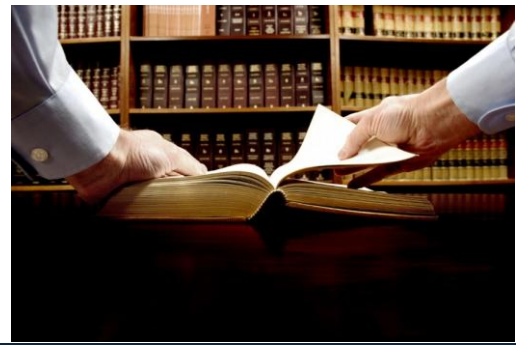


inBrief

**UAE Electronic Invoicing – Key Points for Businesses**

By Shahram Safai, Shruti Baghel and Doneen Ennis | 30 October 2026

The UAE has introduced a new Electronic Invoicing (**e-Invoicing**) system under Ministerial Decision No. 243 of 2025, as amended, that will gradually require businesses to issue, receive and exchange invoices electronically through an Accredited Service Provider (**ASP**).

An e-invoice is a structured electronic record that can be processed automatically and exchanged between businesses, with relevant transaction data reported electronically to the UAE Federal Tax Authority (**FTA**).

Who will be affected?

The system generally applies to business-to-business (**B2B**) and business-to-government (**B2G**) transactions, subject to specific exclusions. Ordinary business-to-consumer (**B2C**) transactions are generally out of its scope, meaning businesses are not generally required to issue e-invoices under the new system for sales made directly to individual customers who are not carrying on business. Hence, businesses dealing with both corporate and individual customers should review their transactions to determine which invoices fall within the rules.

When does it apply?

Implementation is being phased based mainly on a business's revenue for its most recent accounting period and whether the entity is a government entity. The timetable is set out in Article 5 of Ministerial Decision No. 244 of 2025, as amended by Ministerial Decision No. 66 of 2026:

Revenue threshold for business	Deadline to appoint an ASP	Mandatory e-Invoicing
Revenue of AED 50 million or more	30 October 2026	1 January 2027
Revenue below AED 50 million	31 March 2027	1 July 2027
In-scope Government entities	31 March 2027	1 October 2027

What will change?

Once the e-Invoicing system applies, businesses will need to be able to issue and receive structured e-invoices, exchange invoices through their ASP, and issue electronic credit notes, where applicable. Accurate customer, supplier and VAT information will also be essential. The e-invoicing system uses the framework where the seller's system connects to its ASP, which exchanges

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the invoice with the buyer's ASP before it reaches the buyer. Businesses must therefore prepare for both issuing invoices and receiving and processing them from suppliers.

What should businesses do now?

Businesses should start by:

- Confirming whether the rules apply to them and identifying their implementation deadline.
- Reviewing their accounting/ERP system to identify any required upgrades.
- Checking the accuracy of their VAT and customer/supplier data.
- Selecting and appointing an ASP within the applicable deadline.
- Testing the system integration before the mandatory go-live date.
- Reviewing internal invoicing and accounts payable processes and training relevant finance/tax teams.

Are there any exclusions?

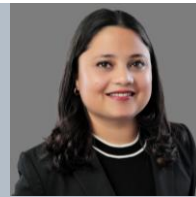
Certain transactions are excluded, including specified sovereign activities carried out by government entities, certain airline services and financial services that are exempt from VAT or zero-rated under Article 42 of the VAT Executive Regulation. Therefore, the exclusions should be considered on a transaction-by-transaction basis, rather than assuming that an entire business is either within or outside the system.

On 19 October 2026, the UAE Ministry of Finance (MoF) announced Ministerial Decision No. 197 of 2026, amending Ministerial Decision No. 243 of 2025 with effect from 1 October 2026. The Decision introduces a temporary 24-month exclusion for transactions between members of the same VAT tax group, starting from 1 January 2027. Further, on 26 October 2026, the MoF issued the UAE Electronic Invoicing Guideline, stating that the exclusion is intended to reduce the initial compliance burden for businesses within tax groups. Furthermore, the amendment also removes the requirement to store e-invoicing records within the UAE, allowing businesses to maintain these records outside the country, subject to applicable record-keeping requirements. In addition, businesses are no longer required to notify the FTA within two business days of an e-invoicing system failure.

What if a business does not comply?

Failure to meet applicable e-Invoicing requirements may result in administrative penalties under Cabinet Decision No. 106 of 2025, including AED 5,000 for each month or part of a month for failing to implement the system or appoint an ASP within the prescribed timeframe. Separate penalties may also apply for failing to issue or transmit e-invoices or electronic credit notes within the required timeframe.

Accordingly, for businesses with AED 50 million or more in revenue, the immediate deadline to keep in mind is 30 October 2026 for appointing an ASP, with mandatory e-Invoicing starting from 1 January 2027. Businesses below that threshold have until 31 March 2027 to appoint an ASP, with mandatory implementation from 1 July 2027. ■

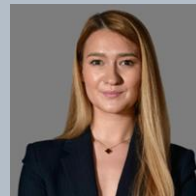


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