# UAE E-invoicing Landscape

## Digital Tax Transformation – Stay ahead of Mandate

MAC & ROSS
Chartered Accountants L.L.C

# About Mac & Ross Chartered Accountants L.L.C

MAC & ROSS was registered & established in 2010, as an Audit firm licensed under Ministry of Economy, in the Emirate of Dubai, UAE.

MAC& ROSS is a member of the prestigious **RT ASEAN group**. The RT ASEAN, a Singapore firm with a network of accounting and professional services firms.

We are advisers & consultants for project Feasibility, Financial Planning, Mergers & Acquisitions, Staff selection, Formation of Companies and allied Commercial and Legal matters. We caters to a wide spectrum of clients ranging from Manufacturing, Construction to Services, Medical, Retail and Hospitality including VAT consultancy and filing.

We have **partnered with Taxilla**, a global leader in e-invoicing operating in 25+ countries, trusted by multinationals across key sectors. By combining Taxilla's proven technology with Mac & Ross's local expertise, we offer a reliable, scalable, and future-ready e-invoicing solution tailored to your needs.

We are also pleased to share that our registration with the FTA as an Accredited Service Provider is in process and expected to be approved soon. This will be positioning us to fully support clients in preparing for and complying with e-invoicing requirements.

**Locations:** Dubai, Abu Dhabi and Sharjah

**Overseas office:** India and KSA

# Overview - UAE E-Invoicing

- The Federal Tax Authority (FTA) has outlined a strategic, phased roadmap for implementation, marking a major milestone in the UAE's digital tax transformation and alignment with global best practices.
- The UAE has adopted the 5-Corner Model and will utilize the Peppol network, a globally recognized platform used by multiple countries to enable secure and standardized e-invoicing.
- Ministerial Decisions No. 243 and 244 of 2025 detail the effective dates, phased rollout timelines, and operational requirements for e-invoicing adoption.

To help you better understand the impact E-invoicing in the UAE, we've highlighted below why E-Invoicing matters to your business and the key factors and timelines for which you should prepare for.

# E-Invoicing Legislations

| Legislation Name | Details |
|---|---|
| VAT Laws  - Federal Decree-Law No. 8 of 2017 / Federal Decree-Law No. 28 of 2022 / as amended by Federal Decree-Law No. 17 of 2024 | E-Invoicing Definitions |
| VAT Executive Regulations - Executive Regulation of Federal Decree-Law No. 08 of 2017 | Article 59 and Article 60 |
| Cabinet Resolution regarding eInvoicing Penalties | Cabinet Decision No. 106 of 2025 |
| Ministerial Decision No. 64 of 2025 on the eligibility criteria and Accreditation procedure for Service Providers under the Electronic Invoicing System | Governs Accreditation procedure for eInvoicing Service Providers |
| Ministerial Decision No. 243 of 2025 on the Electronic Invoicing System | Governs E-Invoicing scope and procedures |
| Ministerial Decision No. 244 of 2025 on the Implementation of the Electronic Invoicing System | Provides detailed implementation timelines |
| Additional Guidelines Version 1.0 | Issued in Feb. 2026 |

# Introduction to UAE E-Invoicing

## What is E-Invoicing?

E-invoicing is the digital exchange of invoice documents between suppliers and buyers in a structured, integrated electronic format. It involves the electronic generation, transmission, and receipt of invoices, replacing traditional paper-based methods entirely.

## What E-Invoices Are NOT

E-invoices are not simply digital versions of paper invoices. The following formats do **not** qualify as compliant e-invoices:

- PDF or Word documents sent via email
- Image files (JPG, PNG, TIFF)
- Unstructured HTML invoices or webpages
- Scanned paper invoices, even with OCR

### XML Format (PINT AE)

Structured data standard

### DCTCE Model (5 Corner model)

Decentralized Continuous Transaction Control

### Peppol Network

Certified access point exchange

### Local Storage

All data stored within UAE


# Scope of Application

*Ministerial Decision No. 243 and 244 of 2025*

## Applies To

- All persons (natural or juridical) conducting business in the UAE in respect of every business transaction except exclusions
- Any other person  or business transaction as determined by the Minister

