UAE
E-Invoicing Compliance: Impact Analysis & System Implementation Roadmap

Regulatory Overview, Impact Assessment, and Compliance

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Contents

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Regulations
Brief Overview

UAE Legal Provisions

01 - *Federal Decree-Law No. 16 of 2024*

- Amends the UAE Value Added Tax (VAT) Law to formally introduce e-invoicing concepts and obligations into the VAT regime.
- Adds definitions for:
  - *Electronic Invoicing System*
  - *Electronic Invoices*
  - *Electronic Credit Notes*
- Requires that invoices and credit notes be issued in an electronic format where subject to e-invoicing regulations

02 - *Federal Decree-Law No. 17 of 2024*

- Amends the Tax Procedures Law to support the implementation of the e-invoicing regime.
- Gives the Minister of Finance authority to issue detailed implementing decisions for the e-invoicing system.
- These law amendments took effect in late 2024 and provide the statutory basis for requiring electronic invoices in place of traditional paper/PDF invoices.

UAE Legal Provisions

03 - *Cabinet Decision No. 100 of 2025*

- Amended the UAE VAT Executive Regulations to accommodate e-invoicing requirements.
- Updates major provisions including:
- Requirement for full tax invoices in electronic format (simplified invoices no longer acceptable).
- Revised credit note requirements.
- Withdrawal of some previous exceptions once e-invoicing is live.

04 - *Cabinet Decision No. 106 of 2025*

- Introduced specific penalties and fines related to non-compliance with e-invoicing obligations, such as:
- Fines up to AED 5,000 per month for not implementing e-invoicing or appointing an Accredited Service Provider on time.
- Fines per invoice or credit note not issued/transmitted timely.
- Penalties for failing to notify system failures or data changes to authorities or accredited providers.

UAE Legal Provisions

05 - *Ministerial Decision No. 243 of 2025*

- Establishes the scope, technical, procedural, and compliance requirements for the UAE Electronic Invoicing System (EIS).
- Defines obligations for taxpayers required to adopt the system (e.g., structured e-invoice format, data fields, transmission mechanisms).

04 - *Ministerial Decision No. 244 of 2025*

- Sets out the implementation timeline, transitional arrangements and deadlines for mandatory compliance.
- Covers how different taxpayer segments must prepare and onboard (including Accredited Service Provider (ASP) appointment requirements).
- These decisions are central to the e-invoicing compliance framework and are in effect following their publication on 29 September 2025

UAE Implementation Timelines

Phase	Phase 1 Pilot / Voluntary Adoption	Phase 2 Large Businesses	Phase 3 SMEs	Phase 4 Government Entities
Revenue Threshold	Nil	large taxpayers (annual revenue ≥ AED 50 million)	All Other Businesses below AED 50Millon	All Government Entities
Voluntary Start Date	01-Jul-26			
Accredited Service Provider Appointment Date	On or before 01-Jul-2026	31-Jul-26	31-Mar-27	31-Mar-27
Mandatory Issuance of E-Invoices		01-Jan-27	01-Jul-27	01-Oct-27

This phased approach gives businesses time to implement systems and comply before deadlines.

Technical & Compliance Requirements

- Structured Electronic Format: E-invoices must be in a machine-readable structured format (e.g., XML).
- Accredited Service Providers (ASPs): Businesses must integrate with FTA-approved ASPs for issuance, validation, exchange, and reporting.
- PEPPOL Network: The system uses a decentralized continuous transaction control model over the PEPPOL network.
- Retention Requirements: E-invoices and credit notes must be stored electronically according to specified retention guidelines.

02

E-Invoicing
Background & How it Works

E-Invoicing Introduction

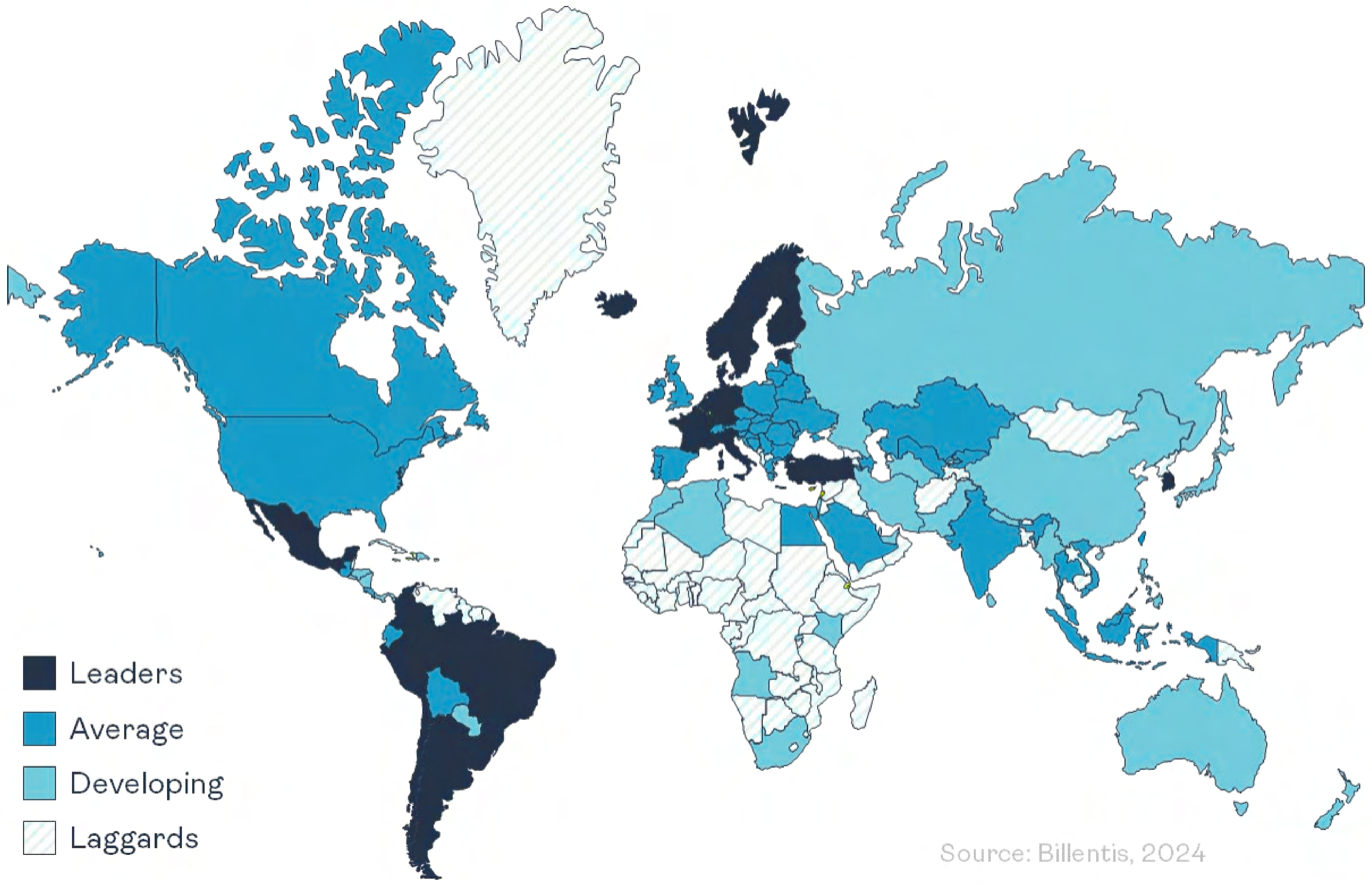
- Electronic invoicing (eInvoicing) is the exchange of the invoice documents between a supplier and a buyer in an integrated electronic format

