

United Arab Emirates: MoF's Electronic Invoicing Guidelines

The UAE MoF issues e-invoicing guidelines outlining scope, requirements, timelines, and compliance obligations for both UAE and non-resident taxpayers.

In brief

The UAE Ministry of Finance (MoF) has issued the UAE Electronic Invoicing Guidelines (Version 1.0, 23 February 2026), setting out the regulatory and technical framework for the nationwide implementation of electronic invoicing (“e-invoicing”). This represents a major milestone in the UAE's digital tax transformation journey and introduces mandatory compliance requirements for a broad spectrum of businesses operating in, or transacting with, the UAE.

The Guidelines clarify obligations for UAE-established entities, Free Zone companies, and, notably, non-resident persons. They also confirm that Electronic Invoices must be issued for exempt and out-of-scope Business Transactions. The following sections outline the key provisions and highlight areas of relevance for multi-jurisdictional groups and Free Zone structures.

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In more detail

Scope of the e-invoicing regime

The UAE has implemented a broad-based e-invoicing requirement. According to Section 6 of the Guidelines, the mandate applies to any Person conducting Business in the UAE, irrespective of:

- Value Added Tax (VAT) registration
- Place of incorporation or establishment
- Whether the supply is taxable, exempt, or out-of-scope
- Whether the entity operates onshore or in a Free Zone

Only certain activities (e.g., sovereign activities), B2C supplies and non-business activities by natural persons fall outside the regime.

Non-UAE resident persons are in-scope

A key clarification can be found in Section 6.3.3, which confirms that non-resident persons are in-scope. The Guidelines state that where a Person without a place of residence in the UAE is required to issue a Tax Invoice under the VAT Decree-Law, such Tax Invoices must be issued in the form of Electronic Invoices. This requirement is triggered in a variety of commercial circumstances, including where a non-resident is required to register for VAT, where a non-resident issues invoices subject to domestic reverse charge mechanics, where self-billing applies (in which case the UAE buyer must be e-invoicing enabled), and where a non-resident supplies digital or other cross border services subject to UAE VAT rules. As a result, non-residents must obtain a UAE Tax Identification Number (TIN), appoint a UAE-accredited Access Service Provider (ASP), and issue structured XML Electronic Invoices rather than PDFs. This represents a substantial compliance change for foreign suppliers who historically relied on simple system-generated PDF invoices.

This effectively captures non-resident suppliers who:

- Must register for VAT in the UAE
- Issue Tax Invoices for taxable supplies to UAE customers
- Operate under self-billing arrangements
- Provide digital, professional, or cross-border services that fall within UAE VAT rules
- Trigger invoicing obligations under domestic reverse charge scenarios

Exempt and out-of-scope transactions require electronic invoicing

One of the most consequential confirmations in the Guidelines relates to the requirement to issue Electronic Invoices for exempt and out-of-scope supplies. Under Section 10.2.1, the MoF states that traditional (PDF/paper) Commercial Invoices must be replaced by Electronic Invoices. Commercial Invoices apply to Business Transactions that do not require a Tax Invoice, including exempt supplies (e.g., qualifying residential real estate supplies, local passenger transport) and out-of-scope supplies (e.g., certain cross-border recharges or supplies outside the scope of UAE VAT). The scenario tables in Section 10.4 reinforce this by explicitly marking numerous scenarios as “Applies to Commercial Invoices,” confirming that the obligation to issue Electronic Invoices extends beyond taxable supplies to all Business Transactions, except B2C cases. This echoes the UAE’s regime to function as a comprehensive business-to-business reporting system, rather than one limited to VAT-documentation purposes.

Free Zone transactions are fully in scope

The Guidelines also make it clear that Free Zone transactions fall squarely within the scope of e-invoicing, regardless of whether the underlying supply is taxable, exempt, or out-of-scope. Under Scenario 1 of Section 10.4, e-invoicing applies to supplies to, from, and within Free Zones, as well as exports from Free Zones. Additionally, when the customer is a Free Zone entity, Electronic Invoices must include both customer and beneficiary details. If the customer and beneficiary are the same, the details must be mirrored to maintain completeness. This requirement applies regardless of the VAT treatment of the supply, reinforcing that Free Zone transactions remain Business Transactions for e-invoicing purposes. This ensures transparency in Free Zone supply chains and aligns invoicing requirements with the UAE’s broader tax audit and data integrity objectives.