## Exclusions

- Any business transaction conducted by Government activities in sovereign capacity and which are not in competition with the private sector
- International passenger transport and ancillary services provided by airlines.
- International transportation services for goods provided by airlines (exclusion only provided for 24 months)
- Financial services which are exempt and zero-rated supplies
- B2C transactions  (currently excluded, may be considered at later phase)
- Other exclusions as notified by the Minister

# Critical Timelines

| Implementation Phase | Revenue Criteria (Turnover) | ASP appointment date | Effective Date |
|---|---|---|---|
| Pilot | Selected group of businesses | N/A | 1 July 2026 |
| Phase 1 | ⩾ AED 50 million | 31 July 2026 | 1 January 2027 |
| Phase 2 | < AED 50 million | 31 March 2027 | 1 July 2027 |
| Phase 3 – Government Entities | N/A | 31 March 2027 | 1 October 2027 |

**Note:**

- Revenue refers to gross income earned during the most recent accounting period

# Type of use cases for issuance of invoices

| S. No | Use Case | Description |
|---|---|---|
| 1 | Standard Tax Invoice | Regular B2B invoice with VAT; used for domestic taxable supplies. |
| 2 | Reverse Charge | Supplies under Domestic RCM |
| 3 | Zero-Rated Supply | Applies 0% VAT (e.g., exports, international transport). |
| 4 | Deemed Supply | Transactions taxable without consideration (e.g., samples, company asset use). |
| 5 | Disclosed Agent Billing | A disclosed agent issues an invoice on behalf of the supplier. |
| 6 | Summary Tax Invoice | Multiple transactions consolidated in a period, mainly used for B2C in the future. |
| 7 | Continuous Supplies | For ongoing services or long-term contracts (e.g., rent, telecom). |
| 8 | Supply Involving Free Trade Zone | Sales from/to Designated Free Zones. |
| 9 | Supply through E-commerce | Supplies via digital platforms or marketplaces. |
| 10 | Exports | Supply of goods/services outside the UAE. |
| 11 | Margin Scheme | Applies to second-hand goods where VAT is on the margin only. |
| 12 | Standard Tax Credit Note | Issued to reduce value of a previously issued standard tax invoice. |
| 13 | Disclosed Agent Billing Tax Credit Note | Credit note issued under disclosed agency structure. |
| 14 | Commercial Invoice | Issued where a tax invoice is not required, e.g., exempt or out-of-scope supplies. |
| 15 | Self-Billing | Buyer issues invoice on behalf of supplier (by mutual agreement). |
| 16 | Self-Billing Tax Credit Note | Buyer issues credit note for overcharge or return under a self-billing agreement. |

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# Mandatory Fields in an Electronic Tax Invoice (XML)

### Invoice Details

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

10. Seller name
11. Seller electronic address
12. Seller electronic identifier
13. Seller legal registration identifier
14. Seller legal registration identifier type
15. Seller tax identifier
16. Seller tax scheme code
17. Seller address line 1
18. Seller city
19. Seller country subdivison
20. Seller country code

### Buyer Details

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

### Document Totals

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

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

### Invoice Line

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

**Total mandatory fields for PINT AE Tax Invoice: 51**

# Human Readable Version of a Sample Electronic Tax Invoice

## 12.1. Human readable version of a sample Electronic Tax Invoice

### Tax Invoice

**SELLER:**

| | |
|---|---|
| Name | : Supplier Name |
| Tax Registration Number (TRN) | : 123456789012003 |
| Supplier legal registration number | : 1122334455 |
| Supplier legal registration type | : Trade License |
| Authority name | : Dubai Economy and Tourism |
| Address | : Sheikh Zayed Road, Dubai, Dubai, UAE |
| Contact number | : +971 4 123 4500 |
| Email address | : contact@Supplier.com |
| Electronic address | : 0235:1234567890 |