- An eInvoice is an invoice that has been issued, transmitted and received in a structured data format which allows for its automatic and electronic processing

- E-Invoices are Not:
  - Unstructured invoice data issued in PDF or Word formats
  - Images of invoices such as JPG or TIFF
  - Unstructured HTML invoices on a web page or in an email
  - OCR (Scanned paper invoices)
  - Paper invoices sent, like images, via fax machines

- The use of eInvoices requires two key functions:
  - The eInvoice needs to be created with the correct structure
  - The eInvoice needs to be transferred from the seller's system to the buyer's system

E-Invoicing Worldwide



Expected global volume of e-invoices and personalized e-receipts in 2024: 125 billion
Strongly rounded figures

Recipient segment	Europe	LATAM	North America	APAC	Rest of World
Consumer	**8** (38%) *of 21*	**17** (48%) *of 35*	**7** (41%) *of 17*	**33** (17%) *of 190*	**1** (7%) *of 14*
Business & Government	**11** (52%) *of 21*	**18** (51%) *of 35*	**9** (53%) *of 17*	**20** (11%) *of 190*	**1** (7%) *of 14*

Estimated electronic volume in billion (proportion in %)
of total invoice volume in billion

Relative growth rates

UAE E-Invoicing Background

UAE eInvoicing Objectives are:

- To be a key enabler of a modern digital and paperless economy while maximizing Oman Federal Government Revenue Collection
- Reducing tax gaps and evasion
- Creating a balanced playing field for all businesses and thereby enhancing the ease of doing business

Effectiveness: Increased transparency and improved audits / cultivating compliance

Taxpayer Experience:* Enhanced taxpayer and user experience

Digitization: Reduce human intervention and making the UAE and its fiscal ecosystem digitally enabled

Efficiency: Optimizing cost and core operations, whilst reducing processing times, encouraging less paper wastage and meeting sustainability objectives

Economic Contribution: Contributing to the growth and competitiveness of the economy and utilizing big data

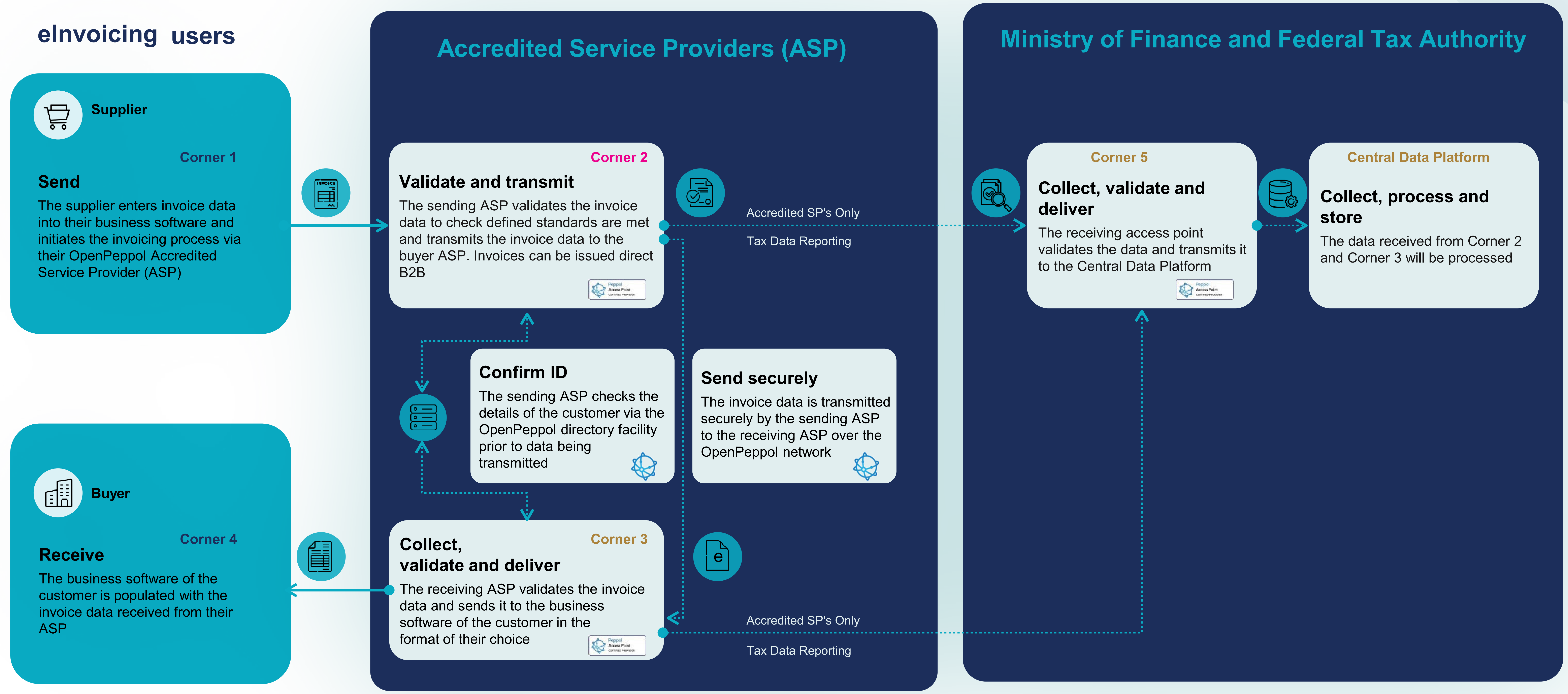
Compliance: Reduce the tax gap; maximize compliance; and tackle the shadow economy

