

# UAE ELECTRONIC INVOICING

## The Complete Business Guide

5-Corner Model • Implementation Timeline • Penalties • Benefits & Misconceptions

MANDATORY FROM JANUARY 2027

Based on MoF Guidelines and Circulars

# WHAT IS UAE E-INVOICING?

**Definition:** An Electronic Invoice is an invoice issued, transmitted, and received through the UAE Electronic Invoicing System in a structured XML format (PINT-AE standard) that enables automatic and electronic processing — replacing traditional PDF or paper invoices.

## Mandatory for almost All businesses

Any person conducting business in UAE regardless of VAT registration status, unless specifically excluded (B2B, B2G, G2G, G2B transactions, FZ, Export - included).

## Peppol Network

Built on the globally trusted Peppol framework using XML (PINT-AE).  
No QR codes or barcodes — different from KSA ZATCA model.

## Exclusions

B2C transactions  
Government Entities Acting in Sovereign Capacity  
International Passenger Air Transport Services  
Certain Financial Services

## LEGAL BASIS

**Ministerial Decision No. 243 of 2025** – Scope of E-Invoicing

**UAE Electronic Invoicing Guidelines** | Date: 23 February 2026

**Ministerial Decision No. 244 of 2025** – Implementation Timeline

**UAE-Electronic-Invoice-Mandatory-Fields** | 23 Feb 2026

**Cabinet Decision No. 106 of 2025** – Violations & Penalties

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# OBJECTIVES & BENEFITS

## GOVERNMENT OBJECTIVES

### Tax Compliance

Maximize compliance, tackle the shadow economy and shrink the tax gap

### Transparency

Improve audits with near real-time data and encourage long-term compliance culture

### Digitalization

Reduce human intervention in business and tax reporting processes

### Policy Making

Near real-time data helps government identify sectors needing support

### Economic Growth

Contribute to UAE competitiveness and leverage big data analytics

## BENEFITS FOR YOUR BUSINESS

### Faster Payment Cycles

Electronic workflows accelerate cash flow and reduce debtor days

### Fewer Disputes

Standardized formats significantly reduce data entry errors and reconciliation issues

### Reduced Processing Time

Automated invoice cycles far quicker than paper-based processes

### Lower Compliance Burden

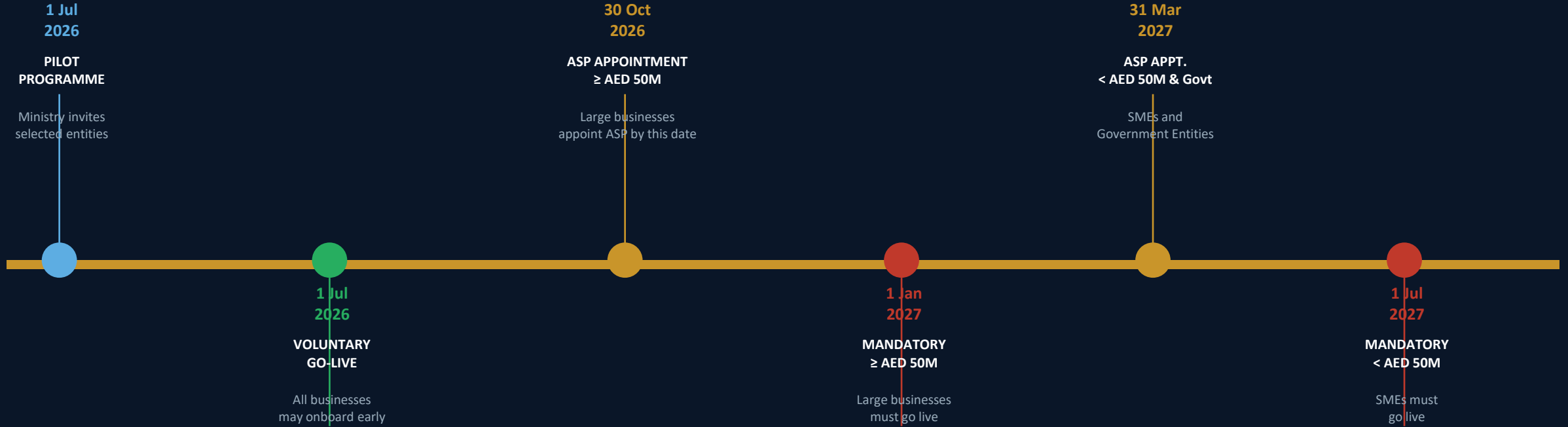
Potential pre-population of VAT returns; simplified archival and retrieval