| | |
|---|---|
| Business Process type | : urn:peppol:bis:billing |
| Specification Identifier | : urn:peppol:pint:billing-1@ae-1 |

| | |
|---|---|
| Invoice Number | : INV-001/2025 |
| Invoice Issue Date | : 2025-06-18 |
| Invoice Type Code | : 380 |
| Invoice Currency Code | : AED |
| VAT Currency Code | : AED |
| Payment Due Date | : 2025-06-25 |
| Invoice transaction type code | : 00000000 |
| UUID | : 19e2c9a3-b000-4fb0- 9bd5-a9c4ebda2358 |

**BUYER:**

| | |
|---|---|
| Name | : Buyer Name |
| Tax Registration Number (TRN) | : 124578091212003 |
| Buyer legal registration number | : 2233557788 |
| Buyer legal registration type | : Trade License |
| Authority name | : Dubai Economy and Tourism |
| Address | : Sheikh Zayed Road, Dubai, Dubai, UAE |
| Contact number | : +971 4 345 4500 |
| Email address | : contact@Buyer.com |
| Electronic address | : 0235:1245780912 |

**OTHER INFORMATION:**

| | |
|---|---|
| VAT Point Date | : 2025-06-15 |
| Currency Exchange Rate | : |
| Frequency of Billing | : Fortnightly |
| Billing Period | : 2025-06-01 to 2025-06-15 |

**PAYMENT INFORMATION:**

| | |
|---|---|
| Payment Mode | : Bank Transfer |
| Supplier's Bank Account Number | : 101010101010 |
| Payment Terms | : Within one week |

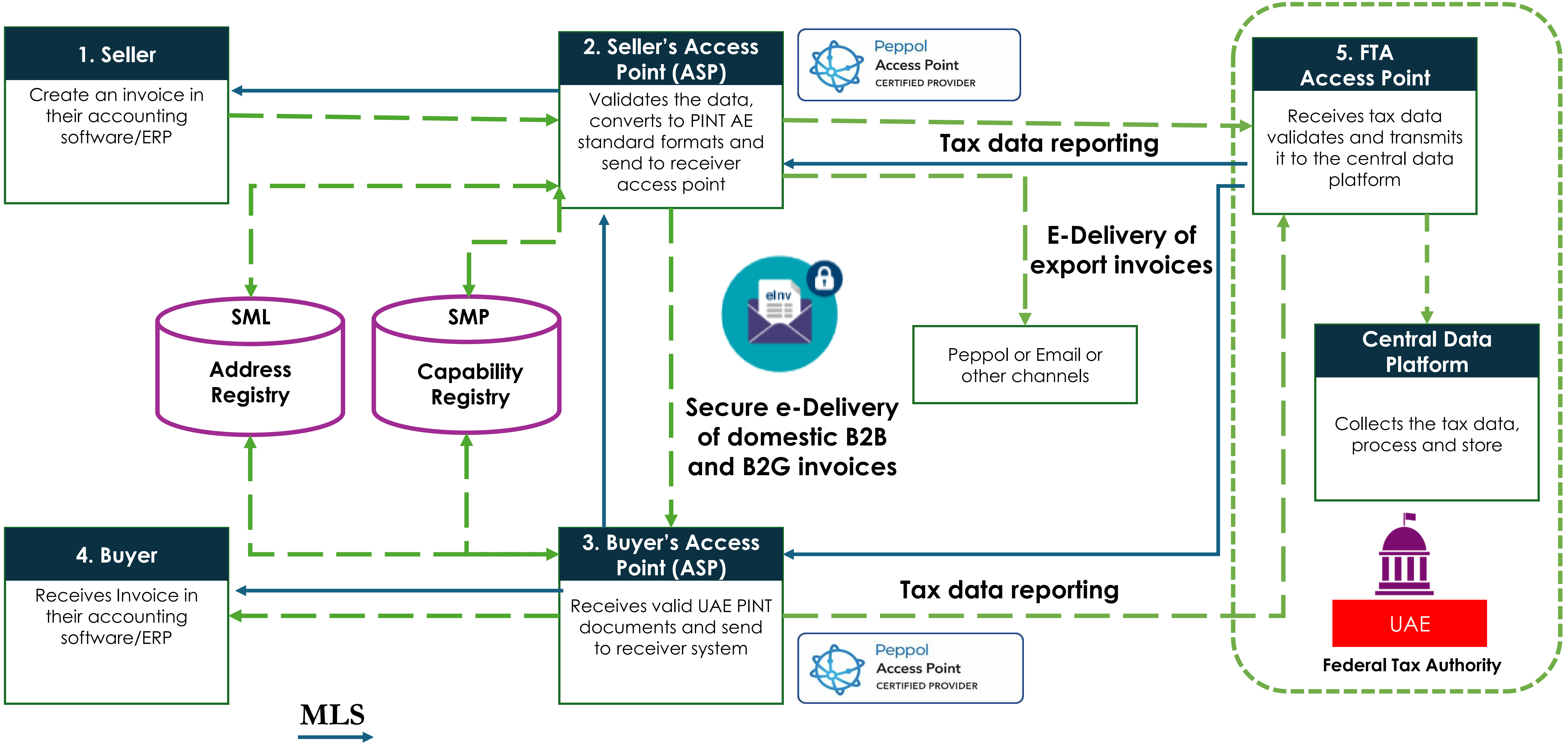
| No. | Item name | Item Description | Quantity | Unit of measurement | Unit of price AED | Subtotal AED | Allowance amount AED | Charge amount AED | Tax type | Tax Rate (%) | Tax amount AED | Gross Amount AED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Pen | Fountain Pen | 2,000 | Piece | 5.00 | 10,000.00 | - | - | Standard Rated | 5.00 | 500.00 | 10,500.00 |