- UAE FTA have Partnered with Peppol “five-corner model” — also called Decentralized Continuous Transaction Control and Exchange (DCTCE) — as the technical model for e-invoicing.
- Peppol (Pan-European Public Procurement On-Line) is a global e-invoicing standard and network originally developed in Europe to enable seamless, standardized electronic document exchange between trading partners. UAE has adopted this framework as the basis of its e-invoicing regime.

The UAE eInvoicing framework

- UAE has selected the Decentralized Continuous Transaction Control and Exchange (DCTCE) / 5 corner model
- Usage of Peppol network to leverage for invoice exchange and interoperability
- Peppol International (PINT) as UAE Data Dictionary
- B2B and B2G mandatory
- Set up of the UAE Peppol Authority Committee

The UAE eInvoicing Model: Decentralized Continuous Transaction Control and Exchange (DCTCE) / 5 corner



03

Who is ASP
& their Role

Who is ASP

- ASP (Access Point or Accredited Service Provider) plays a core technical and operational role in the Peppol network.
- An ASP is a certified service provider that operates a Peppol Access Point (AP) and connects businesses or government entities to the Peppol network.
- You cannot connect directly to Peppol on your own — you must use an ASP.

Role of ASP

1. Access Point Operation
Runs and maintains a Peppol Access Point
Sends and receives Peppol documents (e.g., eInvoices, eOrders)
Ensures secure transmission using Peppol protocols (AS4)

2. Onboarding Participants
Registers organizations in the Peppol Directory (SML/SMP)
Manages Peppol IDs (e.g., GLN, VAT, national IDs)
Enables participants to send/receive specific document types

3. Standards & Compliance
Ensures documents follow:
Peppol BIS formats
XML validation rules
Keeps systems compliant with OpenPeppol regulations

4. Security & Trust
Manages digital certificates Ensures:
Authentication
Encryption
Non-repudiation
Operates within the Peppol trust framework

5. Interoperability
Guarantees that documents sent from one ASP can be received by another ASP
Enables cross-border and cross-system communication

04

Main Objective of E-Invoicing is Real Time Monitoring & Automation of VAT Returns

E-Invoicing Impact on VAT Returns

01 - *Real Time E-Invoice Update with FTA*

- Under the new UAE e-invoicing system, the invoice data (including VAT amounts) will be generated and transmitted electronically in a structured machine-readable format through Accredited Service Providers (ASPs) using the 5-Corner PEPPOL-based model
- Whereby, the E-Invoice data will be automatically updated with the FTA on a Real-Time Basis.
- This will replace the traditional paper/PDF invoicing and manual sharing of the invoices.

02 - *E-Invoice Source for VAT Returns*

- E-Invoices shall become the **100% primary source** for VAT Returns.
- All Supplies whether – Domestic, Deemed, Exports, Reverse Charge, and Purchases from Domestic VAT Registered Suppliers mandate issuance of E-Invoice leading to automatic data update under the CURRENT VAT Return field values – Taxable Value, Output VAT, Input VAT, Exports, Reverse Charge on Import of Services and Goods.

A new guidelines from OTA/FTA on changes in VAT Returns on account of E-Invoices expected to be released soon

Main Objectives with Advantages of E-Invoicing

Main Objectives of E-Invoicing

- **Real-time monitoring of transactions**
  Enables the government to track business transactions instantly.
- **Accurate GDP measurement**
  Provides reliable transaction-level data for correct estimation of GDP.
- **Automation of VAT/GST returns**
  Auto-population of returns reduces manual intervention and errors.
- **Reduction in tax evasion**
  Ensures transparency and prevents fake or duplicate invoicing.
- **Improved tax compliance**
  Creates a standardized and verified invoicing system.

Advantages of E-Invoicing

- Eliminates fake invoices
- Reduces reconciliation issues
- Faster processing of returns
- Enhances ease of doing business

> *E-invoicing is a key digital tax reform aimed at enhancing transparency, automating VAT/GST compliance, and supporting real-time economic monitoring for accurate GDP estimation.*

05

E-Invoicing Challenges

E-Invoicing Challenges

01 - Date of Supply

- A DATE when the actual or deemed supply of goods or services supplied.
- In E-Invoicing, the "Date of Supply" is a mandatory input that enables the tax authority to validate compliance with prescribed time limits between the Date of Supply and the Invoice Date.

02 - Timely Raising of E-Invoice

	Before E-Invoice Introduction	**After E-Invoicing Introduction**
Time Limit	14 Days Rule Must issue an invoice within 14 days from date of supply	14 Days Rule Must issue an invoice within 14 days from date of supply
Verifying Check by Tax Authority	Manual Check on a Quarterly Basis Subject to verification	Real Time Data Entry Verification on a Daily Basis
Mandatory	Yes, But Tax Invoices may or may not include Date of Supply to verify Invoice Date	Yes, Date of Supply is a mandatory field without which the invoice cannot be submitted

E-Invoicing Challenges

03 - No Accept / Reject Rule Post Issuance of E-Invoice

- Once E-Invoice is generated then it will pass through all other 4 Corners

04 - Revision in Invoice via Tax Credit Note Only

- Once E-Invoice is generated then any revision can only be performed via Credit or Debit Note
- Since each E-Invoice has now a cost so it's important to raise a proper accurate E-Invoice at FIRST.

05 - Vendor Customer Master Database

- Regularly keep Vendor Customer Master database up to date so that E-Invoice send to correct supplier / customer Peppol ID linked with their TRN/TIN/VATIN.
- Innovative Online Tool Developed to obtain timely accurate data duly validated from Suppliers/Customers.