### Digital Audit Trail

Improved audit response times with easily searchable digital records

# IMPLEMENTATION TIMELINE

Phased rollout under MD No. 244 of 2025 — plan ahead to avoid penalties

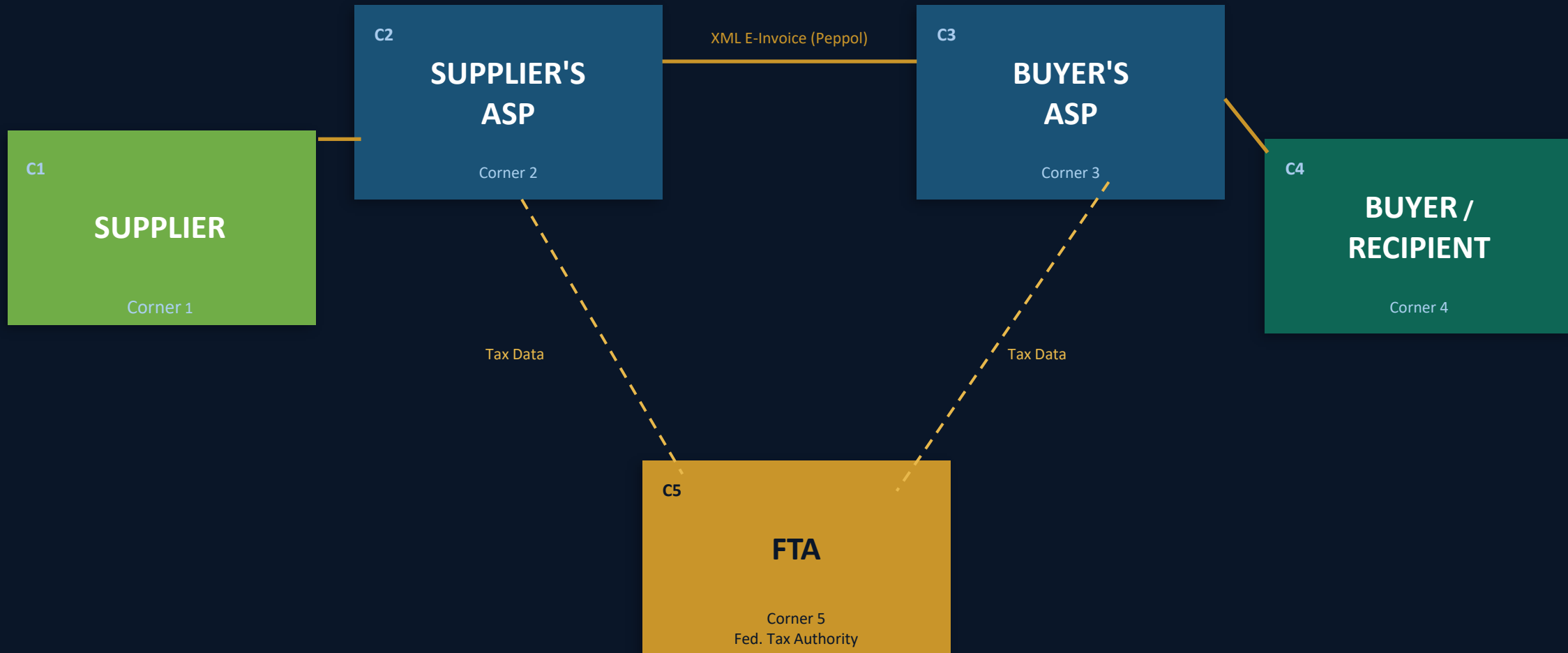


Entity / Revenue Category	Appoint ASP By	Go Mandatory By
Person with Revenue ≥ AED 50 Million	30 October 2026 *	1 January 2027
Person with Revenue < AED 50 Million	31 March 2027	1 July 2027
Government Entities	31 March 2027	1 October 2027