**VAT BREAKDOWN**

| Tax Type | Taxable Amount | Tax Rate (%) | VAT Amount |
|---|---|---|---|
| Standard Rated | 10,000.00 | 5.00 | 500.00 |

| | |
|---|---|
| **Total Net Amount** | *10,000.00* |
| **(LESS): Total Document Level Allowances** | - |
| **ADD: Total Document Level Charges** | - |
| **Total Excluding VAT** | 1,000.00 |
| **Total VAT Amount** | 500.00 |
| **Total Including VAT** | 10,500.00 |
| (LESS): Paid Amount | 1,000.00 |
| ADD: Rounding Amount | - |
| **Total Payable Amount** | ***9,500.00*** |

# UAE e-Invoice (5 corner model)



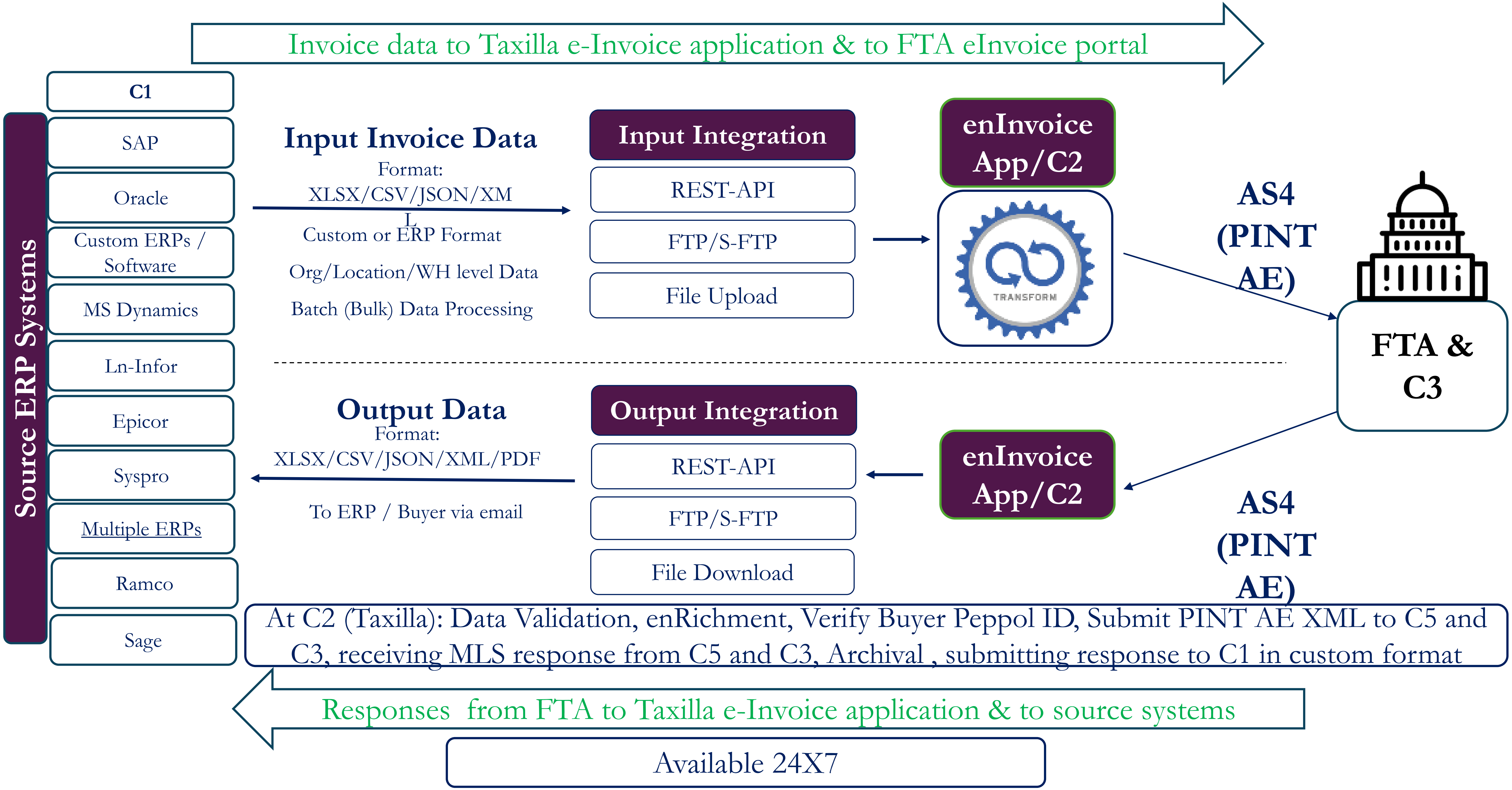
# Penalties for Non-Compliance to UAE E-invoicing

| No. | Violation Description | Penalty (AED) | Timeline |
|---|---|---|---|
| 1 | Failure to implement the e-invoicing system or appoint an Accredited Service Provider within prescribed timeline | **5,000 per month** or part thereof | Phase deadlines: July 31, 2026 / Jan 1, 2027 / March 31, 2027 |
| 2 | Failure to issue and transmit an electronic invoice or credit note to the recipient through the e-invoicing system | **100 per invoice** (max 5,000 per month) | Within 14 days from date of supply or business transaction |
| 3 | Failure to notify the Authority of a system failure within prescribed timeline | **1,000 per day** of delay | Within 2 business days from occurrence of system failure |
| 4 | Failure to notify the appointed ASP of changes to data registered with the Authority | **1,000 per day** of delay | Within 5 business days from receiving confirmation of amendment |

