



BAM Tax
Advisors LLC



Bazaar Accounting &
Management Advisors LLC

A graphic featuring a man in a suit holding a tablet, overlaid with a blue hexagonal grid. Inside the hexagons are icons: a person, a bar chart with an upward arrow, and interlocking gears. A blue banner with the text 'E-INVOICING' in white, bold, sans-serif capital letters is positioned across the middle of the image.

E-INVOICING

E-Invoicing and Amendment in the VAT Decree-Law No. (8) of 2017

The Ministry of Finance (MoF) has issued Federal Decree-Law No. 17 of 2024, introducing amendments to key provisions of Federal Decree-Law No. 28 of 2022 concerning Tax Procedures. Additionally, Federal Decree-Law No. 16 of 2024 brings updates to specific provisions of Federal Decree-Law No. 8 of 2017 related to the Value Added Tax.

To support the implementation of e-invoicing, the Ministry of Finance (MoF) issued Federal Decree-Law No. 17 of 2024, amending key provisions of Federal Decree-Law No. 28 of 2022 related to tax procedures. Additionally, Federal Decree-Law No. 16 of 2024 introduces amendments to specific provisions of Federal Decree-Law No. 8 of 2017 concerning Value Added Tax (VAT).



Key Amendments to the VAT Law

This document is an unofficial translation of the recent amendments to the VAT Decree-Law from Arabic.

1. Article 1 - Amendment to Definitions

The definitions of "tax invoice" and "tax credit note" have been replaced by adding the concepts of "E-Invoice" and "E-Credit Note" as follows:

- A. E-Invoice:** An invoice that is issued, sent, and received in a structured electronic format, enabling electronic processing in line with the e-invoicing system.
- B. E-Credit Note:** A credit note that is issued, sent, and received in a structured electronic format, enabling electronic processing in line with the e-invoicing system.

In addition, the "E-Invoicing System" is now defined as:

- C. E-Invoicing System:** An electronic system designated for the issuance, exchange, and electronic management of invoice and credit note data according to tax procedure regulations.

These amendments have been introduced to formally recognize e-invoices and e-credit notes as valid tax documents. The key amended articles are as follows:

- 2. Article 55 - Recovery of Input Tax:** This article has been updated to clarify that input VAT can be deducted using a valid e-invoice.
- 3. Article 65 - Conditions and Requirements for Issuing Tax Invoices:** The amendment requires registrants under the e-invoicing system to issue and provide tax invoices electronically.
- 4. Article 70 - Conditions and Requirements for Issuing Tax Credit Notes:** The amendment requires registrants under the e-invoicing system to issue and provide tax credit notes electronically.
- 5. Article 76 - Administrative Penalties:** This article has been revised to specify penalties for not issuing a tax invoice or alternative document within the prescribed legal timeline.

E-invoicing in the UAE, introduced by the Federal Tax Authority (FTA) as part of the nation's digital transformation, aims to enhance VAT compliance, operational efficiency, and transparency. This system requires businesses to generate and exchange invoices electronically, standardizing VAT-related transactions and minimizing errors. E-invoicing also improves traceability and supports sustainability efforts by reducing paper use. The rollout will occur in phases, starting with larger enterprises, with more detailed guidelines expected from the Ministry of Finance (MoF). Official information on e-invoicing is available on the MoF portal. <https://mof.gov.ae/einvoicing/>

An e-invoice, or electronic invoice, is a structured digital version of a tax invoice that is created, transmitted, and stored in an electronic format. Unlike simple PDFs or scanned copies, e-invoices are data-rich files that meet specific standards, enabling direct processing by electronic systems. In the UAE, e-invoicing follows a decentralized "5-corner" model involving businesses, service providers, and tax authorities, as defined by the MoF and FTA. This model ensures compliance and facilitates seamless integration across stakeholders, supporting efficient tax administration.



Key Parties Involved

In the context of UAE e-invoicing and the Peppol network, "corner" refers to one of the main entities or participants involved in the e-invoicing process, forming a "5-corner model" that illustrates how data flows among different parties. Each "corner" represents a specific role in the data exchange, from invoice creation to reporting

- **Corner 1** – Seller (Supplier)
- **Corner 2** – Seller's Accredited Service Provider (ASP)
- **Corner 3** – Buyer's Accredited Service Provider (ASP)
- **Corner 4** – Buyer (Customer)
- **Corner 5** – Federal Tax Authority (FTA)

Cross-Boarder Compliance

The UAE seller (business) is responsible for ensuring the eInvoice meets UAE PINT framework standards and is reported to the Federal Tax Authority via an Accredited Service Provider. For buyers in non-Peppol-compliant countries, the seller can generate a PDF of the eInvoice and send it directly, managing transmission outside the Peppol network.

Key points for Business

- Businesses must engage with an Accredited Service Provider (ASP) for e-invoicing.
- Ensure all required fields in the e-invoice are validated.
- Prepare and integrate systems for seamless data exchange with ASPs.
- Comply with UAE data protection and e-invoicing standards.

Key Dates to be Noted

- **Q4-2024** UAE service provider accreditation procedures
- **Q2-2025** E-Invoicing related legislation updates
- **July 2026** Phase one – Go-live of E-Invoicing reporting

Invoices Covered

E-Invoice will apply to all taxable invoices, include:

- Business to Business (**B2B**) transactions
- Business to Government (**B2G**) transactions
- Exempt and Zero-rated supply may also be included.

Transitioning to e-invoicing will require proactive measures from Businesses to ensure compliance and smooth integration with accredited service providers. It presents an opportunity to streamline invoicing processes and enhance overall operational efficiency.

For further details, please reach out to the **BAM Tax Advisors** team.



ATUL VARMA

Managing Director
atul@bazaaraccounting.com



LAHIRU WIDANARACHCHI

Tax Manager
lahiru@bazaaraccounting.com



ANALYN BONDOC ALAG

Compliance Officer
analyn@bazaaraccounting.com



RENITH KUNNAPPADI

Senior Tax Consultant
renith@bazaaraccounting.com



MOHAMED RILA

Senior Tax Consultant
rila@bazaaraccounting.com



GOLDA M. AUGUSTINE

Tax Consultant
golda@bazaaraccounting.com

HOW BAM TAX ADVISORS CAN ASSIST YOUR COMPANY

- BAM Tax Advisors offers comprehensive assistance to a business in understanding their e-invoicing obligations and the implications of these obligations have on their business operations.
- BAM Tax Advisors provides expert guidance on the specific requirements for adoption with e-invoicing, ensuring adherence to the timelines stipulated by the Federal Tax Authority.
- BAM Tax Advisors is committed to helping businesses comply with VAT laws and regulations. Our team provides guidance on compliance requirements and keeps businesses informed of any updates or changes issued by the Federal Tax Authority. This ensures that businesses remain fully compliant and up-to-date with the latest VAT obligations.

Contact Us

To discuss how we can support your business, please reach out to us

BAM Tax Advisors LLC

Bazaar Accounting & Management Advisors LLC

Office # 1403, Floor # 14, Al Moosa Tower 1, Sheikh Zayed Road, Dubai, UAE.

PO Box. 417412 T: +971 4 234 2722

E: info@bazaaraccounting.com

W: www.bazaaraccounting.com



Disclaimer: The information provided in this document is based on details available from the Ministry of Finance's official website and includes an unofficial translation of the recent amendments to the VAT Decree-Law from Arabic. It is intended for general guidance only and does not constitute official advice. For specific and up-to-date requirements, please refer to the official Arabic version of the document or consult a tax professional. Taxpayers are encouraged to consult the official document for accurate and legally binding information.