E-INVOICING

UAE E-Invoicing 2026: Key Insights and How to Get Ready for the Future

In July 2023, the UAE Ministry of Finance (MoF) introduced several strategic initiatives, including the development of a federal-level advanced billing system known as the "E-Billing System" or "e-invoicing."

Recently, the MoF launched a dedicated webpage offering detailed information about the phased implementation of e-invoicing across the UAE, set to begin in Q2 2026. The webpage also includes FAQs addressing key aspects of the proposed e-invoicing framework.

DOCUMENT OUTLINE

As the e-invoicing system approaches, businesses must start preparing for this significant change. This newsletter outlines the requirements, major milestones, and practical steps to help your organization navigate the transition seamlessly.

MoF launched a dedicated webpage offering detailed information about the phased implementation of e-invoicing across the UAE.

Take me **there**

AMENDMENT TO LAW

To establish the necessary legal foundation, Federal Decree-Law No. 16 of 2024 was issued on September 30, 2024. This amendment to the UAE VAT Law defines the legal framework for e-invoicing, recognizing electronic invoices as valid for issuance and input tax recovery, effective November 1, 2024. Additionally, Federal Decree-Law No. 17 of 2024 introduces updates to the tax procedure rules outlined in Federal Decree-Law No. 28 of 2022.

WHAT IS E-INVOICE

E-invoicing involves the digital exchange of invoices between suppliers and buyers in a standardized format that enables seamless processing within a company's IT systems. Unlike conventional invoices such as PDFs, Word files, or scanned images, **e-invoices are created, sent, and received in a machine-readable format (such as XML, as specified by the MoF).** This approach enhances accuracy, ensures compliance, and streamlines the reporting of VAT transactions.

TIMELINE

| Q2-2026	Q1 025	NOW
• Phase 1 go-live of e-invoicing reporting	• e-Invoicing related • Legislation updates	Business should analyze and prepare for adoption

THE INVOICING MODEL

The UAE's e-invoicing system will follow the **PEPPOL "5-corner" decentralized model,** with the Ministry of Finance (MoF) and the Federal Tax Authority (FTA) positioned as the fifth corner responsible for collecting and storing e-invoices.

HOW IT WORK

As part of this framework, taxpayers will be required to work with an Accredited Service Provider (ASP), a technology vendor authorized by the UAE MoF. Direct access to the UAE's e-invoicing infrastructure will only be granted to ASPs, not taxpayers, unless a business chooses to become an ASP themselves —a step that may be cost-prohibitive and impractical for most organizations.

An important point to note here is that each member of a VAT group in the UAE must have an endpoint connection with the ASP separately, while still utilizing the group's Tax Registration Number ('TRN').
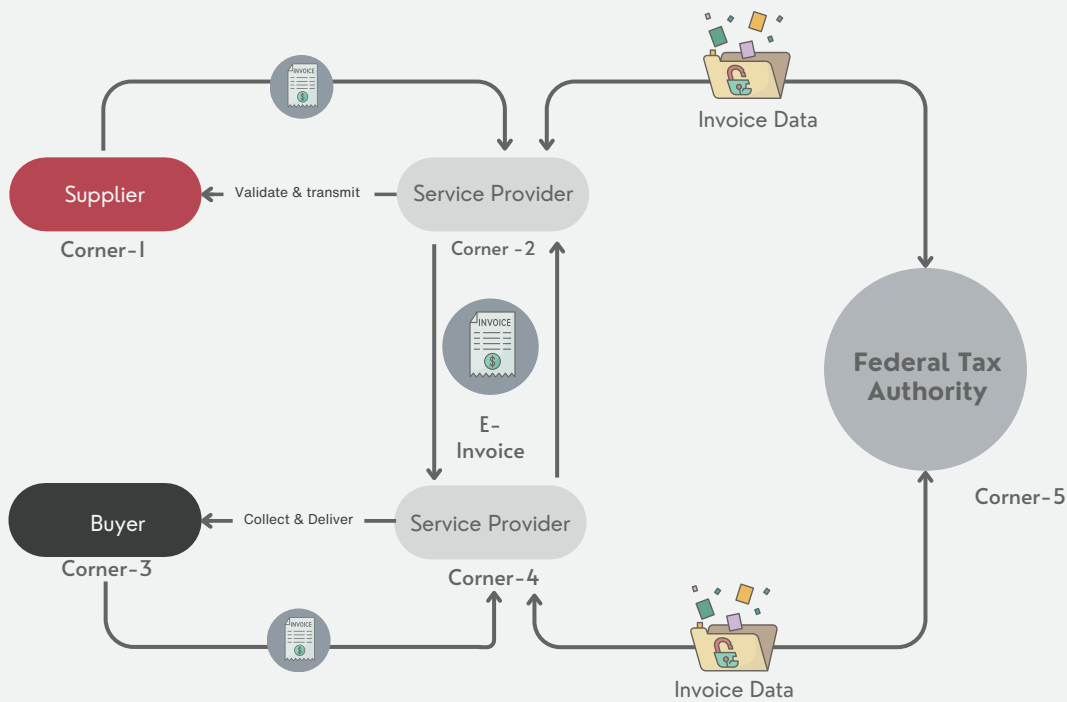
Role of Each corner

