UAE's E-invoicing launch in 2026:
What you need to know and how to prepare

1. Introduction

The UAE Ministry of Finance ('MoF') announced in July 2023 (link) certain strategic transformational projects, one of which was establishing an advanced billing framework at the federal level through "E-Billing System", generally known as "e-invoicing".

MoF has now released a dedicated webpage on e-invoicing (link) providing further insights regarding e-invoicing implementation across the UAE and the scheduled dates for its roll out starting Q2 2026 (in phases). The MoF has also published FAQs, clarifying certain aspects of the proposed e-invoicing model in the UAE (link).

To set the legal groundwork, Federal Decree-Law No. 16 of 2024 published on 30 September 2024 amends the UAE VAT Law primarily to set out the legal framework for an e-invoicing system and making electronic invoices ('e-invoices') a valid document for issuance and input tax recovery (effective date 1 November 2024). In addition, MoF has announced the issuance of Federal Decree-Law No. 17 of 2024, amending key provisions of Federal Decree-Law No. 28 of 2022 concerning tax procedures.

With the e-invoicing framework on the horizon, businesses need to start preparing to adapt to these changes. In this newsletter, we provide an overview of the e-invoicing requirements, key milestones, and practical steps to help your organization stay ahead of the transition.

2. Objectives and key benefits of the e-invoicing system

- Digitalize tax compliance
- Enhance operational efficiency
- Increase tax transparency
- Contribute to sustainability
- Automated VAT compliance
- Cost efficiency
- Faster payment cycles
- Global compatibility
- Data-driven decision making
- Simplified compliance and reporting

3. What is e-invocing?

E-invoicing refers to the electronic exchange of invoices between suppliers and buyers in a structured format that allows for automatic processing by a company's IT systems. Unlike traditional invoices (PDFs, Word documents, or scanned images), e-invoices are issued, transmitted, and received in a machine-readable format (i.e., XML format as per MoF announcement), ensuring accuracy, compliance, and efficiency in reporting VAT transactions.

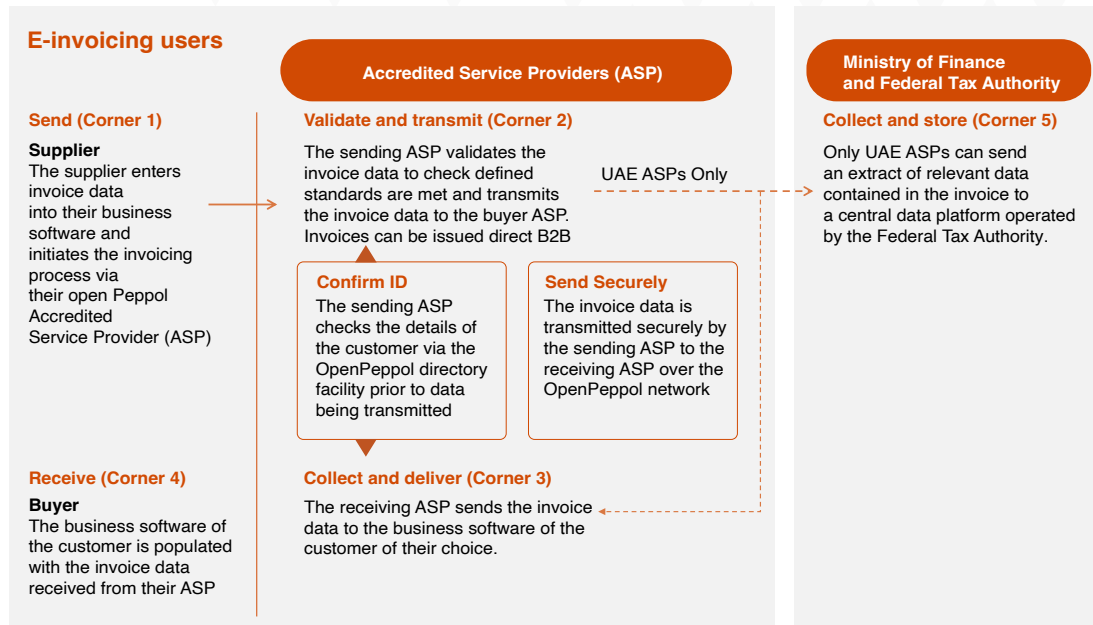## 4. How it works: the UAE e-invoicing system

The e-invoicing regime in UAE will operate based on the PEPPOL "5 corner" Decentralised model (see below diagram), with the MoF / Federal Tax Authority ('FTA') placed in corner 5 to collect and store e-invoices.

Under the e-invoicing framework, it will be mandatory for taxpayers to engage commercially with an Accredited Service Provider ('ASP') i.e. a technology vendor accredited by the UAE MoF. The direct connections to the UAE e-invoicing technology infrastructure will be provided to the ASP's only and not to the taxpayers (unless they opt to become an ASP themselves, which may prove to be costly and impractical for general businesses).