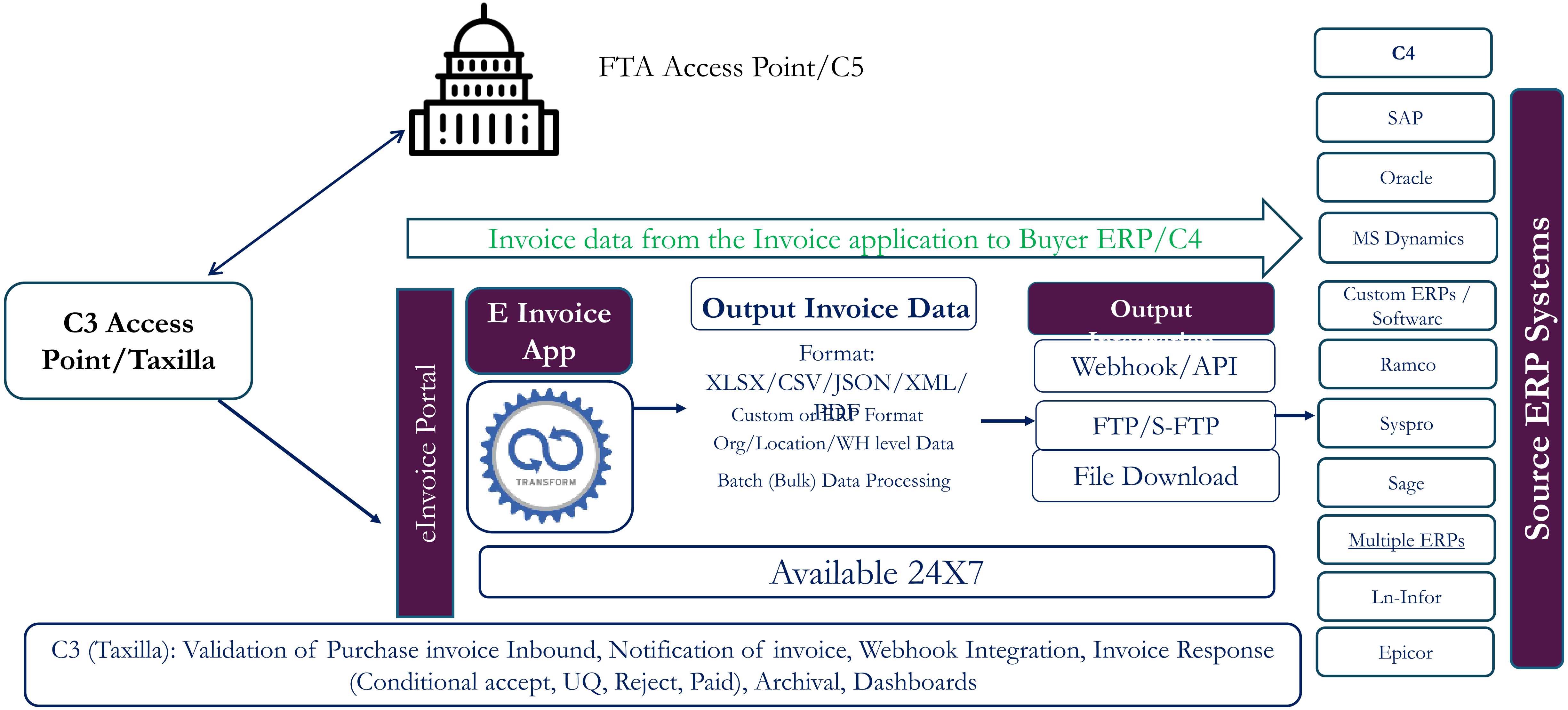
**Risk Mitigation:** Early preparation and system implementation are essential to avoid accumulating penalties. Monthly and per-invoice penalties can quickly escalate for businesses with high transaction volumes.