⚠️ ASP Appointment deadline for large businesses has been extended from 31 Jul 2026 to 30 Oct 2026

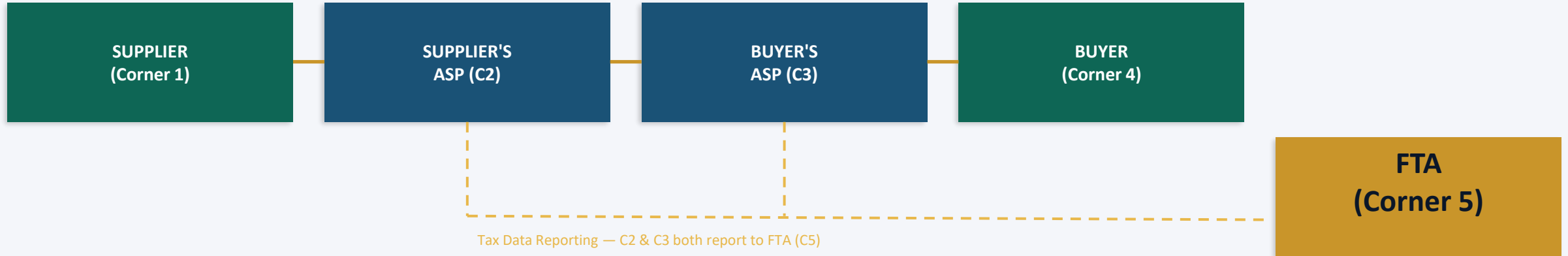
# THE 5-CORNER MODEL

The UAE Electronic Invoicing Framework — How Invoices Travel



⑤ Both ASPs report Tax Data to FTA independently

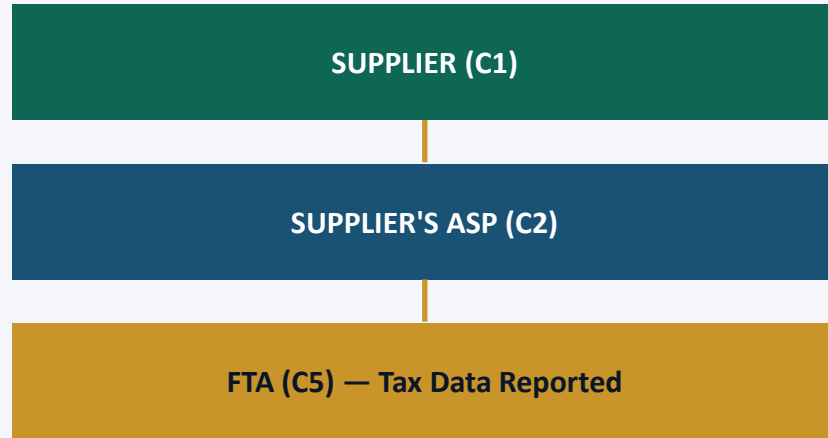
*The Standard Full-Flow Transaction — Ideal & Fully Compliant*



- ① Supplier sends invoice data to its ASP (C2) in agreed format (ERP, API, portal etc.)
- ② C2 validates the data and converts it to XML (PINT-AE standard) — mandatory format
- ③ C2 transmits XML Electronic Invoice via Peppol network to Buyer's ASP (C3)
- ④ C3 validates and delivers the Electronic Invoice to the Buyer (C4)
- ⑤ Both C2 and C3 independently report Tax Data to the FTA (C5) with confirmations flowing back

✓ **IDEAL & FULLY COMPLIANT** — complete exchange and independent tax reporting for both parties.