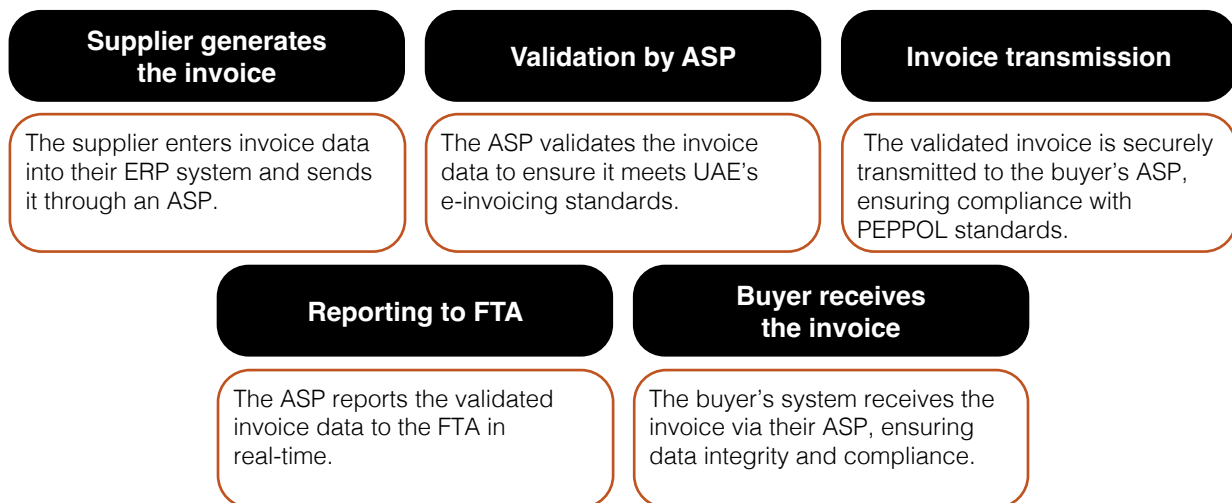## 4. How it works: the UAE e-invoicing system (continued)

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').

Here's a visual overview of the 5-corner model:

E-invoicing users

Accredited Service Providers (ASP)

Ministry of Finance and Federal Tax Authority

Send (Corner 1)

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

Validate and transmit (Corner 2)
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

UAE ASPs Only

Collect and store (Corner 5)
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.

Confirm ID
The sending ASP checks the details of the customer via the OpenPeppol directory facility prior to data being transmitted

Send Securely
The invoice data is transmitted securely by the sending ASP to the receiving ASP over the OpenPeppol network

Receive (Corner 4)

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

Collect and deliver (Corner 3)
The receiving ASP sends the invoice data to the business software of the customer of their choice.

Source 5-corner model: UAE Ministry of Finance: [Link](#)

Key Steps:

Supplier generates the invoice
The supplier enters invoice data into their ERP system and sends it through an ASP.

Validation by ASP
The ASP validates the invoice data to ensure it meets UAE's e-invoicing standards.

Invoice transmission
The validated invoice is securely transmitted to the buyer's ASP, ensuring compliance with PEPPOL standards.

Reporting to FTA
The ASP reports the validated invoice data to the FTA in real-time.

Buyer receives the invoice
The buyer's system receives the invoice via their ASP, ensuring data integrity and compliance.

5. Which taxpayers and what transactions are in scope of e-invoicing in the UAE

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

Who is in scope?

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.

5. Which taxpayers and what transactions are in scope of e-invoicing in the UAE (continued)

What transactions are in scope?

a) Domestic transactions

As part of the initial mandate, B2B and B2G transactions will be covered under the e-invoicing scope. In future, this is expected to extend to B2C transactions, however the same is not in scope for now. For the said purpose, Tax identification number ('TIN') being the first 10 digits of the TRN will be used as a business identifier. Hence, B2B transactions will be part of scope regardless of VAT and Corporate tax registration status as long as you are dealing with business customers having a TIN.

b) Export transactions

The transactions undertaken with overseas customers will also be covered under the e-invoicing framework. Overseas customers are not required to register with an UAE ASP, unless they have an obligation to apply for VAT or Corporate Tax registration in the UAE. Further, for applicable overseas customers, where they are already part of the PEPPOL network in their home country, their overseas PEPPOL address can be utilized for UAE e-invoicing purposes. For customers who are not connected to the PEPPOL network, the UAE business will need to continue sharing invoices via email, typically in PDF format, as is being done currently.

As we await further guidance, the MoF will continue to release updates on the types of transactions and businesses included in future phases.

6. Timelines

While specific details regarding the implementation phases are yet to be disclosed, based on our experience in other jurisdictions, it is expected that large taxpayers in the UAE will be required to adopt e-invoicing systems under the pilot program (likely to commence once the ASP are in place). Subsequently, other taxpayers will be integrated into the e-invoicing system, in a phased manner to ensure a smooth transition and adequate support for all businesses involved.