Supplier

The supplier enters invoice data into their business software and initiates the invoicing process via their open Peppol Accredited Service Provider (ASP).

ASP

The sending ASP validates the invoice data to check defined standards are met and transmits the invoice data to the buyer ASP. Invoices can be issued direct B2B.

Receiving ASP sends the invoice data to the business software of the customer of their choice.

Buyer

The business software of the customer is populated with the invoice data received from their ASP.

Federal Tax Authority

Only UAE ASPs can send an extract of relevant data contained in the invoice to a central data platform operated by the Federal Tax Authority.

IN-SCOPE BUSINESS TRANSACTIONS & TAX PAYERS

Initially, the e-invoicing system will focus on business-to-business ('B2B') and business-to-government ('B2G') transactions. We expect MoF may expand this to include business-to-consumer ('B2C') transactions as well at a later stage.

The system will apply to all taxpayers who are required to issue invoices under the UAE VAT law. This includes businesses of various sizes, though large taxpayers are likely to be the first to adopt e-invoicing as part of the initial phases. It is expected that smaller businesses will follow in subsequent phases, with specific thresholds likely based on annual turnover over the past couple of years. VAT groups will also be required to comply, with each member of the group individually required to have a connection to an ASP, while using the group TRN, to ensure all transactions are captured within the e-invoicing regime.

CHALLENGES YOU SHOULD CONSIDER

1. Integration

Many legacy systems were not designed to support modern e-invoicing standards, making integration technically complex. Legacy systems often require extensive customization or middleware solutions to enable compatibility with e-invoicing platforms.

2. Data Inconsistency:

Data gaps hinder the automation of invoice processing, requiring manual intervention and increasing errors. Ensuring complete and standardized data facilitates seamless communication between different systems and entities.

3. Scalability:

As a business grows, the volume of invoices and transactions increases, requiring systems that can handle higher loads efficiently.

4. Data Security:

E-invoicing involves the exchange of financial and business data, making it a prime target for cyberattacks. Robust security measures reassure partners and stakeholders about the safety of their data, fostering trust.

HOW CAN WE HELP

Partner with us to ensure a smooth, compliant, and efficient transition to e-invoicing. Contact us today to schedule a consultation and take the first step towards transforming your financial operations.

1. System Assessment

- **Current State Analysis:** Evaluating your existing ERP and financial systems to identify readiness and integration gaps.
- **Regulatory Compliance Review:** Ensuring alignment with local and international e-invoicing regulations.
- **Process Optimization:** Identifying opportunities to streamline workflows and improve data accuracy.

2. ASP Integration

- **Seamless Integration:** Configuring ASP platforms to integrate effectively with your ERP and accounting systems. We have partnered with **Taxlabs.AI,** a tax technology provider in UAE.

- **Data Mapping and Validation:** Ensuring accurate data exchange between systems to minimize errors.

3. Project Management

- **Implementation Planning:** Developing a detailed roadmap with clear timelines and deliverables.

- **Risk Mitigation:** Identifying potential challenges and implementing proactive solutions to avoid disruptions.

4. Post Go-Live Monitoring

- **Performance Review:** Assessing system functionality and user adoption in real-time after deployment.

- **Continuous Improvement:** Offering recommendations for further optimization and scalability as your business evolves.

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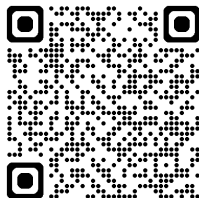*Associate Director*
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