## HOW THE INVOICE FLOWS



Supplier must use predefined endpoint: 0235:9900000098 on the Electronic Invoice (mandatory per Guidelines)

A separate Tax Invoice (e.g. PDF) must also be issued to the buyer for input tax recovery and payment.

*NOTE: The supplier still fulfils its E-Invoicing obligation by issuing a valid XML Electronic Invoice with the predefined endpoint. Responsibility for onboarding the buyer rests with the buyer when their mandatory date arrives.*

## WHY IS BUYER NOT ON PEPPOL? (Common Reasons)

**Below Revenue Threshold**

Revenue < AED 50M — mandatory date is 1 Jul 2027, not yet required

**Government Entity**

Mandatory only from 1 Oct 2027 — still in pre-implementation period

**Not Yet Onboarded**

Eligible but hasn't selected an ASP or completed EmaraTax registration

**Excluded Business Type**

Airlines (passenger), exempt financial services, sovereign entities

**Foreign / Non-UAE Buyer**

No Peppol ID — use predefined endpoint: 0235:9900000099

# Electronic Invoice Categories & Scenarios | Sections 10.1 & 10.4

Source: UAE Electronic Invoicing Guidelines, 23 February 2026 — Ministry of Finance

## 10.1 | 6 ELECTRONIC INVOICE CATEGORIES

Type	Standard Billing	Self-Billing
Tax Invoice	1. Electronic Tax Invoice	1. Self-billed Electronic Tax Invoice
Tax Credit Note	2. Electronic Tax Credit Note	2. Self-billed Electronic Tax Credit Note
Invoice	3. Commercial Invoice	<i>Not applicable</i>
Credit Note	4. Electronic Credit Note	<i>Not applicable</i>

**Note:** No Electronic Invoice category for 'Provisional Invoices'. Every provisional invoice must be an Electronic Invoice. Adjustments via Electronic Credit Note or additional Electronic Invoice.

**Self-billing:** Buyer may issue an Electronic Invoice on behalf of the supplier (subject to agreement). Only available for VAT-registered suppliers. Self-billing of Commercial Invoices is NOT available.

Ref: Section 10.1, UAE E-Invoicing Guidelines, 23 Feb 2026

## 10.4 | 8 ELECTRONIC INVOICE SCENARIOS

No	Scenario	Description & Key Consideration
1	<b>Free Zone</b>	Electronic Invoice must include 'beneficiary' details in addition to customer where customer is a Free Zone entity.
2	<b>Deemed Supply</b>	Buyer electronic address must always be 0235:9900000097. No exchange of invoices — only FTA reporting by supplier's ASP (Scenario 2)
3	<b>Margin Scheme</b>	VAT calculated only on the supplier's margin (difference between purchase price and resale price).
4	<b>Summary Invoice</b>	Multiple transactions with the same customer over a defined invoicing period consolidated onto a single invoice.
5	<b>Continuous Supply</b>	Supply provided on an ongoing/recurring basis or with periodic invoicing (e.g. retainers, instalment deliveries, milestone payments).
6	<b>Agent Billing</b>	Responsibility to issue an Electronic Invoice remains with the supplier even if an agent issues one on its behalf.
7	<b>Supply through e-Commerce</b>	Electronic commerce supply through an Electronic Commerce Medium (per MD No. 26 of 2023).
8	<b>Exports</b>	Goods or services supplied to customers outside the UAE. Tax Invoice for VAT purposes should be issued as an Electronic Invoice (may also be provided to Customs). If buyer has no Peppol ID, use endpoint: 0235:9900000099.

