UAE E-invoicing Programme Consultation & Feedback Request

The Ministry of Finance ('MoF') has recently released **E-invoicing Programme Consultation Paper**, marking a significant milestone towards implementing **E-invoicing** in the UAE, which will be introduced in a **phased manner**.

Below is our comprehensive update on the consultation paper covering the intent, key takeaways, typical use cases and consultation questions for feedback with respect to E-invoicing.
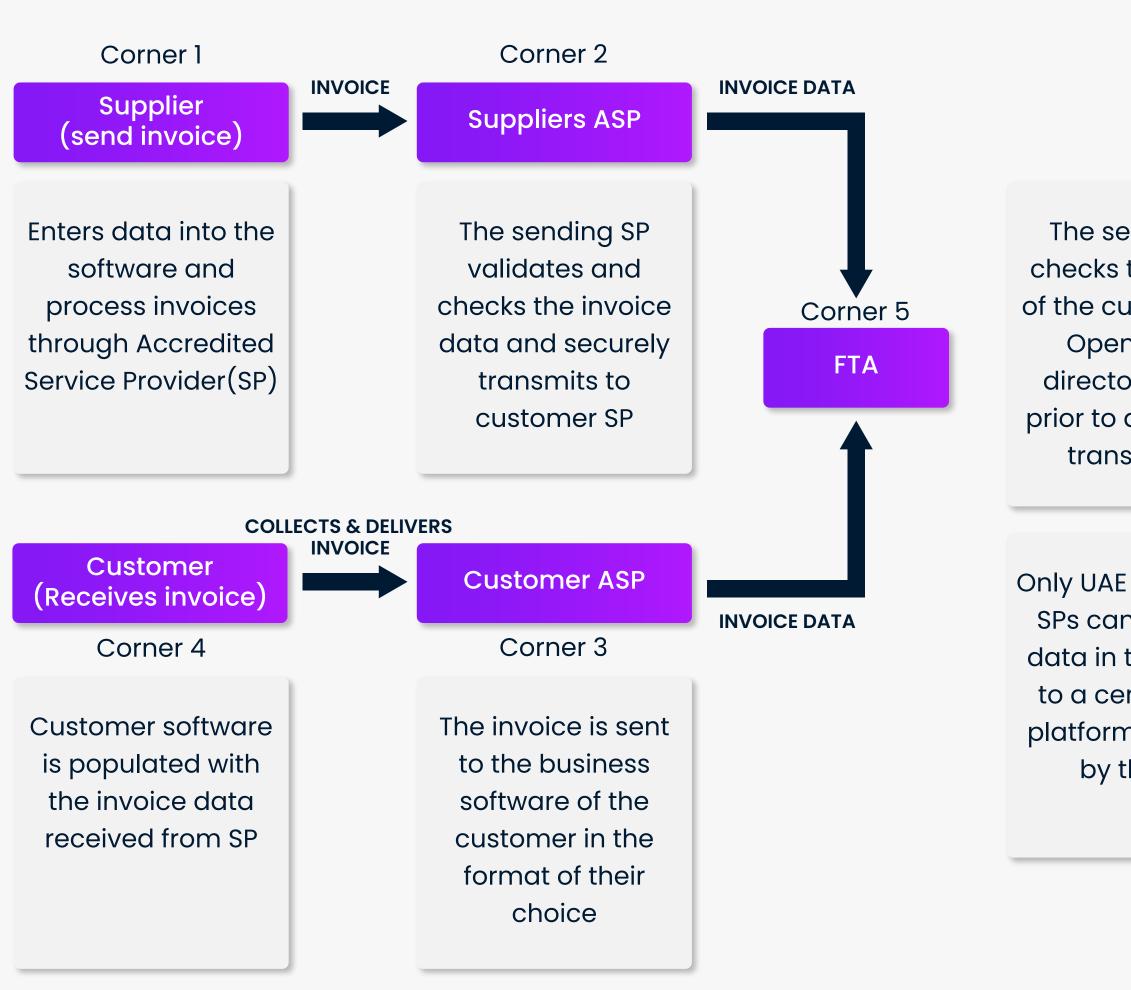
1. **Intent and Message of the Consultation Paper:**

   a. The consultation paper aims to establish a robust and standardized E-invoicing framework that ensures compliance, enhances transparency, and facilitates seamless integration into business operations.

   b. The document outlines key data elements and transaction types and seeks to provide clarity on the regulatory and operational requirements necessary for successful adoption.

   c. The MoF is actively seeking feedback from businesses to address any practical challenges, identify potential gaps, and refine the framework to meet industry-specific needs.