E-Invoicing Challenges

06 - *Self-Billed E-Invoicing for RCM*

- Self-billed e-invoices must be generated for imports of both goods and services into UAE.
- In case of Import of goods if VAT wasn't paid at customs

07 - *100% Input VAT Claim via E-Invoice*

- Each business can now claim Input VAT Credit only by having an accurate E-Invoice from it's Supplier
- Important to note small purchase expenses for business – Food, Telephone, Fuel, Staff Reimbursements expenses – must issue E-Invoice in name of Business to claim Input VAT Credit

08 - *Timely Update Records with Tax Authority*

- Business Profile and any change in the business requiring update of details with Tax Authority, should be updated on priority so as to avoid any impact on E-Invoicing.

E-Invoicing Challenges

09 - E-Invoice replace actual PDF Invoice

- **Via Peppol, the buyer receives the supplier's full invoice data, but only the structured invoice data,** not necessarily a PDF or "human-readable" layout unless that's sent separately.

- **What the buyer does not automatically receive**

  ❌ A PDF or paper-style invoice layout (unless you send it separately)
  ❌ Extra marketing or branding elements (logos, colors, layout)
  ❌ Attachments (unless explicitly supported and agreed in the Peppol profile)

- Peppol is about **data exchange**, not document presentation.
- **Why still PDFs**
  Supplier internal processes
  International ERP defaults
  Buyer want a "printable view" and understanding of details
  But legally and operationally:
- **If the PDF and the Peppol invoice differ, the Peppol invoice always wins.**

E-Invoicing Challenges

10 - No Revision in VAT Returns

- **E-Invoicing also means REAL TIME UPDATE of both Supply Invoices – Outward and Inward and hence data ready for the VAT Returns.**
- **E-Invoice MUST be submitted NO later than 14 days from Date of Supply and any delay shall attract penalty & interest**
- Revision in VAT Returns means amendments in E-Invoices – which can only be possible by issuing Tax Credit or Debit Notes in Current Date and not any past dates. However, Tax Authority shall release notification to this extent.

11 - VAT Refunds Processing Faster

- Yes, VAT Refunds will be faster - may be no further checks and documents
- However, Tax Authority may ask for more details beyond E-Invoice, like – Contracts, Payment Proofs, Import Documents, Supplies details & declarations etc, accounting impact, ascertaining proper VAT treatment – 0% or 5% etc.
- **So it's now NOT JUST E-INVOICE but proper documentation together with supplies details necessary.**

12 - Advances or Prepayments Management

- Tracking of all advances or prepayments until actual supplies completed

06

Key Considerations For Effective System Implementation

How to Effectively Implement the E-Invoicing System

01 - *Current System Assessment - Choices to Make*

- Assess the System so as to a make a best choice for E-Invoicing Compliance

Current Existing System	New System
Whether E-Invoicing Features Upgradation Possible	Dedicated E-Invoicing Compliant System
Appointment of ASP and API Integration	ASP Configured System
Sandbox Testing of System to Pass through all Tests	Duly Compliant and Sandbox Test Readily Available
Configure Live Production of E-Invoicing	Pre-Configured Live Production of E-Invoicing

How to Effectively Implement the E-Invoicing System

02 - *Policy & Procedures*

- Perform changes into Internal Policy & Procedures to ensure E-Invoicing Compliant control procedures are in place and practiced.

03 - *Intimation to all Relevant Stakeholders*

- Timely inform Suppliers and Customers on new changes on account of E-Invoicing to have all their details updated in Vendor Customer Master database

04 - *Amendments to Introduce Clauses in Contracts*

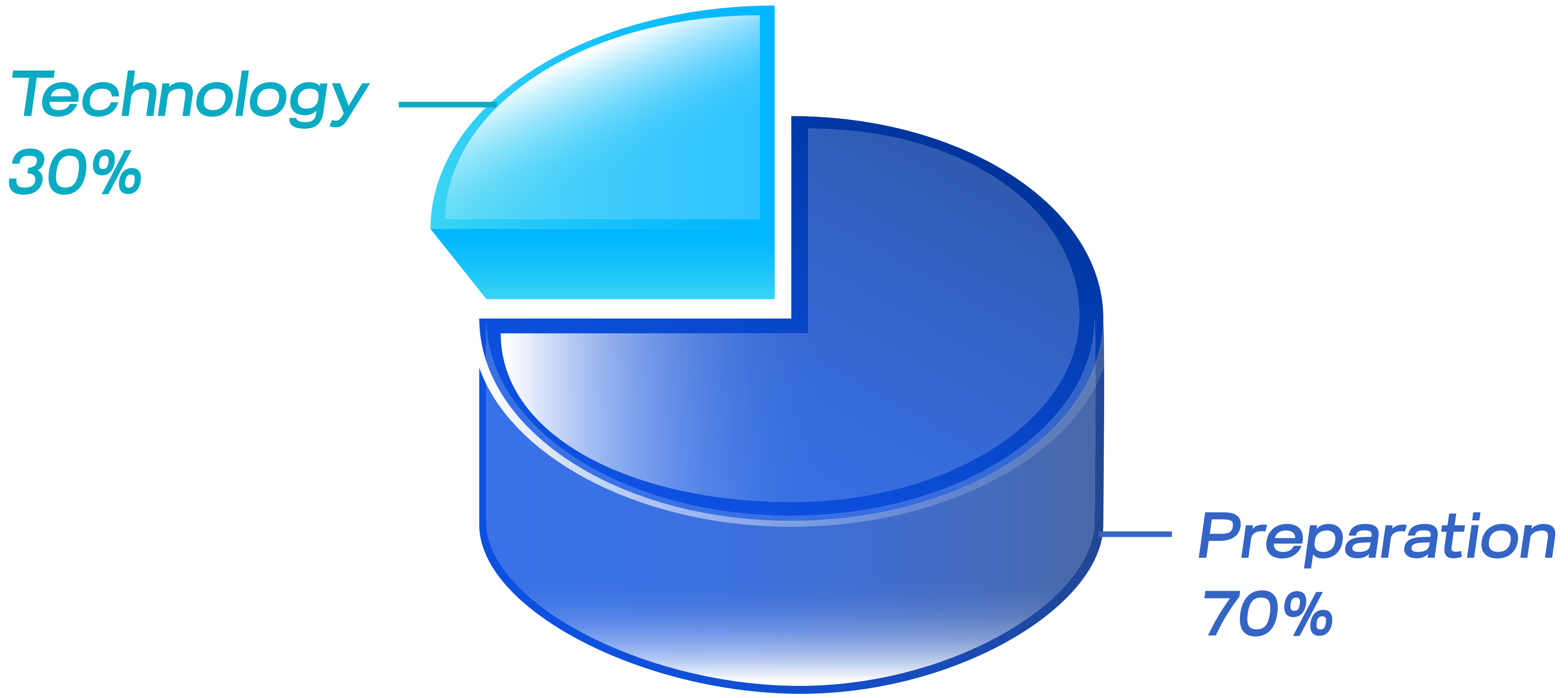
- Timely add relevant E-Invoicing Clauses in Contracts with Suppliers and Customers to ensure all the Parties involved undertake their responsibilities to comply with E-Invoicing