# 51 Mandatory Fields — Electronic Tax Invoice | Section 4.1

Source: UAE Electronic Invoice Mandatory Fields v1.0, 23 Feb 2026 | Ministry of Finance

## INVOICE DETAILS (Fields 1–9)

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- 1. Invoice number
- 2. Invoice date
- 3. Invoice type code
- 4. Invoice currency code
- 5. Invoice transaction type code
- 6. Payment due date
- 7. Business process type
- 8. Specification Identifier
- 9. Payment means type code

## SELLER DETAILS (Fields 10–20)

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- 10. Seller name
- 11. Seller electronic address (TIN)
- 12. Seller electronic identifier
- 13. Seller legal registration identifier
- 14. Seller legal registration identifier type
- 15. Seller tax identifier (TRN)
- 16. Seller tax scheme code
- 17. Seller address line 1
- 18. Seller city
- 19. Seller country subdivision
- 20. Seller country code

## BUYER DETAILS (Fields 21–29)

9

- 21. Buyer name
- 22. Buyer electronic address
- 23. Buyer electronic identifier
- 24. Buyer tax identifier (TRN)
- 25. Buyer tax scheme code
- 26. Buyer address line 1
- 27. Buyer city
- 28. Buyer country subdivision
- 29. Buyer country code

## DOCUMENT TOTALS (Fields 30–34)

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- 30. Sum of Invoice line net amount
- 31. Invoice total amount without tax
- 32. Invoice total tax amount
- 33. Invoice total amount with tax
- 34. Amount due for payment

## TAX BREAKDOWN (Fields 35–38)

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- 35. Tax category taxable amount
- 36. Tax category tax amount
- 37. Tax category code
- 38. Tax category rate

## INVOICE LINE (Fields 39–51)

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- 39. Invoice line identifier
- 40. Invoiced quantity
- 41. Unit of measure code
- 42. Invoice line net amount
- 43. Item net price
- 44. Item gross price
- 45. Item price base quantity
- 46. Invoiced item tax category code
- 47. Invoiced item tax rate
- 48. VAT line amount in AED
- 49. Invoice line amount in AED
- 50. Item name
- 51. Item description

# INTRA-VAT GROUP TRANSACTIONS — Grace Period & Rules

**Grace Period:** VAT Group members are EXEMPT from E-Invoicing obligations for intra-group transactions for a period of **24 months from 1 January 2027** (i.e., until 31 December 2028).

## KEY RULES & CONDITIONS

## GRACE PERIOD TIMELINE

### What is a VAT Group?

Two or more legal persons who are registered as a single taxable person under the UAE VAT law (Federal Decree-Law No. 8 of 2017).

1 Jan 2027

### E-Invoicing Mandatory (≥ AED 50M entities)

External supplies must comply from this date

### Scope of Grace Period

Applies ONLY to transactions between members of the SAME VAT Group (intra-group). Does NOT apply to supplies made to or received from parties outside the VAT group.

1 Jul 2027

### E-Invoicing Mandatory (< AED 50M entities)

All in-scope businesses now mandatory

### External Transactions

Any E-Invoice issued by a VAT Group member to a third party (outside the group) is subject to normal E-Invoicing timelines — no exemption.

1 Oct 2027

### Government Entities Mandatory

Govt bodies must issue E-Invoices

### Grace Period Ends

From 1 January 2029, intra-VAT group transactions will be fully subject to E-Invoicing requirements. Groups must be ready before this date.

31 Dec 2028

### Grace Period ENDS for Intra-VAT Groups

Intra-group E-Invoicing becomes mandatory

### Registration Required

VAT Group representative member must still be registered and onboarded in EmaraTax as per group's mandatory implementation date.

1 Jan 2029

### Full Compliance All Transactions

No exemptions remain — complete compliance required

# PENALTIES — Cabinet Decision No. 106 of 2025

Table annexed to Cabinet Decision No. 106 of 2025 on Violations and Administrative Penalties — Electronic Invoicing System