Here is a more detailed timeline of the e-invoicing implementation to help your business prepare:

Q4 2024
- UAE Service Provider aaccreditation procedures
- Accreditation of Service Providers
- E-invoicing related Legislation updates*

Q2 2025
- e-Invoicing related
- Legislation updates

Q2 2026
- Phase 1 go-live of e-invoicing reporting

*Certain aspects of the legislation have already been amended via Federal Decree-Laws No. 16 and 17 of 2024 to support the e-invoicing system

7. Preparing for e-invoicing in the UAE: Key VAT Law Amendments

With the introduction of e-invoicing in the UAE, Federal Decree-Law No. 16 of 2024 has amended the UAE VAT Law to incorporate mandatory electronic invoicing, effective from 30 October 2024.

The updates introduce key definitions for "Electronic Invoicing System," "Electronic Invoices," and "Electronic Credit Notes," formally expanding "Tax Invoice" and "Tax Credit Note" to include digital formats. This is an important development as it lays the groundwork for a structured, automated invoicing process that aligns with the FTA's digital compliance framework.

The amendments to Articles 55, 65, 70, and 76 reinforce the scope of e-invoicing and compliance. Article 55 adds a requirement to retain electronic invoices for input VAT recovery, ensuring digital proof of tax recovery for qualifying transactions. Articles 65 and 70 mandate that taxable persons must issue both tax invoices and credit notes electronically where applicable, in accordance with the 'Electronic Invoicing System', ensuring integration with FTA systems. Meanwhile, Article 76 introduces a penalty for failing to issue electronic invoices and credit notes within legally specified timelines.

7. Preparing for e-invoicing in the UAE: Key VAT Law Amendments (continued)

In addition, Federal Decree-Law No. 17 of 2024 on tax procedures introduces a definition for the "eInvoicing system" and grants the MoF the authority to issue the necessary decisions to implement the system, determine its effective dates, and specify the requirements and entities subject to it.

To prepare, businesses should start assessing and upgrading ERP and invoicing systems for e-invoicing capabilities.

8. Lessons learned from KSA e-invoicing

The Kingdom of Saudi Arabia (KSA) has already implemented an e-invoicing system, offering valuable insights for UAE businesses preparing for the transition. Here are some lessons learned from the KSA experience:

Supplier generates the invoice	Training for all stakeholders	Integration challenges	Post-Go live support
KSA businesses that began preparing early experienced fewer issues during the go-live phase. We recommend starting now by assessing your current systems and engaging with ASP's.	Ensuring that your IT, Finance, and Tax teams are well-trained on the e-invoicing requirements is essential. KSA businesses found that regular training and workshops minimized compliance risks and increased overall commitment on the e-invoicing implementation.	Some businesses in KSA faced challenges integrating their ERP systems with e-invoicing providers. Ensure your ERP systems are compatible and have built-in flexibility for PEPPOL integration.	Continuous support and monitoring after the go-live date helped KSA businesses address technical issues quickly and maintain compliance.

By learning from KSA's experience, UAE businesses can mitigate risks and ensure a smoother transition.

9. How to prepare for UAE e-invoicing

To ensure your business is ready for the UAE's e-invoicing system, we recommend the following steps:

Start early	Assess your systems	Train your team	Engage with ASP's
The earlier you prepare, the more seamless your transition will be, particularly when it comes to integrating your systems with service providers.	Review your ERP and invoicing systems to determine if they are compatible with the e-invoicing standards. This should be undertaken through VAT and IT health checks of your systems.	Ensure that your staff—especially in IT, Finance, legal, procurement, Accounts receivable, Tax, etc—are well-versed in the new requirements and ready for the transition.	Once the list is published by the MoF, identify and engage with potential service providers who can validate and transmit invoices to the FTA.

10. How to prepare for UAE e-Invoicing

Our experts can assess your systems, implement solutions, and train your team on new regulations. Contact the PwC UAE VAT / Tax Technology team below to discuss your e-invoicing needs and how we can assist with this digital transition.

Feel free to reach out if you want to discuss how e-invoicing will impact your business and how to get operationally ready for it.

Contacts

Guido Lubbers
ITX Partner - ITX UAE leader
Middle East TLS Consumer
Markets leader
E: guido.lubbers@pwc.com
T: +966 54 110 0432

Hafez Yamin
Indirect Tax Technology and ME
E-invoicing Lead
E:hafez.y.yasmin@pwc.com
T: +966 54 033 7096

Ishan Kathuria
Partner- Indirect Tax and UAE
E-invoicing lead
E: ishan.k.kathuria@pwc.com
T: +971 54 553 0388

Carlos Garcia
Partner - Customs &
International Trade Lead
E: c.garcia@pwc.com
T: +971 56 682 0642

Maher ElAawar
Partner - ME Tax Advisory
E: maher.elaawar@pwc.com
T: +971 56 216 1109

Marc Collenette
Partner
E: marc.collenette@pwc.com
T: +971 50 407 2831

Remon Abadier
Senior Manager - Indirect Tax
E: remon.abadier@pwc.com
T: +971 50 949 1265

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