How to Effectively Implement the E-Invoicing System

05 - *Preparation & Technology Works*

- E-Invoicing Implementation tentatively involves 70% engagement of People, Processes, and Compliances while 30% Technology. Meaning for Effective Implementation 70% of Human Efforts Required to have a best Compliant System in Place.

E-Invoicing Work



07

Current Status of E-Invoicing Implementation in UAE

UAE Current Status & Tentative Timelines

- **Feb 2026** — FTA is in process of Final Approval of ASP
- **Mar 2026** — Tax Registrants can then appoint ASP
- **Apr 2026** — Sandbox Testing with ASP
- **Jul 2026** — Voluntary Final Go Live
- **Jan 2027** — Mandatory Go Live

08

How We at Code Konnect can Assist Your Business for Effective E-Invoicing Implementation End-to-End

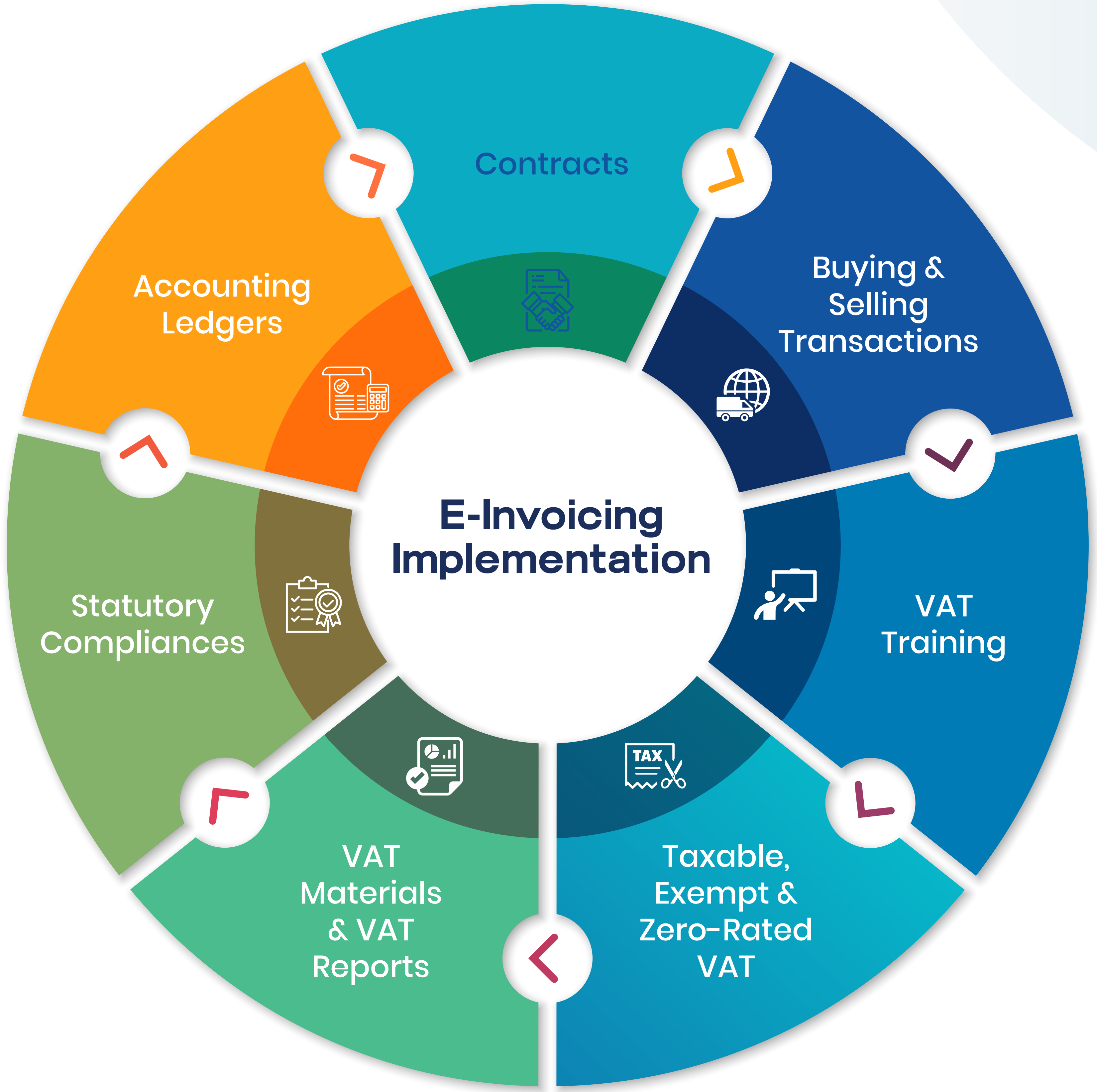
Why Professional Assistance

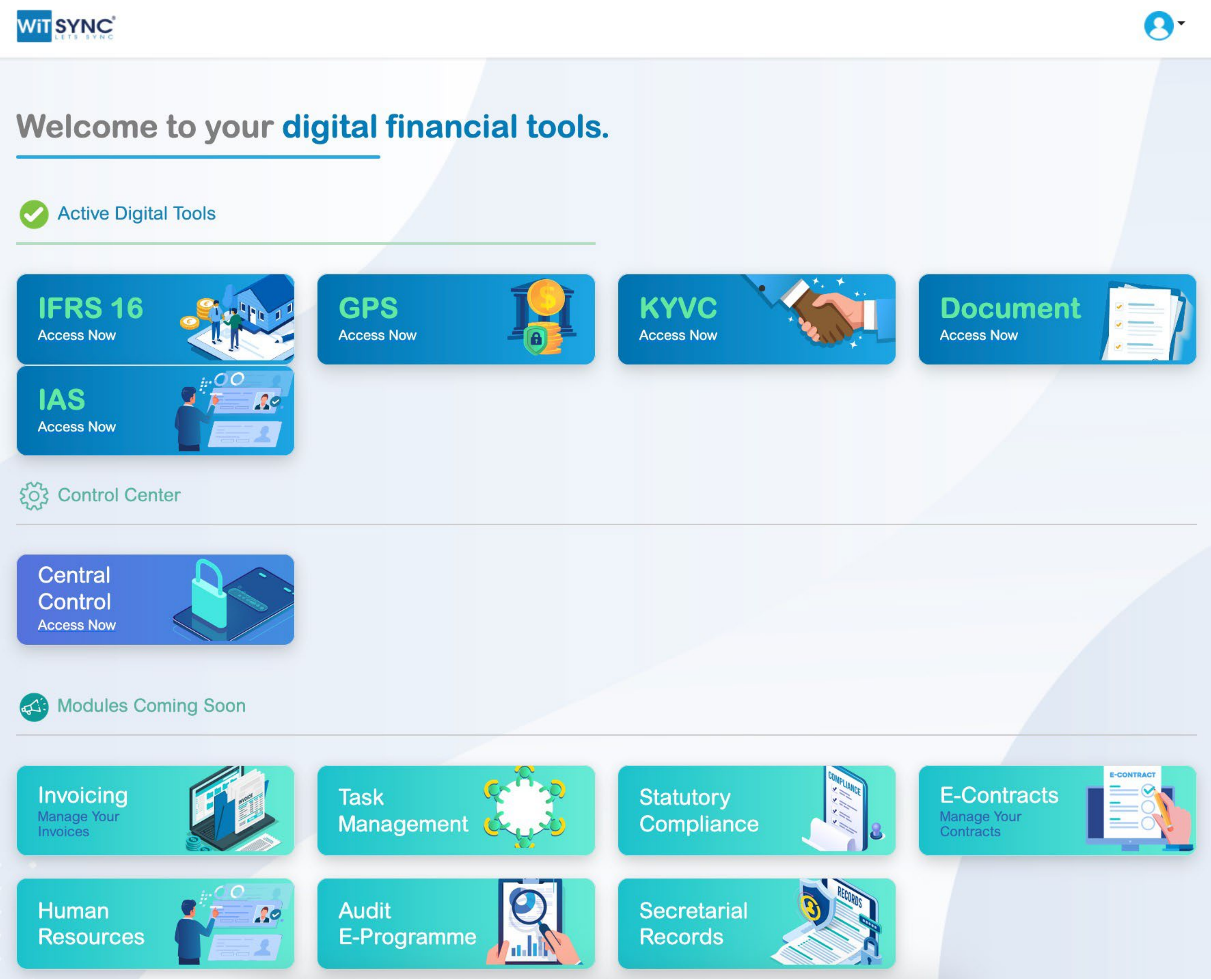
- To get RIGHT STRATEGY from the beginning is always important.
- With our team of professionals possessing hands-on experience in VAT and various other taxes, help the companies with successful VAT Implementation.
