

## IMPLEMENTATION OF E-INVOICING SYSTEM IN THE UAE – WHAT YOU NEED TO KNOW NOW

*15 October 2025*

Between 2026 and 2027, the UAE will gradually introduce an E-Invoicing system covering most commercial transactions, including transactions between businesses and government agencies. Companies will need to adapt their operations and appoint accredited service providers.

This alert provides key information about the new requirements and practical recommendations from the White Square team on how to prepare for the changes.

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*This material is based on information from public sources and is for reference purposes only. It does not constitute advice or a legal opinion. If you have any questions regarding this alert, please contact us at: [info@whitesquarepartners.com](mailto:info@whitesquarepartners.com).*

## 1. Brief conclusions

**It is important to keep track of changes in legislation, as:**

- the scope of the E-Invoicing System will continue to expand (for example, the use of the E-Invoicing System is planned to be extended to transactions between businesses and consumers (B2C));
- new ministerial decisions will be issued clarifying which commercial transactions are not subject to the regulation;
- other additions to the scope are possible, and it is important to adapt operations in a timely manner.

**At present, the E-Invoicing System does not apply to the following transactions:**

- commercial transactions that do not compete with the private sector, carried out by public authorities in their sovereign capacity;
- international air transportation for which electronic tickets are issued, and any ancillary services provided by airlines;
- international transportation services related to goods and accompanied by airway bills – exempt from application for 24 months;
- financial services exempt from VAT or subject to VAT at the zero rate.

**Companies shall already:**

- determine whether they are subject to the requirements of the E-Invoicing System;
- if the answer is yes, review the requirements and integration plan to adapt business operations, select and appoint an accredited service provider, and implement the E-Invoicing System within the specified time frame.

**Practical commentary from the White Square accounting team is provided in paragraph 8 of this alert.**

## 2. Legislative regulation and implementation objectives of the E-Invoicing System in the UAE

On September 29, 2025, the UAE Ministry of Finance (“**the Ministry**”) and the UAE Federal Tax Authority (“**the FTA**”) adopted Ministerial Decisions No. 243<sup>1</sup> (“**Decision No. 243**”) and No. 244<sup>2</sup> of 2025 (“**Decision No. 244**”) on the Implementation of the Electronic Invoicing System (“**E-Invoicing System**”) in the UAE.

Decision No. 243 covers the basic principles and requirements of the system, while Decision No. 244 establishes a phased implementation plan.

Under the E-Invoicing System, each transaction (except for the transactions listed in paragraph 4 of this alert) will have to be accompanied by an electronic invoice<sup>3</sup>, while electronic credit notes will have to be issued for cancellations, returns, adjustments, or administrative corrections.<sup>4</sup>

The main objectives of the E-Invoicing System implementation in the UAE include, among others<sup>5</sup>:

reducing dependence on human intervention in business processes and tax reporting;

- optimizing costs, speeding up document processing, and reducing paper usage;
- reducing VAT losses by identifying both accidental and intentional errors to improve tax compliance and increase budget revenues;
- enhancing security through data encryption and the use of secure exchange protocols, minimizing the risk of fraud.
- collection of up-to-date information for the government, enabling accurate and timely decisions to be made on the support and development of key industries.

The E-Invoicing system is mandatory for business-to-business (B2B) transactions in Saudi Arabia, most South American countries, South Korea, Kazakhstan, Italy, parts of Germany and others. The EU countries where this system has not yet been introduced, have planned its implementation for 2026-2027.

In addition, electronic invoices are mandatory for transactions between companies and government agencies (B2G) in Saudi Arabia, Australia, most South American countries, Denmark, Finland, Germany, Italy, France, Spain, Sweden, and others.

<sup>1</sup> Ministerial Decision No. 243 of 2025 on the Electronic Invoicing System (“**Decision No. 243**”). Access via [link](#).

<sup>2</sup> Ministerial Decision No. 244 of 2025 on the Implementation of the Electronic Invoicing System (“**Decision No. 244**”). Access via [link](#).

<sup>3</sup> Art. 6(1) of Decision No. 243. Accessible via [link](#).

