



E-invoicing: Amendments to the VAT Law

VAT Alert

October 2024



The Ministry of Finance ("MOF") updated its webpage on e-invoicing <https://mof.gov.ae/einvoicing/> on 24th October, reaffirming the intention and timeline to implement e-invoicing for both business to business (B2B) and business to government (B2G) transactions effective from July 2026.

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

Key amendments to the VAT Law

Article 1 - Amendment to the definitions

Definition of tax invoice, tax credit note is replaced with definition of E-invoice and E-credit note:

- 1. E-Invoice:** An invoice issued, sent, and received in an organized electronic format that enables electronic processing according to the electronic invoicing system.
- 2. E-Credit Note:** A credit note issued, sent, and received in an organized electronic format that enables electronic processing according to the electronic invoicing system.

Definition of E-invoicing system is introduced

E-Invoicing System: An electronic system dedicated to issuing, sending, exchanging, and sharing invoice and credit note data electronically according to the regulations governing tax procedures.

The amendments above have been introduced to recognise an e-invoice and e-credit note as valid tax documents.





Article 55 - Recovery of Input Tax

The article has been amended to clarify input VAT can be deducted based on a valid e-invoice.

Article 65 - Conditions and Requirements for issuing Tax Invoices

The amendment obliges a registrant subject to the e-invoicing system to issue and provide a tax invoice in an electronic format

Article 70 - Conditions and Requirements for issuing Tax Credit Note

The amendment obliges a registrant subject to the e-invoicing system to issue and provide a tax credit note in an electronic format.

Article 76 - Administrative Penalties

This article has been updated to clarify the penalty provision for failure to issue a Tax Invoice or an alternative document "within the prescribed legal timeline"

These amendments are effective from 30th October 2024. However, until the implementation of the e-invoicing system, businesses should continue to comply with the current tax invoice and tax credit note requirements per the VAT legislation.

What's next

Based on the MOF e-invoicing web-page, launched on 24th October, the "data dictionary" (i.e. the data templates for various invoicing and credit note scenarios) and the list of Accredited Service Providers ("ASP's") is expected to be issued by the end of 2024, followed by a pilot phase in 2025, and formal adoption of e-invoicing in 2026.

What should businesses do now

Businesses should closely monitor the developments on e-invoicing and start to assess their current systems, processes and transactions to prepare for the e-invoicing implementation. The GT UAE Tax team can assist in all aspects e-invoicing readiness, including ASP vendor selection, transaction and tax code review and mapping, training and an assessment of current systems readiness.



Speak to one of our experts

Grant Thornton UAE can assist you in understanding and navigating these changes, and we are ready to provide you with in-depth analysis and expert guidance. For a thorough understanding or any specific questions, reach out to the Grant Thornton UAE VAT team..



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