E-invoicing in the UAE | Q&A

This Q&A addresses questions raised after our co-hosted webinar, 'Navigating e-invoicing in the UAE,' held on 26 November 2025.

1. Will the FTA automate VAT filings (returns) in terms of supplies with e-invoicing?

No, as of now. Businesses must continue to prepare and submit VAT returns as usual.

In future, the FTA intends to move towards real-time reporting, with e-invoicing as the first step. VAT returns will be auto-populated by the FTA, but they will not be auto-filed for you.

2. If a company is purely B2C (sourcing locally), what should it do since e-invoicing doesn't yet apply to B2C? Should the ASP be the tax consultant or the IT provider (or both)?

B2C transactions are currently exempt from the e-invoicing mandate, so a purely B2C business does not need to implement e-invoicing at this stage.

An ASP is an Accredited Service Provider – a licensed IT platform or service that handles e-invoice exchange. ASPs are not necessarily tax consultants, though tax advisors can assist in choosing or integrating an ASP.

3. How will Reverse Charge Mechanism (RCM) transactions be handled under the e-invoicing regulation?

RCM (import) transactions remain outside the e-invoicing exchange. For supplies subject to RCM (such as importing services), the foreign supplier will not issue a UAE e-invoice. You, as the UAE buyer, must self-account for the VAT as usual, issuing a self-tax invoice internally if required by FTA guidance.

However, e-invoicing is applicable for certain domestic RCM scenarios. The FTA has released a separate format for self-billed invoices and has excluded certain RCM transactions from e-invoicing.

4. Since an ASP is mandatory, what integration method are accredited providers expected to offer for popular ERPs like Odoo? Will the ASP provide a pre-built Odoo module, or must the business develop the API integration?

ASPs generally integrate via standard APIs or connectors. ASPs are expected to offer Peppol-compliant API endpoints and pre-built modules for popular ERPs, such as Odoo. Integration options may include AS2, HTTPS, SFTP, or other methods.

In practice, many ASPs will provide an Odoo integration module or connector, so businesses typically do not have to develop their own API integration from scratch if they choose an ASP that supports their ERP.

5. The legislation sets a deadline to appoint an ASP – how is this selection evidenced? Must an engagement letter be signed by that date, or is an internal decision sufficient?

You are required to formally appoint an ASP by the given deadline. In practice, this means having a contract or engagement agreement signed with your chosen ASP by that date.

By the deadline (e.g., 31 July 2026 for phase 1), you should be able to link an ASP in the EmaraTax Portal by entering the ASP ID. Without this, you will not be onboarded to the e-invoicing platform.

6. We are an e-commerce platform with B2B suppliers and B2C customers. Do we come under the e-invoicing mandate, and what are the implications?

Yes. Since your business involves B2B transactions, those transactions fall under the e-invoicing mandate. You will need to comply with e-invoicing requirements for any B2B invoices you issue or receive, according to the phase timelines.

Your B2C sales to individual customers are *currently excluded* from e-invoicing until a future phase, so invoicing to consumers can continue as usual for now.

7. If the majority of our customers are outside the UAE and hence outside the scope of UAE VAT, how will e-invoicing work for us?

Even if your customers are abroad, if you are a UAE business issuing invoices (e.g., for zero-rated exports or out-of-scope supplies), you are still required to issue those invoices via the e-invoicing system and report them through your ASP to the FTA.

For delivering the invoice to the foreign customer, if they are not on the Peppol network, you can send it through normal channels (email or PDF).

The key point is that your business must still use e-invoicing to report the transaction, even though the overseas customer will not receive it via the UAE's platform.

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8. Is the revenue criterion for phasing of e-invoicing based on actual revenue numbers, a rolling 12-month turnover, or forecasted revenue?

It is based on actual revenue as per your most recent financial year's accounts. The threshold (e.g., AED 50 million) refers to the gross income in the latest accounting period (as confirmed by financial statements or other official records). It is not based on future forecasts or a moving average. Certain rules may apply for new entities. The authorities will look at your last annual revenue figure to determine which phase you fall into.

9. If a business has special approval under VAT rules (Clause 3 or 7 of Article 59 of the Executive Regulation) not to issue tax invoices for certain supplies – for example, fully zero-rated supplies or where an administrative exception applies – does it still need to issue tax invoices through the ASP for those supplies?

Yes, a taxable person still needs to issue an e-invoice if they have taken administration exception. This requirement has been specifically amended through Ministerial Decision No. 243 of 2025 on the Electronic Invoicing System. Exclusions do not cover these exemptions, so e-invoicing is applicable.

10. We are a B2C platform (our customers are individuals, though our suppliers are businesses). Do we fall under e-invoicing?

