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Tax Update

UAE e-Invoicing Data Dictionary

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UAE e-Invoicing Data Dictionary (PINT AE)

UAE Ministry of Finance released the draft e-Invoicing Data Dictionary along with the Public Consultation Document (PCD) on February 6, 2025, following the initially anticipated Quarter 4, 2024 release. E-Invoicing program aligns with the global trend of adopting Digital Reporting Requirements (DRR) and, more specifically, Continuous Transaction Controls (CTC).

E-Invoicing Data Dictionary (PINT AE) outlines the essential data elements (fields) and their attributes for the most commonly used invoice types by businesses in the UAE. It highlights the significance of standardization to ensure consistency across various document types, enabling seamless integration and efficient processing of eInvoices within the business ecosystem.

UAE government aims to have access to relevant data in near real-time, enabling policymakers to gain deep insights for identifying key areas. E-Invoicing will be implemented in a phased manner, with the MoF reiterating its commitment to releasing a comprehensive rollout strategy for the business community.

Key Updates

► **E-Invoicing Framework**: Update has provided greater clarity on the UAE e-Invoicing framework, confirming that e-Invoicing requirements apply not only to taxable persons but also to all businesses operating in the UAE, regardless of their VAT registration status.

► **Introduction of MLS and TDD in e-Invoicing**: Document also introduces a new Message Level Status (MLS) with two types: Exchange MLS and Reporting MLS, designed to facilitate communication between the involved parties. The use cases, encompassing invoice and credit note types, are referred to as Tax Data Documents (TDD).

► **Defined Use Cases (Drafts - Open for Consultation)**: Update outlines 16 commonly used use cases for generating invoices and credit notes in the UAE, detailing the specific disclosure requirements for each. Below is a breakdown of each use case, highlighting key updates, areas requiring attention, and noteworthy observations from Andersen's perspective.

S. No.	Use Case	Key updates – noteworthy pointers
1	UAE Standard tax invoice	- Introduction of an **Invoice Type Code** to classify invoices (e.g., standard invoice, credit note, or commercial invoice). - Dates to follow the **YYYY-MM-DD** format for consistency. - New **Invoice Transaction Type** field to classify invoices under specific use cases. - Invoice and tax accounting currencies to follow **ISO currency codes** for standardization. - Seller and buyer registration identifiers to include **Trade License**, **Emirates ID**, **Passport**, or **other legally** recognized entity **identifiers**. - **Country codes in addresses** will follow the ISO standard list. - These requirements remain consistent across use cases 2 to 11, with additional specifications unique to each case.
2	Supply under Reverse charge mechanism	For Reverse Charge applies, businesses must ensure the correct classification of goods and services using **predefined RCM Code lists**.
3	Zero rated supplies	Mandatory **VAT zero-rating reason** text fields have been introduced to ensure clarity in such transactions.
4	Deemed supply	New field has been introduced to specify the **method of payment settlement** for deemed supply transactions.
5	Disclosed agent billing	For Disclosed Agent billing, provide the **TRN of the principle**.
6	Summary tax invoice	Mandatory requirement to include start and end dates of the invoice period.
7	Continuous supplies	- **Mandatory textual note** field for unstructured invoice-related information. - Optional fields introduced for **contract reference**, **contract value**, and **billing frequency**.
8	Supply involving free trade zone	Transactions involving **Free Trade Zones** must include a declaration regarding the beneficiary and their **TRN** or **TIN** - This would have an far reaching impact on businesses operating from Free Zones.
9	Supply though e-commerce	Additional reporting requirements for delivery details, including: - Recipient's name and delivery location identifier. - Actual delivery date of goods or services.
10	Exports	New fields for **buyer identification** and **scheme identifier**.
11	Margin Scheme	Specific tax category codes introduced for margin scheme transactions: - VAT Margin Scheme - Second-Hand Goods - VAT Margin Scheme - Works of Art
12	Standard tax credit note	Standard tax credit note must include: - Code indicating the overall reason for issuing the credit note. - Reference to one or more preceding invoices issued by the seller. - The issuance date of the referenced invoice.
13	Disclosed agent billing credit note	Similar to disclosed agent billing, the principal's **TRN must be provided**.
14	Commercial Invoice	Commercial invoice will accommodate out-of-scope and exempt supplies, including a tax category breakdown specifying classifications such as "exempt from tax" and "not subject to tax."
15	Self-billing	Details for self-billing are not included in the current update, with **further clarifications expected in subsequent releases**.
16	Self-billing tax credit note	Similar to self-billing, additional details are awaited from the Ministry of Finance.

***Note**: The above key updates are not exhaustive and have been selectively identified by Andersen as the most relevant for the readers of this publication.*

Mandatory Fields

► **Standard tax invoice** (Use Case S. No. 1 to 11) requires a total of **50 mandatory fields**, incorporating several **new terminologies** such as **invoice type code, invoice transaction type code, business process type, specification identifier, seller and buyer electronic address and identifier, and seller legal registration identifier type**.

► **Commercial invoice** (Use Case S. No. 14) **requires 49 mandatory fields**, with the key difference being the absence of the VAT line amount compared to the standard tax invoice fields. This would have significant implications for businesses in the UAE that have out-of-scope supplies.

► The data fields recommended by the update are categorized as Mandatory, Conditional, and Optional, where Conditional fields may become mandatory based on the presence of other fields.

HSN/Service Codes in e-Invoicing: Ministry of Finance (MoF) has indicated that HSN (HS Code) and service codes will initially be optional on invoices but will become mandatory at later stages of the e-Invoicing program.

Way Forward

With the UAE e-Invoicing framework set to reshape compliance requirements, businesses must take a proactive approach to ensure smooth adoption. Here's how organizations can prepare effectively:

► **Assess Readiness & Identify Gaps**: Conduct an initial review of existing invoicing, finance, and tax processes to spot any areas that may not align with e-Invoicing requirements. Analyse master data, product and service classifications, and taxability rules to ensure they are structured correctly for compliance.

► **Update Master Data**: Ensure that company, vendor, and customer master records are updated to capture all required fields mandated under the e-Invoicing framework.

► **Reclassification of Transaction Types**: Categorize transaction types according to the classifications defined in the Data Dictionary, ensuring proper alignment with tax codes and compliance standards.

► **Evaluate Systems & Plan Your ASP and Integration Strategy**: Examine ERP, billing, and tax systems to determine whether they can generate and exchange e-Invoices in the required format. Develop a roadmap for system upgrades or integrations, factoring in the role of Accredited Service Providers (ASP) where needed.

► **Provide Feedback & Take Early Action**: If any aspects of the proposed e-Invoicing framework present challenges for your business, participate in the consultation survey to share concerns.

► Begin implementation efforts early, allowing ample time to test, refine, and adapt systems and processes before full enforcement.

Taking these steps will help businesses transition efficiently while minimizing disruptions and ensuring long-term compliance with the evolving regulatory landscape.

Andersen's Take

"UAE e-Invoicing updates bring enhanced clarity and expanded compliance requirements for all businesses, not just taxable persons. The introduction of Message Level Status (MLS) and Tax Data Documents (TDD) improves data exchange and reporting efficiency. With clearly defined use cases and mandatory fields, businesses must adapt their invoicing processes accordingly. Additionally, the planned mandate for HSN and service codes highlights a progressive shift toward standardization.

From the update, we understand that the e-Invoicing program will enhance the ease of doing business, streamline the VAT refund mechanism, reduce compliance burdens, and pre-fill VAT return fields wherever practical. Andersen is ready to assist businesses in aligning with these changes, ensuring seamless compliance and operational efficiency."

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