Free Zone transactions requiring Electronic Invoices include:

- Supplies to a Free Zone entity
- Supplies from a Free Zone entity
- Supplies made within a Free Zone
- Exports originating from a Free Zone

Specific exclusions from e-invoicing

While the UAE’s e-invoicing regime is intentionally broad, the Guidelines set out a limited set of exclusions where Electronic Invoices are not required. These exclusions are narrowly defined and apply only in specific cases.

1. Sovereign activities of Government Entities

Electronic Invoicing does not apply to Business Transactions conducted by Government Entities when all the following conditions are met:

- The activity is performed in a sovereign capacity
- It is not carried out in competition with the private sector
- This mirrors the sovereign activity exemption in the UAE VAT regime

2. Certain airline activities

Specific aviation-related transactions are excluded, including:

- International passenger transport supplied by Airlines where an Electronic Ticket is issued
- Ancillary passenger services where an Electronic Miscellaneous Document (EMD) is issued

In addition, a temporary 24-month exclusion applies to the international transportation of goods by Airlines where an Airway Bill is issued, as provided under the implementation timeline in Ministerial Decision No. 244 of 2025.

3. Exempt financial services

Financial services that are exempt from VAT under Article 42 of the VAT Executive Regulation are excluded from e-invoicing requirements. This exclusion extends to exempt financial services supplied to non-resident customers that qualify as zero-rated exports of services under Article 31. However, financial services that are standard-rated (even if zero-rated due to export treatment) remain fully in scope.

4. Future ministerial exceptions

The MoF may introduce further exclusions in the future through Ministerial Decisions. These exclusions are intended to be carefully targeted and should not be assumed unless expressly granted.

Implementation timeline

The phased rollout under **Ministerial Decision No. 244 of 2025** sets the following deadlines:

Category	Revenue	Appoint ASP by	Mandatory go live
Persons	≥ AED 50 million	31 July 2026	1 January 2027
Persons	< AED 50 million	31 March 2027	1 July 2027
Government Entities	N/A	31 March 2027	1 October 2027

The term “Revenue” is defined as the gross income earned by a Person during the most recent Accounting Period, based on the financial statements prepared in accordance with applicable legislation in the UAE or, if such financial statements are not available, based on other documentation acceptable to the Federal Tax Authority (FTA).

A temporary **24-month grace period** (1 January 2027 – 31 December 2028) applies for **intra-VAT group transactions**, delaying but not eliminating obligations.

Technical and operational requirements

From a technical and operational perspective, all Electronic Invoices must be issued in Peppol PINT AE structured XML format and transmitted through accredited ASPs. These invoices must include mandatory data fields, be assigned a UUID, and adhere to strict content and validation rules. Data storage and retention obligations follow the Tax Procedures Law, requiring retention for five years (or seven years for real estate records), and invoice data must remain accessible and can be reproduced for the FTA irrespective of where it is stored.

Penalties

Penalties for non-compliance will arise under both the VAT administrative penalty regime and the dedicated e-invoicing penalty regime under Cabinet Decision No. 106 of 2025, covering failures such as not issuing Electronic Invoices, not appointing an ASP, incorrect data reporting, and non-adherence to technical requirements. Penalties will not apply to voluntarily issued Electronic Invoices until the relevant mandatory go-live date.

Recommended next steps for businesses

Given the breadth and depth of the e-invoicing requirements, businesses (especially multinational groups, Free Zone companies and non-resident suppliers) should undertake a readiness assessment. To prepare for mandatory e-invoicing, businesses should take the following actions immediately:

- **Conduct a comprehensive readiness assessment**, including mapping all Business Transactions (taxable, exempt, and out-of-scope)
- **Identify non-resident supplier flows**, Free Zone interactions, and self-billing arrangements
- **Select and contract with an ASP** and initiate onboarding through EmaraTax
- **Upgrade and test ERP systems** for PINT AE XML invoice generation
- **Perform end-to-end Peppol testing** with the ASP
- **Update finance, tax, and AP/AR processes** to accommodate electronic invoice issuance and receipt

Conclusion

The UAE e-invoicing framework represents a transformative development that extends far beyond traditional VAT invoicing obligations. Its broad scope captures resident and non-resident suppliers, Free Zone companies, exempt, and out-of- scope Business Transactions, requiring a holistic review of invoicing, ERP, and compliance processes. Early preparation will be key to ensuring operational continuity and avoiding penalties as mandatory dates approach.

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