EASY TAX BITE

SIMPLY DEFINED



E-Invoicing

February 2026

News Letter Overview

Easy Tax Bites is a tax education and awareness initiative focused on simplifying UAE tax regulations for business owners and entrepreneurs. The objective is to educate founders, startups, and SMEs through clear, practical, and easy-to-understand tax insights, while maintaining accuracy and compliance through professional knowledge support from Apeiron Accounting & Tax Consultants. This January 2026 edition covers the latest updates and key developments in VAT and Corporate Tax.

What's Inside

1. steps to prepare for e-Invoicing?
2. Major Compliance Updates for 2026 Corporate Tax / VAT
3. UAE E-Invoicing Process Overview
4. UAE Corporate Tax for Real Estate Developers – Quick Guide
5. Frequently Asked Questions

Table Of Content

Page No	Content
2	Over view
3	E- Invoicing
4	Major Compliance Updates for 2026
5	How the UAE e-Invoicing System Works
6	Real Estate Developers – Quick Guide



What are the mandatory steps to prepare for e-Invoicing?

1.Understand the Requirements

Businesses must review the updated VAT legislation and technical rules to identify their implementation timeline and compliance obligations.

They should also assess whether their accounting or ERP systems can generate the required invoice data and prepare an internal plan before the go-live date.

2.Select an Accredited Service Provider

All electronic invoices must pass through an approved provider.

Businesses must:

- Choose an accredited service provider
- Ensure they have a Tax Identification Number
- Complete onboarding through EmaraTax
- Obtain a Peppol network identifier

3.Test the System

Before implementation, businesses need to verify that the system works correctly.

This includes:

- ERP integration with the service provider
- Sending and receiving invoices
- Automatic reporting to FTA
- End-to-end transaction testing

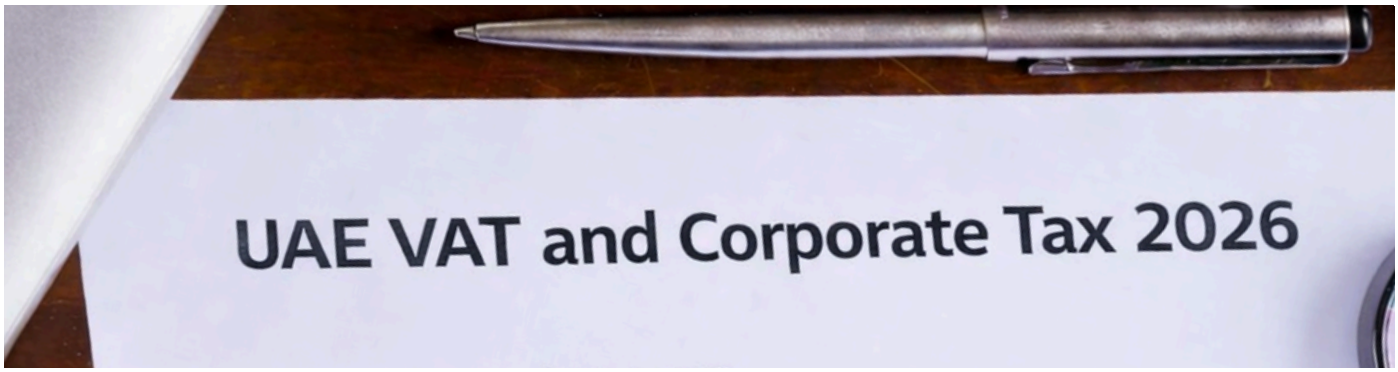
4.Go Live and Monitor

Businesses must begin issuing electronic invoices and continuously monitor for errors, resolving issues with the provider.



What's New!

Corporate Tax /UAE VAT Key compliance developments in 2026



NEW REFUNDABLE TAX CREDITS FOR HIGH-VALUE SECTORS

Businesses must review the updated VAT legislation and technical rules to identify their implementation timeline and compliance obligations.

They should also assess whether their accounting or ERP systems can generate the required invoice data and prepare an internal plan before the go-live date.

Effective date:

applicable from the date of publication in the official gazette in late 2025.

The change:

to drive innovation, the UAE introduced Refundable Tax Credits for Research and Development (R&D) and high-value employment.

Proposed Incentives:

A potential refundable tax credit for companies hiring highly skilled professionals (C-suite, R&D specialists). Expenditure based tax credits (30-50%) for qualifying research and development activities conducted within the UAE.

Implication:

these credits can be used to reduce corporate tax liability, or these credits can receive as cash if they exceed the tax due.

Alignment of VAT Limitation Periods with the Tax Procedures Law

The VAT law has been amended to remove standalone limitation provisions, aligning VAT time limits with the revised Tax Procedures Law.

