Reversal decision tree

Something is wrong with an issued billing. Work down the questions. Do not pick the document first.

Question 1. Has the e-Invoice been validated by LHDN yet?

NOT YET VALIDATED

Correct and resubmit

No reversal document is needed. Fix the source billing and submit again. Nothing has entered the LHDN record.

VALIDATED

Go to question 2

A UUID has been returned. The invoice now exists in the LHDN record and the clock is running.

Question 2. Are you within 72 hours of validation?

WITHIN 72 HOURS

Cancel or reject, then reissue clean

The cleanest outcome available. Cancel the validated e-Invoice and issue a corrected one. No note document chain to explain later.

PAST 72 HOURS

The invoice is permanent. Go to question 3

It can no longer be cancelled. It can only be corrected by a note document linked to the original by UUID.

Question 3. What is actually wrong? Pick one.

BILLED TOO MUCH, OR THE STAGE SHOULD NOT HAVE BEEN BILLED

Credit note

Reverses value against the original transaction. Must be linked to the original by UUID.

BILLED TOO LITTLE, OR AN ITEM WAS OMITTED

Debit note

Adds value against the original transaction. Also linked by UUID. Do not raise a fresh standalone invoice.

A CONCESSION HAS BEEN AGREED WITH THE PURCHASER

Rebate

Issued as a credit note. It must be offset against the original progress billing before the rebate can be approved.

MONEY SITTING AGAINST THE WRONG TRANSACTION

Offset

Moves an existing credit against an existing debit. No new tax document is created.

LEDGER CORRECTION WITH NO TAX EFFECT

Adjustment

Internal only. If it changes what the purchaser or the financier owes, it is not an adjustment.

MONEY HAS TO GO BACK TO THE PURCHASER

Refund note

Raised after the credit note, never instead of it. The credit note establishes the reduction, the refund note moves the money.

Sequence matters more than the document

- Credit note before refund note. Always.
- Offset before the rebate can be approved.
- Reversal before the unit is relisted on termination.
- Never correct a validated invoice by issuing a second invoice. It breaks the UUID chain and it will surface in an audit.

Record these six fields on every reversal

- Reason code, from your own fixed list. Free text is not a reason code.
- Original LHDN UUID.
- Approver name and date.
- Original transaction number.
- New LHDN UUID for the note document.
- Whether the purchaser, the financier or both were notified.

FORWARD THIS UP

→ The 72 hour cancellation window is the difference between a clean correction and a permanent note chain. It is a process control, not a software feature.

→ Reversal volume by reason code is the cheapest quality metric in the department. If the same code keeps appearing, the problem is upstream of credit admin.

→ Unlinked corrections break the UUID document chain, which is exactly what an audit looks for first.