No.	Description of Violation	Administrative Penalty Amount
1	Failure by the Issuer to <b>implement</b> the Electronic Invoicing System including the failure to <b>appoint</b> an Accredited Service Provider within the timeline prescribed by the Minister.	AED 5,000 in case of delay for each month or part thereof.
2	Failure by the Issuer to issue and transmit an <b>Electronic Invoice</b> to the Recipient through the Electronic Invoicing System within the timeline prescribed by the Minister.	AED 100 for each Electronic Invoice up to a maximum of AED 5,000 per calendar month.
3	Failure by the Issuer to issue and transmit an <b>Electronic Credit Note</b> to the Recipient through the Electronic Invoicing System within the timeline prescribed by the Minister.	AED 100 for each Electronic Credit Note up to a maximum of AED 5,000 per calendar month.
4	Failure by the Issuer to notify the Authority of a <b>System Failure</b> within the timeline prescribed by the Minister.	AED 1,000 for each day of delay or part thereof.
5	Failure by the Recipient to notify the Authority of a <b>System Failure</b> within the timeline prescribed by the Minister.	AED 1,000 for each day of delay or part thereof.
6	Failure by the Issuer or the Recipient to notify the appointed Accredited Service Provider of <b>changes to the data registered</b> with the Authority within the timeline prescribed by the Minister.	AED 1,000 for each day of delay or part thereof.





⚠ Penalties apply only from the mandatory implementation date — violations during the voluntary phase are NOT penalised.

# COMMON MISCONCEPTIONS — BUSTED

#	X MYTH (Common Belief)	✓ FACT (What the Law Says)
1	E-Invoicing only applies to VAT-registered businesses	Mandatory for ANY person conducting business in the UAE — VAT registration is irrelevant, unless specifically excluded.
2	Export , Out of VAT Scope, zero rated exports are exempt from E-Invoicing	Not exempt – Scenario 2 will apply here, if buyer is not on peppol network.
3	If my buyer hasn't onboarded, I don't need to issue an E-Invoice	Supplier obligation is independent. Issue E-Invoice with predefined endpoint AND provide a separate PDF Tax Invoice to the buyer.
4	Small businesses (revenue < AED 50M) are exempt from E-Invoicing	NOT exempt — their mandatory date is simply later (1 July 2027). All in-scope businesses must comply, regardless of revenue size.
5	UAE E-Invoices need a QR code or barcode	Section 5.3 of the Guidelines explicitly states: "Electronic Invoices are issued, transmitted and received in XML format and will not feature a Quick Response Code (QR code) or barcode."
6	E-Invoicing replaces the Tax Invoice obligation under UAE VAT	Only once both parties are on E-Invoicing does it satisfy the Tax Invoice requirement. Until then, a separate Tax Invoice may still be needed.

# ACTION ROADMAP — Get E-Invoicing Ready

*A practical step-by-step guide for businesses to achieve E-Invoicing compliance*

1 NOW	2 1-3 MONTHS	3 3-5 MONTHS	4 BEFORE GO-LIVE
 <b>Assess &amp; Scope</b>	 <b>Plan &amp; Procure</b>	 <b>Onboard &amp; Integrate</b>	 <b>Train &amp; Go Live</b>
<p>1 Determine your mandatory implementation date (revenue threshold)</p>	<p>1 Evaluate and shortlist Accredited Service Providers (ASPs)</p>	<p>1 Sign agreement with chosen ASP and register on EmaraTax</p>	<p>1 Train finance, accounts payable/receivable, and procurement teams</p>
<p>2 Identify all transaction types: B2B, B2G, export, deemed supply, Clean Master Data</p>	<p>2 Assess API connectivity, ERP integration, support with ASPs</p>	<p>2 Integrate ERP/accounting system with ASP via API or portal</p>	<p>2 Communicate E-Invoicing requirements to key suppliers and buyers</p>
<p>3 Review current invoicing system capabilities and gaps</p>	<p>3 Map all 51 mandatory fields to your existing invoice data</p>	<p>3 Configure Peppol endpoint and test data mapping (PINT-AE XML)</p>	<p>3 Switch to live E-Invoice issuance before mandatory deadline</p>
<p>4 List all counterparties — map who is/isn't on Peppol</p>	<p>4 Draft internal policy for E-Invoice issuance and archival</p>	<p>4 Run end-to-end test transactions with pilot buyers/suppliers</p>	<p>4 Monitor first 90 days closely — address rejections promptly</p>

 **Start NOW — businesses with revenue ≥ AED 50M must appoint their ASP by 30 October 2026. Don't wait until the deadline.**