A business that only makes B2C supplies is not subject to e-invoicing in the initial rollout. Since your sales are to individual consumers, you are not required to issue e-invoices for those transactions for now. However, your business suppliers will need to follow e-invoicing when they invoice you, as those are B2B transactions.

11. What about petty-cash invoices that are small value and high volume, mostly from small suppliers who might only register for VAT (and join e-invoicing) 6 months after larger companies? If my company (> AED 50M revenue) is in Phase 1, will those small suppliers' invoices be part of the ASP system?

Small vendors who are not on e-invoicing in Phase 1 will continue with their normal invoicing (paper/PDF) until Phase 2. If you receive petty-cash receipts or invoices from small businesses not yet mandated for e-invoicing in Phase 1, you will keep handling those as you do now. These invoices may still need to be reported to the FTA as part of your e-invoicing obligations.

12. Accounts Payable: What does the buyer need to do when an approved invoice is received from the supplier's ASP (Corner 3)? Should the buyer only store it, or must they acknowledge it and inform the FTA (Corner 5)?

As a buyer (Corner 4) receiving an e-invoice via your ASP (Corner 3), you do not need to separately inform the FTA – the necessary tax data has already been reported by the ASP.
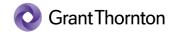
Your responsibility is to process and retain the invoice in your records. In the e-invoicing model, acknowledgements between buyer and seller can happen within the system (Corner 4 can send a receipt or rejection back through Corner 3), but there is no requirement to send an acknowledgment to the FTA.

In short, store the e-invoice and record it in your books; the reporting to the FTA is handled by the system automatically.

13. If an invoice has successfully passed through Corner 2 and Corner 3 (meaning it was validated by the supplier's ASP and forwarded, with VAT reported to the FTA at Corner 5), but the invoice is later rejected by the customer at Corner 4 for commercial reasons, how should this be handled? Should a credit note be issued once Corner 1 (supplier) is notified of the rejection from Corner 4?

Yes, the supplier should issue a credit note in this scenario. Once the customer rejects the invoice (for instance, if they will not proceed with the purchase or there was an error), the supplier (Corner 1) should issue an Electronic Credit Note through the e-invoicing system referencing the original invoice.

This credit note will flow through the ASPs and be reported to the FTA, effectively nullifying or adjusting the original invoice.

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14. How much time does it ideally take to integrate data with an ASP (i.e., connecting our ERP to the ASP's system)?

Integration timelines will vary by the complexity of your systems and the number of entities involved. For a standard ERP with a ready connector, initial integration could be completed in a few weeks (including configuration and testing). If extensive customisation is required, it may take up to 12-16 weeks.

Many ASPs provide out-of-the-box integration tools or plug-ins to speed up the process. With an experienced provider, plan for a few weeks of integration and testing; integration is generally a relatively quick project.

15. Once Corner 3 (customer's ASP) has shared the invoice with Corner 4 (customer), does Corner 1 (supplier) still need to upload the invoice to the customer's own portal as well?

No, once the e-invoice has been shared with the customer via the ASP, the supplier does not need to upload the invoice to the customer's own portal. PDF invoices will no longer be considered a legal document; if uploaded, they will only serve as supporting documents.

16. If our customer is not included in Phase 1 of the implementation, how should we proceed with submitting invoices to that client?

If your customer is not yet included in Phase 1 of e-invoicing, you should continue to invoice them through the usual channels (paper or PDF) so your customer can process them. At the same time, since you are in Phase 1, you must also report that invoice via your ASP; Corner 2 will still generate the e-invoice/TDD and send it to the FTA. Once your customer is onboarded to e-invoicing, you will transition to sending e-invoices through the system.

17. Currently VAT reconciliation is manual, so consider this scenario: an invoice was reported by the ASP (thus counted in FTA's data for that month) but then the customer rejected it and didn't record it, meaning that invoice won't appear in the manual VAT reconciliation. How should we handle this gap for the current month?

If an invoice is reported by the ASP but later rejected by the customer, you should issue an Electronic Credit Note for that invoice in the same tax period. By doing so, the credit note will offset the originally reported invoice in the FTA's records.

When performing your manual VAT reconciliation for that month, exclude the canceled invoice and include the credit note. This ensures that the rejected invoice's VAT is reversed, and your manual records match what was ultimately reported to the FTA (original invoice minus credit note = 0). Mature ASPs offer reconciliation modules to help with this.

18. What is the rule for archiving e-invoices? How many days or years is an ASP mandated to keep the records?

Under UAE VAT Law, records must be stored within the UAE for at least 5 years, which may be extended to 9 years in the case of an audit or dispute. Corporate Tax records must be retained for 7 years.

For real estate-related VAT records, the retention period is 15 years due to long-term tax implications.

Reach out to the experts

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