- Professional Assistance helps the companies with multiple benefits in terms of:

- Equip Systems
- Correct Invoicing
- Proper Contracts
- Timely Compliances
- Saves Tax Penalties & Fines
- Accurate Accounting
- Accurate VAT Computation
- Proper Records
- Assist in Tax Audits
- Effective Tax-Compliant system

Why Choose Code Konnect for E-Invoicing Implementation

- We have a team of highly qualified financial professionals including Chartered Accountants, Lawyers, Taxation Experts who hold hands-on experience and knows challenges involved in the process of transition to VAT.
- We understand business operations and process workflows to make valuable additions to the business processes and systems.
- We place efforts on saving a significant amount of time for businesses.
- We understand business and the industry, which makes us to provide advisory services to our client's with the right long-term sustainable solutions.





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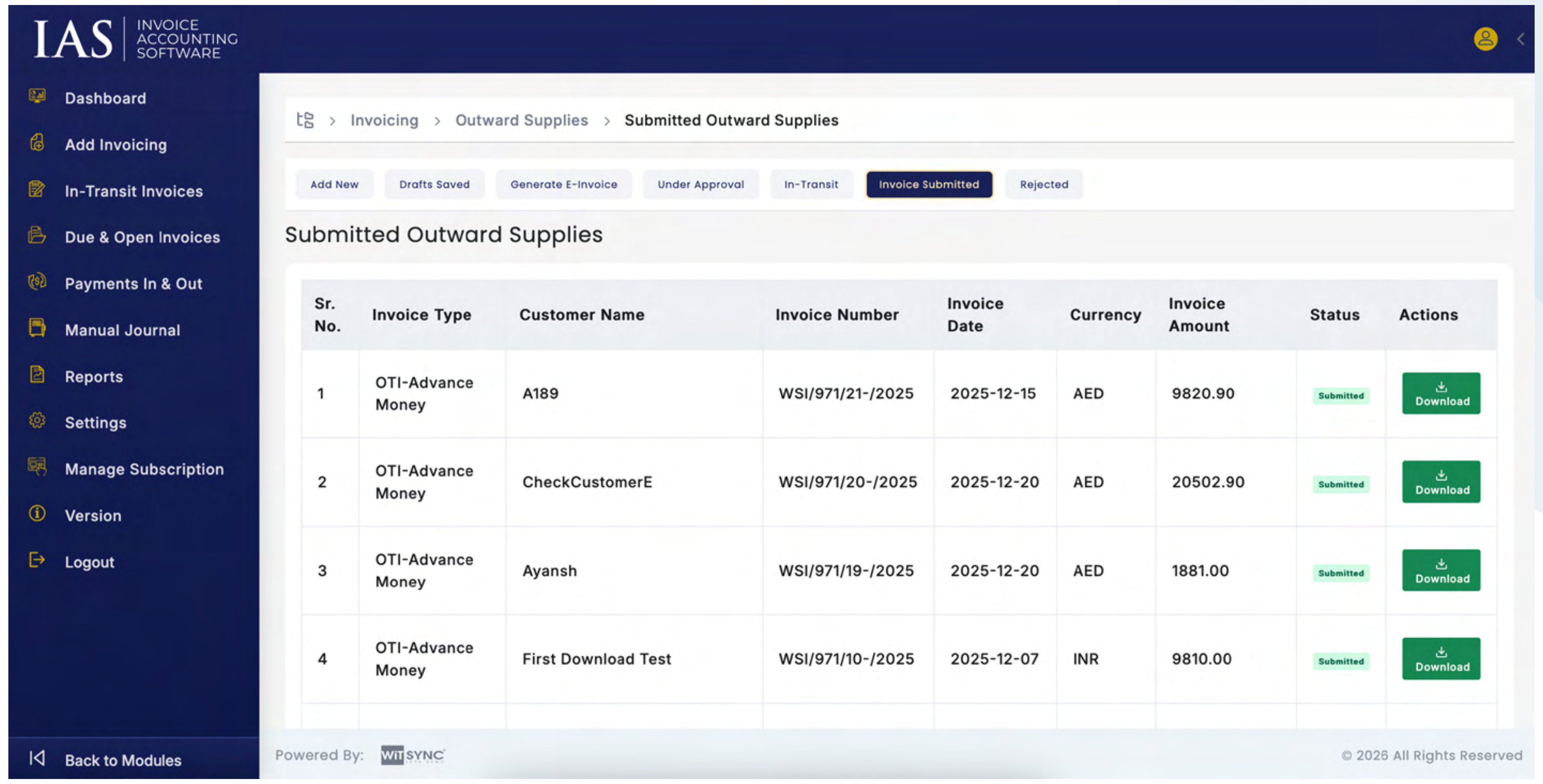
Task Management
Statutory Compliance
E-Contracts
Manage Your Contracts
Human Resources
Audit E-Programme
Secretarial Records