2. **Key Takeaways from the Consultation Paper:**

   a. **The E-invoicing Data Dictionary (PINT AE):** This outlines key data elements (fields) and their attributes for various invoice types, ensuring standardization and integration across business systems.

   b. **Excluded Transactions:** Some business transactions will not be required to undergo E-invoicing exchange and reporting.

   c. **E-Invoicing: 5 Corner Model:**

      i The UAE has adopted the decentralized 5-corner model for e-invoicing introduced by PEPPOL (Pan-European Public Procurement Online) which is a standardized international network that allows companies around the world to exchange electronic documents securely.

      ii This model facilitates exchange of E-invoices between suppliers and customers using the PEPPOL network via an Accredited Service Provider without the requirement of pre-clearance from the MoF or the FTA. Below is the simplified explanation of the model proposed to be adopted by UAE for your reference.

3. Typical use cases using the Data Dictionary:

The most common use cases for generating an invoice/credit note in the UAE have been captured in the table below:

Use Case	Description
01	UAE Standard tax invoice
02	Supply under Reverse charge mechanism
03	Zero rated supplies
04	Deemed supply
05	Disclosed agent billing
06	Summary tax invoice
07	Continuous supplies
08	Supply involving free trade zone
09	Supply through e-commerce
10	Exports
11	Margin scheme
12	Standard tax credit note
13	Disclosed agent billing tax credit note
14	Commercial Invoice
15	Self-billing <<No data dictionary provided>>
16	Self-billing tax credit note <<No data dictionary provided>>

4. Consultation Questions for Feedback:

The MoF has posed several important questions to businesses to refine the E-invoicing framework. We have assessed these questions and provided our insights below:

Sl.	Questions	MMJS Remarks
01	In the data dictionary, are there any fields missing for your specific business?	Businesses should check if any additional fields are required for industry-specific requirements.
02	Are there any conflicts / issues with the existing fields in the data dictionary	Some businesses might face challenges with respect to availability of data for certain fields and integrating these fields into their current ERP systems.
03	Are industry-specific data elements adequately represented?	Certain industries may require additional customization which needs to be conveyed to the MoF for consideration in E-invoicing implementation.
04	HSN (HS Code) and service codes are proposed to be initially optional fields on an invoice but they will become mandatory at a later stages of the E-invoicing programme. How many digits of HSN (HS Code) and service codes, do you feel would be comfortable/practical to report with your transactions – 4, 6 or 8 digits?	Businesses to identify the HSN codes applicable to their respective goods or services and need to assess whether the same are available at 4, 6 or 8 digit level for classification and compliance.
05	Do you foresee any potential problems in reporting any specific transactions via the E-invoicing exchange e.g. from a practicality or privacy perspective?	Businesses handling sensitive data should evaluate security risks and compliance with confidentiality policies.
06	Are there any fields or terms you find confusing or open to multiple interpretations?	Systems used by the businesses should be able to provide data intended as per the definitions provided in the data dictionary. In case of confusion, clarity can be sought from the MoF.

4. **In addition to the above, we suggest evaluating the following aspects to ensure a smooth transition to E-invoicing:**

   a. Review the relevant use cases applicable to your business operations.

   b. Assess the feasibility with your IT team regarding system configuration for the required attributes and identify any missing or conflicting attributes in the data dictionary as per relevant use case.

   c. Evaluation needs to be done whether your finance team requires training to adapt to the new invoicing process.

   d. Questions may be posed before the MoF to gain insights on the aspects relating to mechanism of E-invoicing for registrants who have sought specific admin exceptions.

Way Forward:

The consultation period is open until **27 February 2025**. We encourage you to provide your feedback to the MoF to ensure your business needs are considered.

If you require assistance in evaluating the impact of E-invoicing on your business or need help in submitting feedback, please feel free to reach out to us.

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