



What is E-Invoicing?

Electronic Invoicing is defined as a systematic and standard procedure that converts the traditional paper invoicing process into a more efficient and systemized electronic process.



UAE PLANS FOR “E-BILLING SYSTEM”

The UAE’s Ministry of Finance (MOF) has recently announced five major strategic transformational projects and one of these projects is the “E-billing System” which will be an advanced electronic billing system that will automate the procedures for filing tax returns with the tax system, ensuring compliance with regulations and to minimize tax-evasion cases.

The project is stated to consist of different phases and target is to complete by July 2025.

Below we have provided some highlights of how an e-billing system could work and guidance has been taken from Kingdom of Saudi Arabia (KSA)’s implementation of E-invoicing. It is likely that UAE might also follow similar model of E-invoicing.

Through E-invoicing, Buyers and Sellers can exchange the Invoices (Debit / Credit notes) in a more Standardized and Electronic format and validate their business transaction, as the E-invoicing solution would be compliant with laws and regulations.

E-invoicing solution could be in the form of e-invoicing software and cloud based solutions.

What are the benefits of E-Invoicing?

Adapting the process of E-invoicing can provide a variety of benefits such mainly:

- It reduces the workload of manually entering the invoice details and improves the accounting and book keeping process.
- Replacing the physical paper invoice document with a more structured and electronically readable reduces the chances of human error significantly.
- Provide a cost reduction from the physical invoicing process as invoices will not be printed.
- Reduces working time so other crucial value-adding tasks can be more prioritized.



- As being a standardized procedure, it increases compliance with Tax obligations, as the business transactions would be thoroughly verified.
- By eliminating the use of paper, businesses would be contributing towards conserving the environment by a great margin.

How was the E-invoicing system implemented in KSA?

There were two main phases- Generation phase & Integration Phase.

Generation Phase:

In this initial phase, taxpayers would be required to Generate and store the E-invoices in an E-Invoicing solution. The E-invoice and E-invoicing solution must comply with the requirements and regulations specified in the laws published by the Authority. This phase was implemented in KSA by 4th Dec 2021.

Integration Phase:

During Integration, the taxpayers would be required to integrate their e-invoicing solution with the Authority's Digital system and ensure the requirement are met.

The Integration Phase would be implemented in various "Waves" of taxpayer groups that may be classified based on the taxable revenue for the in a particular period.

These groups would be split into assigned into waves and be notified by the Authority in advance to integrate their E-invoicing solutions with the Authority's system.

The Integrations period's will be allocated for each 'Wave' within which the Taxpayer must complete the Integration process.

What were the compliance requirements in KSA during the Generation phase?

The below requirements are likely to be expected by from the Taxpayers during the Generation phase:

- Cessation of issuing Manual Invoices (Handwritten / Using editing tools). physical invoice that are converted into an electronic format would not be considered as an E-invoice.



- Usage of Electronic Invoicing Solution that is compliant with requirements and rules as per relevant laws and regulations, (Should generate Invoices with QR codes).
- Issuing Invoices in the specified Tax Invoice format and QR codes that are machine readable.
- Ensuring Tax Invoices contain required fields such as:
 - Tax Invoices (B2B) – Must contain the TRN number of the buyer (if registered) and the Invoice type.
 - Simplified Tax Invoice – Mandatory QR code generated by the Taxpayers E-Invoicing solution.
- Security measures must be adopted to avoid any unauthorized access/tampering of the businesses digital data.

"Reach out and let's connect!"

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