<sup>4</sup> Art. 6(2) of Decision No. 243. Available via [link](#).

<sup>5</sup> eInvoicing. The UAE Ministry of Finance website. Access via [link](#).

### 3. Scope of application

The E-Invoicing System will apply to all companies conducting commercial transactions in the UAE, including non-residents, unless otherwise specified. The E-Invoicing System will cover transactions between companies (B2B) and between companies and government agencies (B2G). Transactions between businesses and consumers (B2C) do not fall under the scope of application yet but will be included in the future through a separate ministerial decision.

### 4. Key exclusions

The following commercial transactions are not covered by the E-Invoicing System<sup>6</sup> :

- commercial transactions that do not compete with the private sector, carried out by public authorities in their sovereign capacity;
- international passenger air transportation services for which electronic tickets are issued, and any ancillary services provided by airlines;
- international transportation services related to goods and accompanied by airway bills – exempt from application for 24 months;
- financial services exempt from VAT or subject to VAT at the zero rate;
- any other commercial transactions that may be determined by the Minister of Finance.

### 5. Accredited Service Providers (ASPs)

Under the new system, all invoices and documents will have to be processed through accredited service providers (ASPs), licensed by the Ministry and the FTA.

ASPs are software providers that allow invoice data to be uploaded in a specified format.

Both senders and recipients will be required to appoint ASPs to process their invoices.<sup>7</sup> Invoices must comply with the mandatory requirements and format established by the Ministry.

The Ministry has released an initial list of pre-approved ASPs, which will be updated regularly, providing businesses with a wide choice of providers to meet their needs.<sup>8</sup> For example, First Bit is already working on the release of updated software to comply with the new legislation.

<sup>6</sup> Art. 4 of Decision No. 243. Access via [link](#).

<sup>7</sup> Art. 5 of Decision No. 243. Access via [link](#).

<sup>8</sup> List and Contact Details of the Ministry of Finance Pre-Approved eInvoicing Service Providers. Access via [link](#).

### 6. Implementation plan

The pilot program will start **on July 1, 2026**, and will provide the opportunity for voluntary implementation of the system from that date.<sup>9</sup>

Mandatory compliance will be phased in the following order<sup>10</sup> :

- companies with revenues exceeding US\$13.6 million must appoint an ASP by July 31, 2026, and implement the E-Invoicing System by January 1, 2027;
- companies with revenues of less than US\$13.6 million must appoint an ASP by March 31, 2027, and implement the E-Invoicing System by July 1, 2027;
- Government agencies must appoint ASPs by March 31, 2027, and implement the E-Invoicing System by October 1, 2027.

### 7. Data storage requirements

All electronic invoices, electronic credit notes, and related data must be stored for the periods specified by the applicable UAE law, namely for the period of 5 to 7 years (in certain cases, an additional 4 years of storage may be required).<sup>11</sup>

### 8. Practical commentary from the White Square accounting team

#### Review of current processes

It is recommended to conduct a document flow audit and determine which types of accounts and transactions should be included in the E-Invoicing System.

#### Appoint a person in charge

Assign an employee or team responsible for interacting with the ASP and E-Invoicing System integration.

#### Update internal policies

Make changes to accounting policies and agreements with counterparties to provide for electronic exchange of invoices and credit notes.

<sup>9</sup> Art. 4 of Decision No. 244. Access via [link](#).

<sup>10</sup> Art. 5 Decision No. 244. Access via [link](#).

<sup>11</sup> Art. 11 Decision No. 243. Access via [link](#).

## **Train employees**

Brief accountants and managers on the new requirements and procedures for issuing and receiving electronic invoices.

## **Monitor implementation deadlines**

Draw up a schedule for implementing the E-Invoicing System in line with the company's revenue and monitor the dates set by the Ministry.

## **Preparation for audits**

Ensure that electronic invoices are stored in accordance with established procedures and are ready for inspection by the FTA.

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The White Square team is ready to provide the necessary assistance with the implementation of the E-Invoicing System, conclusion of agreements with ASPs, risk assessment, and other requests, taking into account the needs of your business.



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