IAS
INVOICE ACCOUNTING SOFTWARE
Dashboard
Add Invoicing
In-Transit Invoices
Due & Open Invoices
Payments In & Out
Manual Journal
Reports
Settings
Manage Subscription
Version
Logout
Back to Modules
Invoicing > Outward Supplies > Submitted Outward Supplies
Add New
Drafts Saved
Generate E-Invoice
Under Approval
In-Transit
Invoice Submitted
Rejected
Submitted Outward Supplies
Sr. No.
Invoice Type
Customer Name
Invoice Number
Invoice Date
Currency
Invoice Amount
Status
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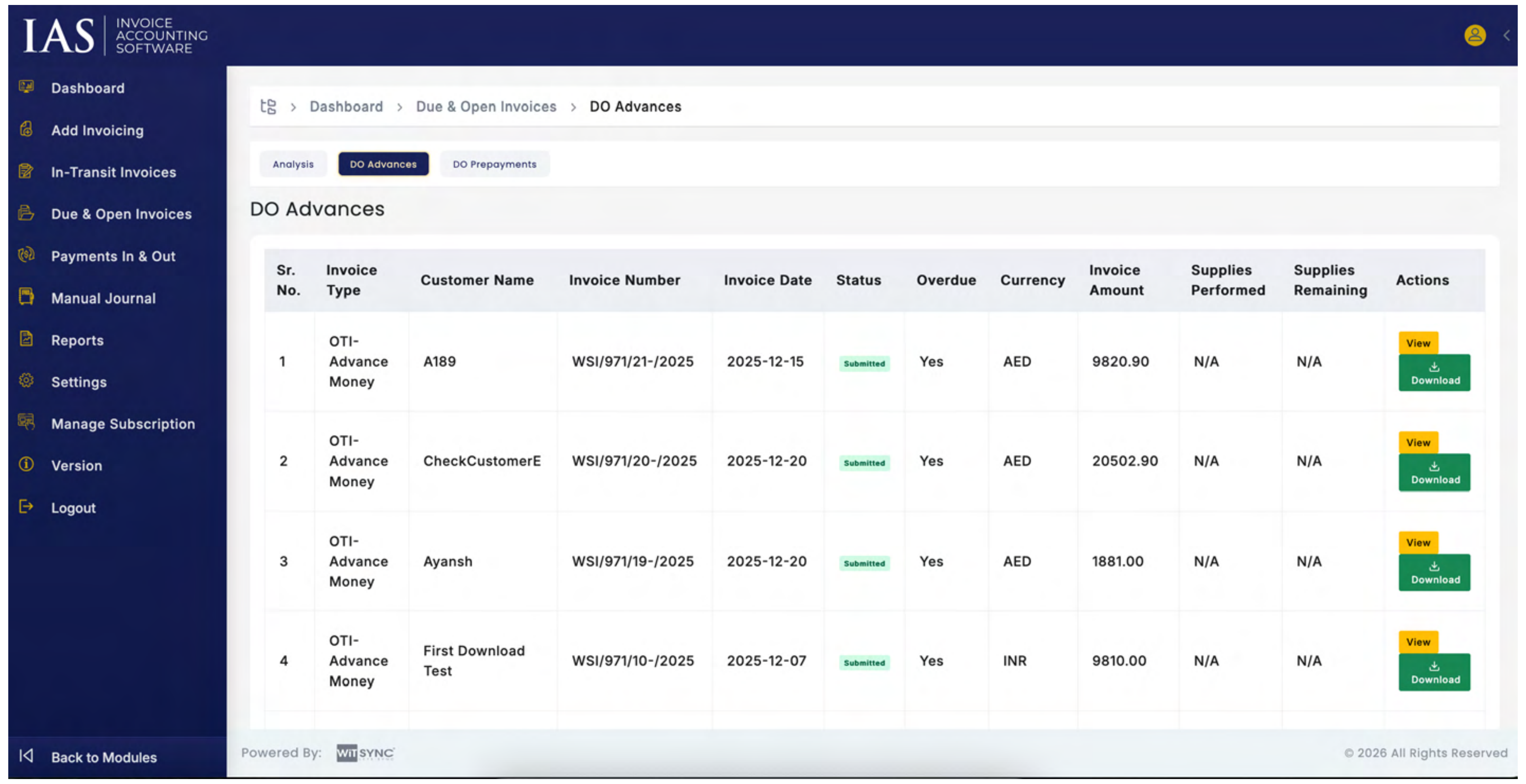

IAS
INVOICE ACCOUNTING SOFTWARE
Dashboard
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Due & Open Invoices
Payments In & Out
Manual Journal
Reports
Settings
Manage Subscription
Version
Logout
Back to Modules
Dashboard > Due & Open Invoices > DO Advances
Analysis
DO Advances
DO Prepayments
DO Advances
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Invoice Date
Status
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Currency
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Submitted
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Your Strategic Roadmap to E-Invoicing Compliance

1. Assess & Analyze (Now)

Conduct a comprehensive Gap Analysis of your current processes and systems against the Data Dictionary requirements.