# UAE eInvoice-AR Application flow (Sending)



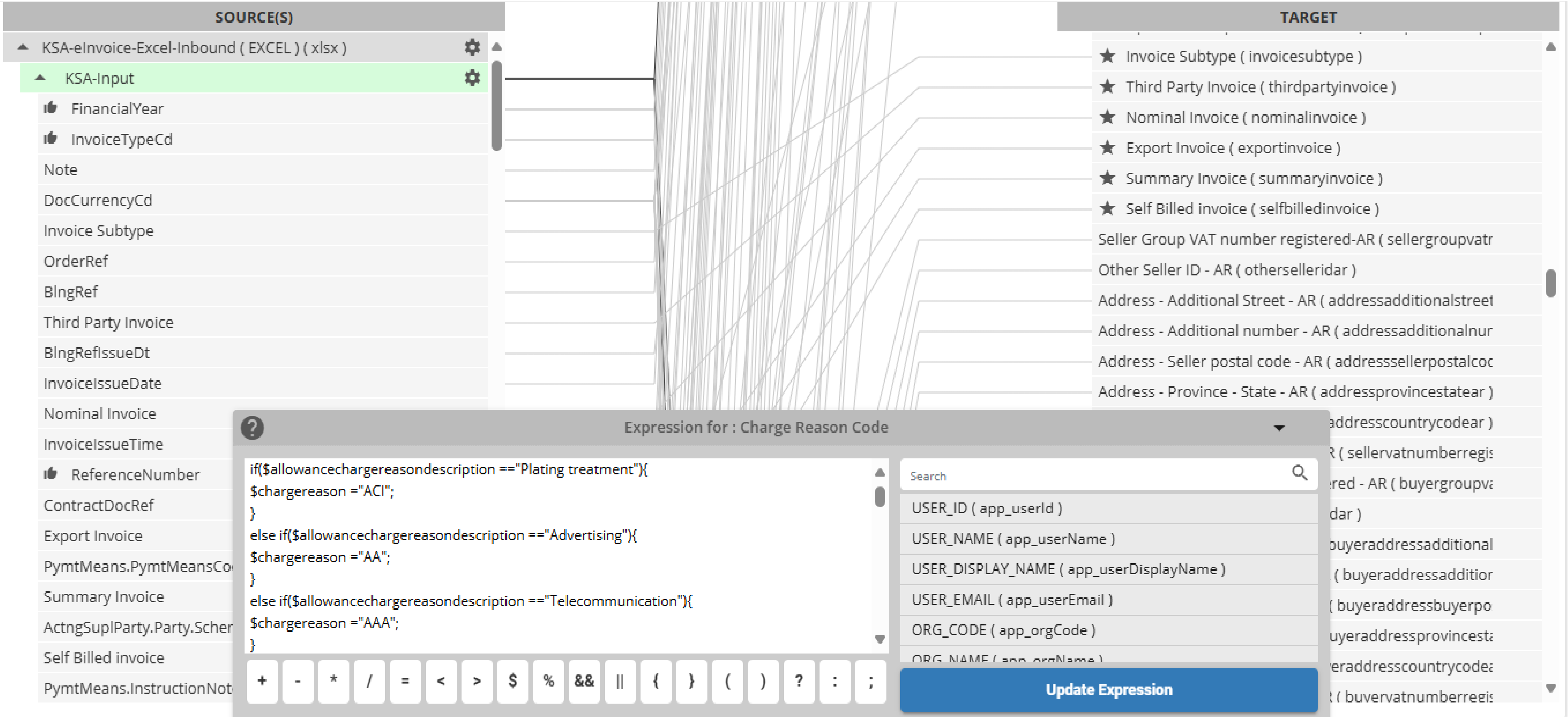


# UAE eInvoice-AP Application flow (Receiving)




Custom Workflow: Validate with Supplier Masters and PO details, Accept, Accept and Route, Update Invoice Status back via Peppol network, send mail to supplier requesting additional info or documents via Taxilla robust portal.
Outcome: Potential 80%-time savings with proper setup

# VDM (ELT: Extract, Load, and Transform)



# What is Invoice Response?

- Business-level message sent from Buyer to Seller to provide a structured update.
- Under query (UQ), Rejected (RE), Conditionally Accepted (CA), Paid (PD). Maximum time for the first response would be 3 working days from the date of receiving the invoice.
- For the seller: Allows for proactive management of cash flow and early initiation of actions when processing is challenged.
- For the buyer: Provides an automated way to keep the seller informed, reducing the need for manual inquiries.

# Critical Considerations – Guidelines Issued in February 2026

Key clarifications from the February 2026 guidelines addressing specific business scenarios.

1

## UAE E-Invoicing Applicability – Within Tax Group Transactions

E-invoicing requirement will be applicable inter-tax group transactions.

