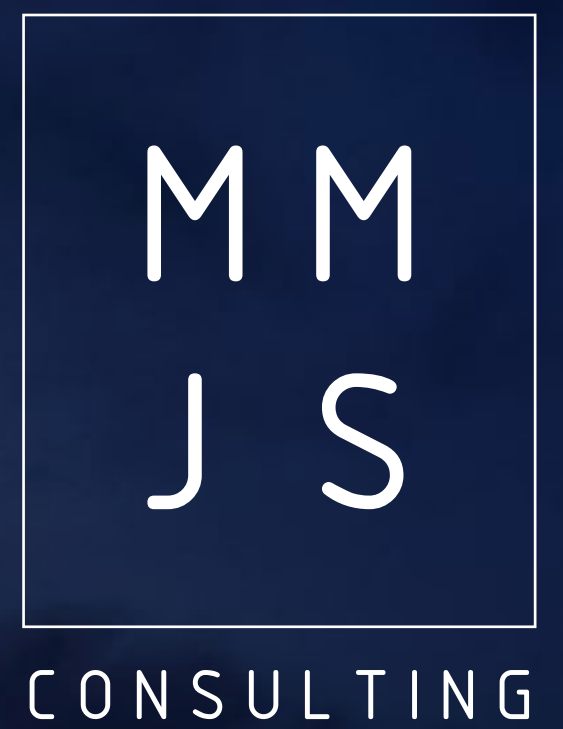


UAE TAX ALERT



Cabinet Decision No. 106 of 2025

Administrative Penalties for Violations of Electronic Invoicing System

#taxatmmjs



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The Ministry of Finance (MoF) has announced Administrative Penalties for Violations of Electronic Invoicing System in the UAE vide Cabinet Decision No. 106 of 2025. The penalties have been introduced in line with the requirement of implementation of e-invoicing in UAE vide Ministerial Decision No. 243 and 244 of 2025.

The penalties are not applicable to the person who issues, transmits, shares, exchanges or report Electronic Invoices and Electronic Credit Notes **on a voluntarily basis**.

A list of penalties applicable for violation of the Electronic Invoicing System is set out in the table below along with our comments:

SNo.	Description of Violation	Administrative Penalties	MMJS Comments
1.	Failure by the Issuer to implement the Electronic Invoicing System including the failure to appoint an Accredited Service Provider [‘ASP’] within the timeline prescribed by the Minister	AED 5,000 in case of delay for each month or part thereof	In line with this penalty framework, entities must ensure strict compliance with the timelines outlined under Articles 3 and 5 of Ministerial Decision No. 244 of 2025. For example, businesses with a turnover of AED 50 million or more should appoint an ASP by 31 July 2026 to avoid the imposition of penalties.
2.	Failure by the Issuer to issue and transmit an E-Invoice to the Recipient through the Electronic Invoicing System within the timeline prescribed by the Minister	AED 100 for each Electronic Invoice up to a maximum of AED 5,000 per calendar month	The penalty will apply if an Electronic Invoice or Electronic Credit Note is not issued within 14 days from the date of business transaction.
3.	Failure by the Issuer to issue and transmit an Electronic Credit Note to the Recipient through the Electronic Invoicing System within the timeline prescribed by the Minister	AED 100 for each Electronic Credit Note up to a maximum of AED 5,000 per calendar month	

SNo.	Description of Violation	Administrative Penalties	MMJS Comments
4.	Failure by the Issuer to notify the Authority of a System Failure within the timeline prescribed by the Minister	AED 1,000 for each day of delay or part thereof	System failure will include any type of system malfunction, disruption, or unavailability of the Electronic Invoicing System which prevents issuer or the recipient from complying with their obligations as per the e-invoicing framework.
5.	Failure by the Recipient to notify the Authority of a System Failure within the timeline prescribed by the Minister		
6.	Failure by the Issuer or the Recipient to notify the appointed ASP of changes to the data registered with the Authority within the timeline prescribed by the Minister	MMJS	Businesses must ensure that any changes to the data provided to the ASP are promptly updated within the prescribed timelines. This obligation is in addition to the Businesses responsibility to inform the FTA of any updates to tax-related information within the required timeframes.

MMJS Comments

The newly issued Cabinet Decision No. 106 of 2025, which introduces updated administrative penalties, represents a significant milestone in the UAE’s move toward full e-invoicing implementation. The scope and severity of the penalties indicate that the FTA is adopting a firm, structured approach to driving compliance across all businesses.

The penalties may be applicable from the date the businesses are compulsorily required to issue electronic invoices or electronic credit notes in accordance with the Ministerial Decision No. 243 and 244 of 2025 issued by the Ministry of Finance.

We strongly advise businesses to begin preparing for e-invoicing without delay by conducting readiness assessments, identifying gaps in current processes, and initiating the necessary system and operational enhancements.

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