



UAE E-INVOICING: MANDATORY IMPLEMENTATION BY JULY 2026



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The UAE has announced the mandatory implementation of electronic invoicing (e-invoicing) effective July 2026. This development follows recent amendments to the Value Added Tax (VAT) Law and the Tax Procedures Law and represents a significant step toward modernizing the country's tax compliance framework. Businesses must carefully evaluate the legal and operational impact of this change to ensure readiness well in advance of the deadline.

Legislative Basis and Policy Objectives

The foundation of the regime lies in Federal Decree-Law No. 16 of 2024, which amends the VAT Law, and Federal Decree-Law No. 17 of 2024, which updates the Tax Procedures Law. Together, these instruments:

- Define "e-invoice," "electronic credit note," and "e-invoicing system."
- Establish the Federal Tax Authority's supervisory role.
- Provide the statutory framework for mandatory implementation and enforcement.

The policy objectives underpinning the UAE's e-invoicing framework are clear and well-defined. The initiative seeks to enhance the accuracy and traceability of VAT reporting, strengthening the overall reliability of the tax system. It also aims to curb fraud and prevent revenue leakage by introducing greater transparency and oversight. The framework brings the UAE in line with established international continuous transaction control models, promoting consistency with global best practices. It is also intended to improve efficiency across both business and government transactions by streamlining processes and reducing administrative burdens.

Scope of Application

The rules will apply to a broad segment of the business community. Importantly, the format and process requirements are highly prescriptive. E-invoicing will be implemented in two phases: Phase One, beginning in July 2026, will cover large businesses issuing B2B and B2G invoices, while Phase Two, starting in 2027, will expand the obligation to SMEs and B2C transactions, with invoice clearance and real-time reporting.

Covered entities: All VAT-registered businesses issuing Business-to-Business (B2B) and Business-to-Government (B2G) invoices.

Exclusions: Business-to-Consumer (B2C) invoices remain outside the initial scope.

Format: Invoices must be issued in structured, machine-readable form (PINT AE, based on Peppol standards).

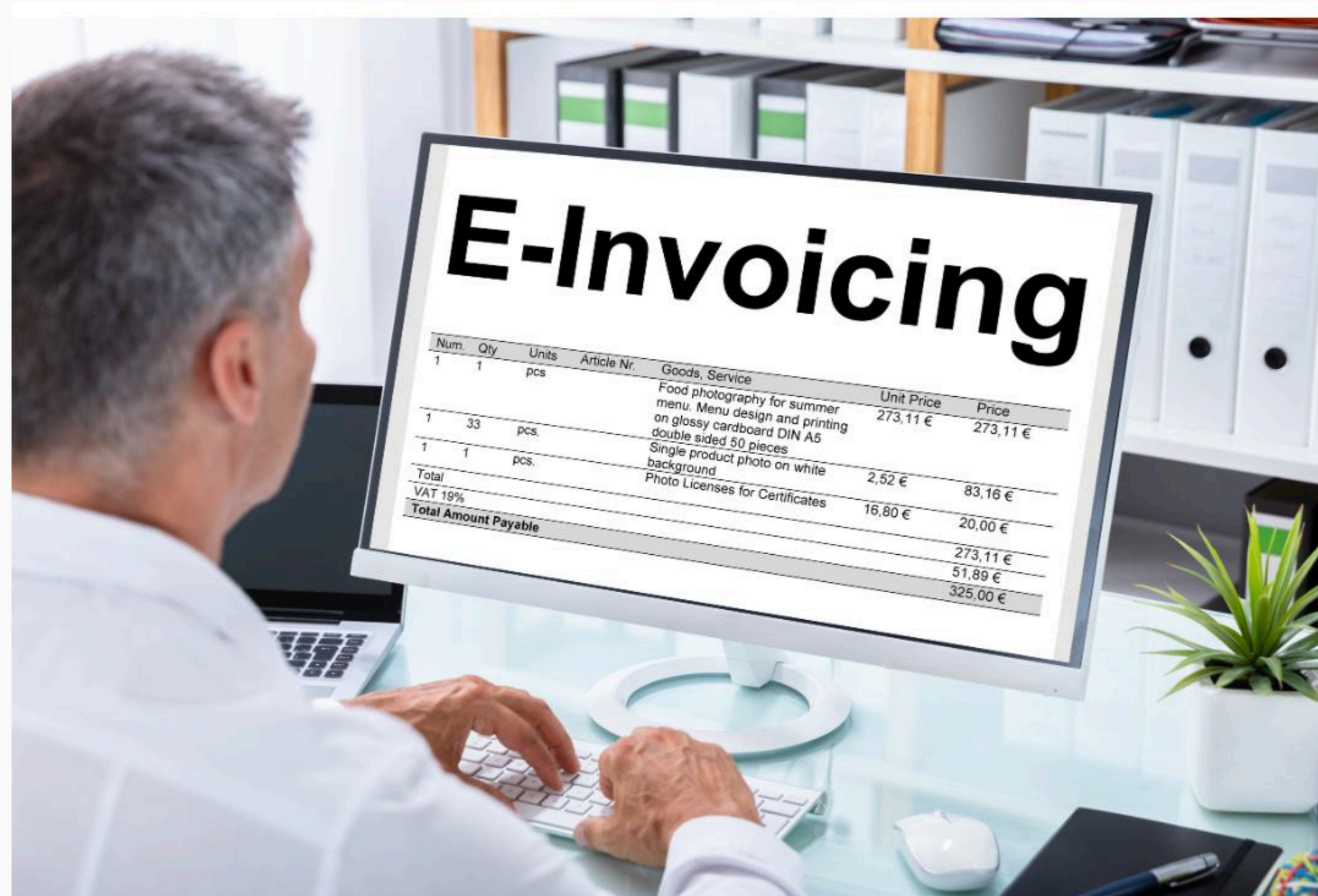
Non-compliant formats: PDFs, images, and scanned invoices will not be acceptable.