**Temporary Grace Period** for 24-month grace period effective from 1 January 2027. Applies to Business Transactions between members of the same VAT group.

**Practical Consideration for VAT Groups and relaxation with grace period as Intra-group transactions often involve:**

- High-volume recurring entries
- Complex internal pricing & settlements
- Centralized accounting / automated intercompany systems

2

## UAE E-Invoicing Applicability – Investment Holding Companies

**No E-invoicing compliance applicability:**If revenue of holding company is exclusively passive & there are no Business Transactions - Not required to register for UAE Electronic Invoicing.

**E-Invoicing applies if the Holding company:**

- Recharges management or operational costs
- Recovers administrative expenses
- Allocates costs to related or third parties

# Critical Considerations – Guidelines Issued in Feb 2026

Technical and operational clarifications for businesses implementing UAE E-Invoicing

## 3

**Participant Identifier under UAE E-Invoicing**

- TIN will serve as the Participant Identifier for companies under the UAE E-Invoicing
- Entities already registered for any tax type have TIN available.
- Un-registered persons for any tax must register with the FTA required to obtain a TIN.
- Tax Group clarification: Even if part of a Tax Group, the TIN will be derived from the first 10 digits of the individual entity's own TRN, not from the Tax Group representative's TRN.

## 4

**Data Storage & Archival – E-Invoice Data Accessibility**

- Electronic Invoices, Credit Notes, and related data must remain accessible, reproducible, and verifiable by the FTA throughout the statutory retention period.
- "Within the State" means the data must be readily retrievable and provided to the FTA upon request.
- Storage location is flexible and not limited to UAE - Records may be kept on servers, databases, or cloud systems, provided FTA access is ensured.

## 5

**Generation of UUID**

- UUID is a unique 128-bit number generated by ASP provider in addition to e-invoice sequential number

# Next Steps - Your Action Plan

### Understand revenue band and applicable phase

- Check your revenue band
- Identify your applicable phase
- Set ASP appointment cutoff
- Due date for mandatory Phase

### Identify Stake Holders and budgeting

- Form a cross-functional team (Business, Finance, IT, Legal, etc.)
- Appoint Project lead
- Consider Budget

### Selecting the right ASP partner

- Transformations
- Request or Invoicing, what they offer

### Conduct Readiness Assessment

- Review current process
- Identify Gaps in data

# Your Trusted Partner for UAE E-Invoicing Compliance

As you are aware that Mac & Ross has been a trusted, certified audit and tax advisory firm in the UAE for more than a decade now, helping clients navigate complex regulatory landscapes.

Further, we are proud to partner with Taxilla, a global leader in e-invoicing solutions operating in over 25+ countries. This alliance allows us to deliver a comprehensive, end-to-end solution for E-Invoicing compliance in the UAE. Together, we offer:

### Expert Local Guidance

Deep understanding of UAE VAT, FTA procedures, and compliance frameworks.

### Proven Global Technology

Taxilla's battle-tested compliance platform, trusted by global enterprises.

### End-to-End Support

From system readiness and ASP integration to user training and continuous compliance monitoring.

Further, we are also pleased to inform you that our registration with the FTA for Accredited Service Provider is currently in process, and we are fully aligned to support clients in preparing for and complying with E-invoicing.

## How Mac & Ross Will Support You

We're here to simplify the transition and ensure your business is prepared:

- Roadmap for implementation & impact analysis
- System assessment, readiness checks, and gap analysis
- Integration with Approved Solution Providers (ASPs)
- Generation of structured e-invoices and credit notes
- Ongoing compliance monitoring and updates

We strongly encourage you to begin preparations early to ensure a smooth transition and full compliance with FTA deadlines without disruption. We would be delighted to connect with you personally, understand your specific needs, and guide you step by step through the E-Invoicing process. Our team is committed to supporting you throughout, making the transition seamless, efficient, and tailored to your business.

**For questions or to book an introductory session, please don't hesitate to contact us.**

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