LHDN submission.*

## CHAPTER 15

# Year-End Close & Annual Filing Checklist

The annual close is not a one-night scramble. It's a month-long process, if you've been organised all year.

## Annual Compliance Calendar (Sdn Bhd, Dec FYE)

MONTH	TASK	SUBMITTED TO
January	Year-end bank reconciliation, fixed asset reconciliation	Internal
February	Issue Form EA to all employees. Prepare audit file.	Employees / Auditor
March	Submit Form E (Employer's return)	LHDN
Apr–Jun	Statutory audit (external auditor)	MIA Auditor
July	File Form C (within 7 months of FYE = July for Dec year-end)	LHDN MyTax
July	Lodge Annual Return and audited accounts with SSM via MBRS	SSM (MBRS Portal)
Ongoing	Monthly CP204 instalments	LHDN
Ongoing	Bi-monthly SST returns (if registered)	Customs (MySST)

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## Year-End Checklist

- Bank reconciliation completed and signed off
- All AR and AP balances confirmed with counterparties
- Inventory count done and matched to system
- Fixed asset register updated (additions, disposals, depreciation)
- Payroll reconciliation — total salaries per payslips match P&L
- EPF, SOCSO, EIS, PCB — all contributions reconciled and receipts filed
- SST return for final period filed and paid
- All director fees, loan accounts reviewed and documented
- Provisions for doubtful debts reviewed
- Related-party transactions documented (critical for transfer pricing)
- Form EA prepared for each employee
- CP204 final instalment matched to actual tax estimate

APPENDIX

# Key Forms, Deadlines & Official Resources

## Master Compliance Calendar

OBLIGATION	DEADLINE	PENALTY FOR LATE	PORTAL
EPF monthly contribution	15th of following month	6% interest p.a. + possible prosecution	i.kwsp.gov.my
SOCSSO & EIS monthly	15th of following month	10% surcharge	perkeso.gov.my
PCB (MTD) remittance	15th of following month	10% penalty	mytax.hasil.gov.my
SST-02 bi-monthly return	Last day of following month	Fine up to RM50,000	mystt.customs.gov.my
CP204 instalment	15th of each month	10% per missed instalment	mytax.hasil.gov.my
Form C (Sdn Bhd)	7 months after FYE	10% on tax payable	mytax.hasil.gov.my
Form E (Employer)	Mar 31, 2026	Fine up to RM20,000	mytax.hasil.gov.my
Form B (Sole Prop)	Jun 30, 2026	10% on tax payable	mytax.hasil.gov.my
SSM Annual Return	Within 30 days of AGM	Fine per Companies Act	mbrs.ssm.com.my

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## Official Government Portals

- LHDN / IRB MyTax: [mytax.hasil.gov.my](https://mytax.hasil.gov.my)
- MyInvois (E-Invoicing): [myinvois.hasil.gov.my](https://myinvois.hasil.gov.my)
- SSM (Company Registration): [ssm.com.my](https://ssm.com.my)
- MBRS (Annual Returns): [mbrs.ssm.com.my](https://mbrs.ssm.com.my)
- MySST (Customs): [mysst.customs.gov.my](https://mysst.customs.gov.my)
- KWSP / EPF: [kwsp.gov.my](https://kwsp.gov.my)
- PERKESO (SOCSO / EIS): [perkeso.gov.my](https://perkeso.gov.my)
- HRD Corp (HRDF Levy): [hrdcorp.gov.my](https://hrdcorp.gov.my)
- Bank Negara Malaysia (Financial Services): [bpm.gov.my](https://bpm.gov.my)
- MIA (Malaysian Institute of Accountants): [mia.org.my](https://mia.org.my)

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*“An investment in knowledge pays the best interest.”*

This playbook is intended for educational purposes and general guidance. Tax laws and compliance requirements change — always verify the latest requirements with a qualified accountant or LHDN directly. Information reflects regulations as at 2025.

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