This framework compels businesses to adopt systems capable of producing compliant, standardized invoices.

Role of Accredited Service Providers

At the core of the UAE's e-invoicing system is the requirement to use Accredited Service Providers (ASPs). These approved intermediaries are responsible for validating invoices, transmitting them between trading partners, and reporting transactional data to the Ministry of Finance. [Ministerial Decision No. 64 of 2025](#) on the Eligibility Criteria and Accreditation Procedure for Service Providers under the Electronic Invoicing System sets out the qualifications for ASPs. Providers must meet strict accreditation standards, including:

- Peppol certification and successful conformance testing.
- A valid trade licence, adequate paid-up capital, and audited financial statements.
- Registration for VAT and corporate tax, where required.
- Adherence to ISO/IEC 27001 and ISO 22301 standards.
- Possesses a minimum of two years' proven experience in the operation and management of an electronic invoicing system, supported by documentation as required by the Ministry.



How the UAE's e-Invoicing System Works

There are five "corners" in the system: the supplier, the supplier's service provider, the buyer's service provider, the buyer, and the Ministry of Finance and FTA. Set out below is an overview of how the UAE's e-invoicing system operates under the Decentralized Continuous Transaction Control and Exchange (DCTCE) model.

1. Supplier creates the invoice: The seller prepares the invoice and sends it to their approved service provider.
2. Supplier's service provider checks the invoice: The provider makes sure the invoice is correct, puts it in the official UAE's standardized e-invoice format, and then forwards it on.
3. Invoice goes to the buyer's service provider: The invoice is sent securely to the buyer's own approved provider. At the same time, a copy of the tax details tax of the e-invoice to the central government platform.
4. Buyer's service provider validates the invoice: If the invoice is correct, it confirms with the supplier's provider and forwards the invoice to the buyer. If errors are identified, it sends back an error message.
5. The central data platform checks the e-invoice that it's been properly reported, and sends confirmation messages to both providers.



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Compliance Obligations and Risks

The new framework imposes obligations that extend well beyond the mere issuance of e-invoices, and businesses must treat these requirements as core compliance priorities given the potential financial and reputational consequences of non-compliance.

Companies are required to retain e-invoices and credit notes for a minimum of five years, ensuring that proper records are available for audit and verification. In addition, the ability to recover input VAT may be contingent on the correct use of the e-invoicing system, linking compliance directly to tax recovery rights. Failures such as not issuing invoices, using incorrect formats, or maintaining inadequate records will expose businesses to administrative fines under VAT law.

Conclusion

The introduction of mandatory e-invoicing in the UAE marks a fundamental change in the tax compliance environment. Businesses should not delay preparation, as early action is critical to reducing regulatory risk and ensuring a seamless transition. Practical measures include reviewing ERP and invoicing systems against the PINT AE standard, engaging with accredited service providers once formally designated, updating invoicing policies and contractual documentation, and providing targeted training to finance, legal, and IT teams. Engaging tax and technology experts will be critical to ensuring a smooth implementation and securing full compliance ahead of the 2026 deadline.

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