Identify all relevant business use cases and transaction types (e.g., exports, deemed supplies, imports).

Map the required data fields to your existing data sources.

2. Plan & Integrate (Next 3-6 Months)

Develop a detailed project plan with your IT team and system vendors.

Decide on your solution strategy: upgrade existing ERP, implement a middleware solution, or engage an ASP.

Begin system configuration and integration testing.

3. Train & Deploy (Pre-Go-Live)

Conduct thorough training for your Finance, Accounts Receivable, and Accounts Payable teams.

Perform end-to-end user acceptance testing.

Deploy the solution and prepare for your mandatory go-live date.

Partnering for a Seamless and Compliant Transition

Here to guide you at every step, ensuring a smooth, efficient, and fully compliant implementation.

How We Can Help:

Phase 1: E-Invoicing Impact & Readiness Assessment

A detailed analysis of your operational gaps and a tailored roadmap.

Phase 2: Solution Design & Vendor Selection

Assisting in the choice between ERP upgrades and ASPs, ensuring the solution fits your business needs.

Phase 3: Implementation Project Management

Overseeing the technical integration and process re-engineering to ensure deadlines are met.

Phase 4: Post-Implementation Support & Training

Providing team training and ongoing advisory to ensure long-term compliance and optimization.

A Specialized and Experienced Professional
Firm based in UAE

FINTECH SaaS Provider With Dedicated
E-Invoicing Solution & Tax Consultant in UAE

Pre-Approved ASP in UAE and
in Oman is in Process of Approval

The above partnership building a strong partnership enabling seamless e-invoicing with compliance, reliability, and professional service at the core.

09

Contact Us

Get in Touch

Let's discuss your specific needs and build your roadmap to e-invoicing readiness.

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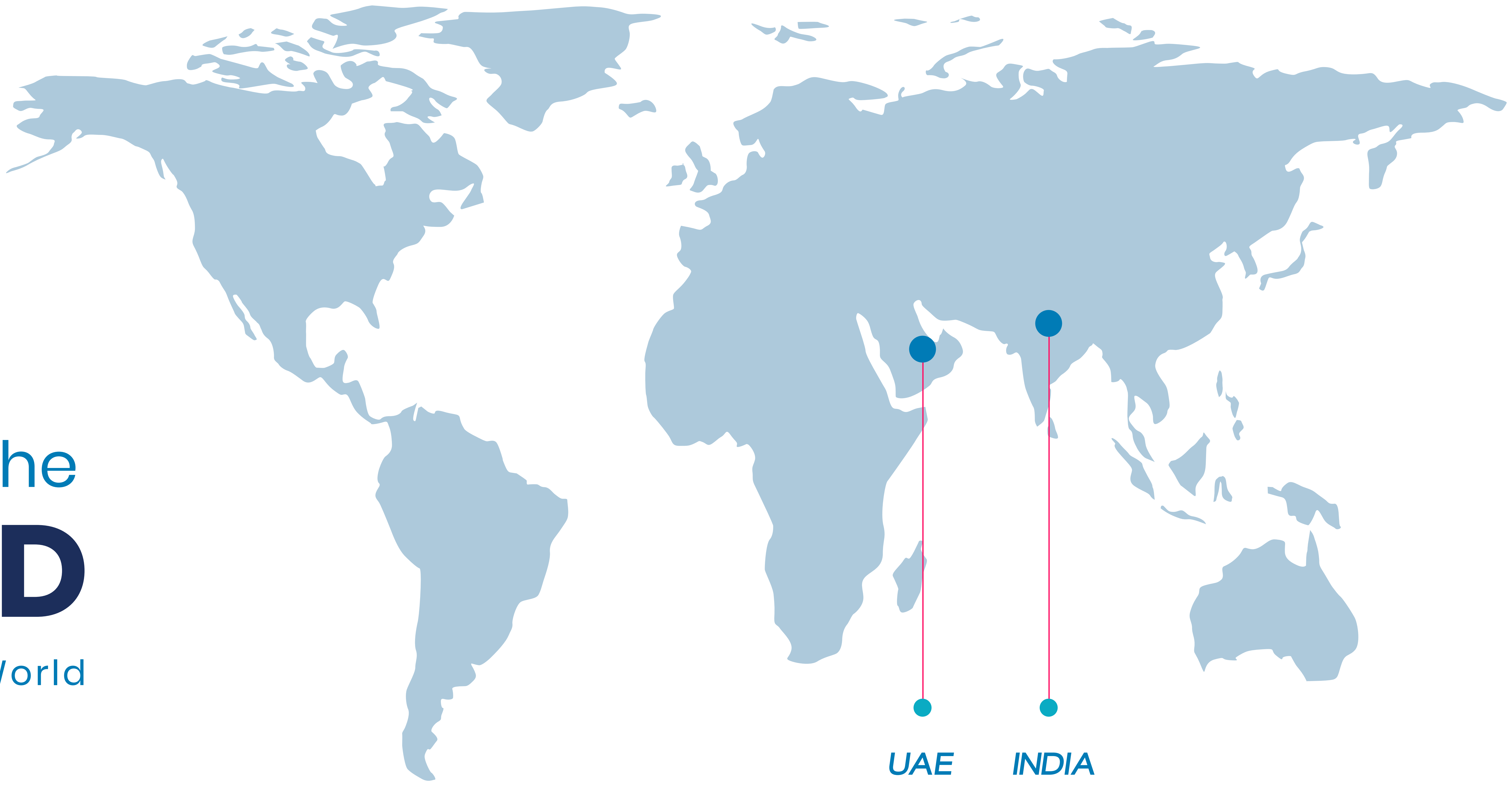

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