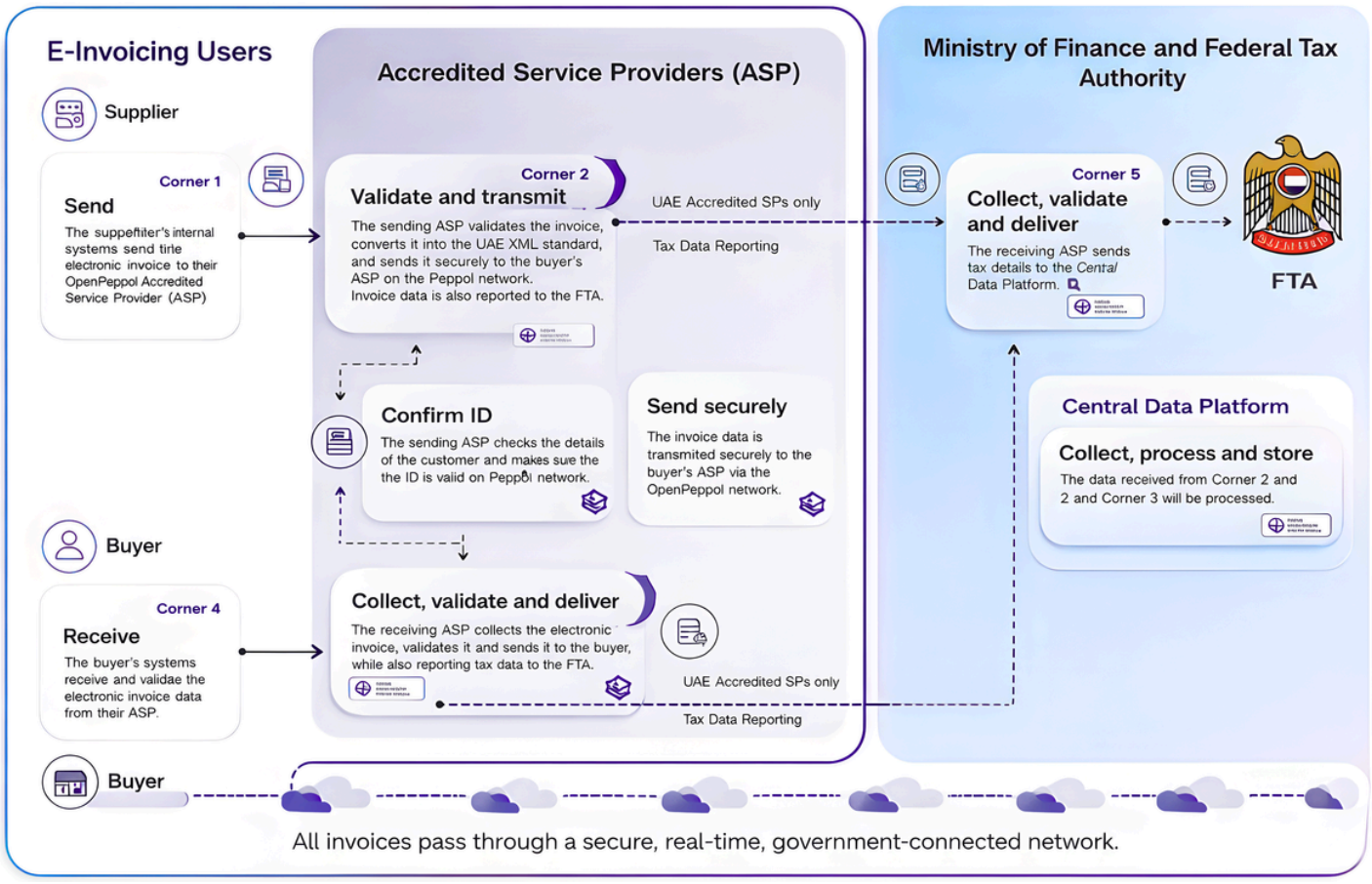
This results in:

- Greater consistency across UAE tax legislation
- Updated timelines for assessments, refunds, and audits by the Federal Tax Authority (FTA)

Implications:

Entities should reassess exposure to historical VAT risks, ongoing audits, and contingent liabilities, particularly where extended limitation periods may apply.

UAE E-Invoicing Process Overview



How the UAE e-Invoicing System Works

The UAE Electronic Invoicing system operates through a secure, real-time network connecting businesses, service providers, and the Federal Tax Authority (FTA).

Step 1 Supplier Issues Invoice

The supplier generates an electronic invoice from its accounting or ERP system and sends it to its Accredited Service Provider (ASP).

Step 2 Validation & Transmission

The supplier's ASP converts the invoice into the UAE-approved structured format, validates the data, and securely sends it through the Peppol network to the buyer's ASP.
At the same time, the tax data is reported to the FTA.

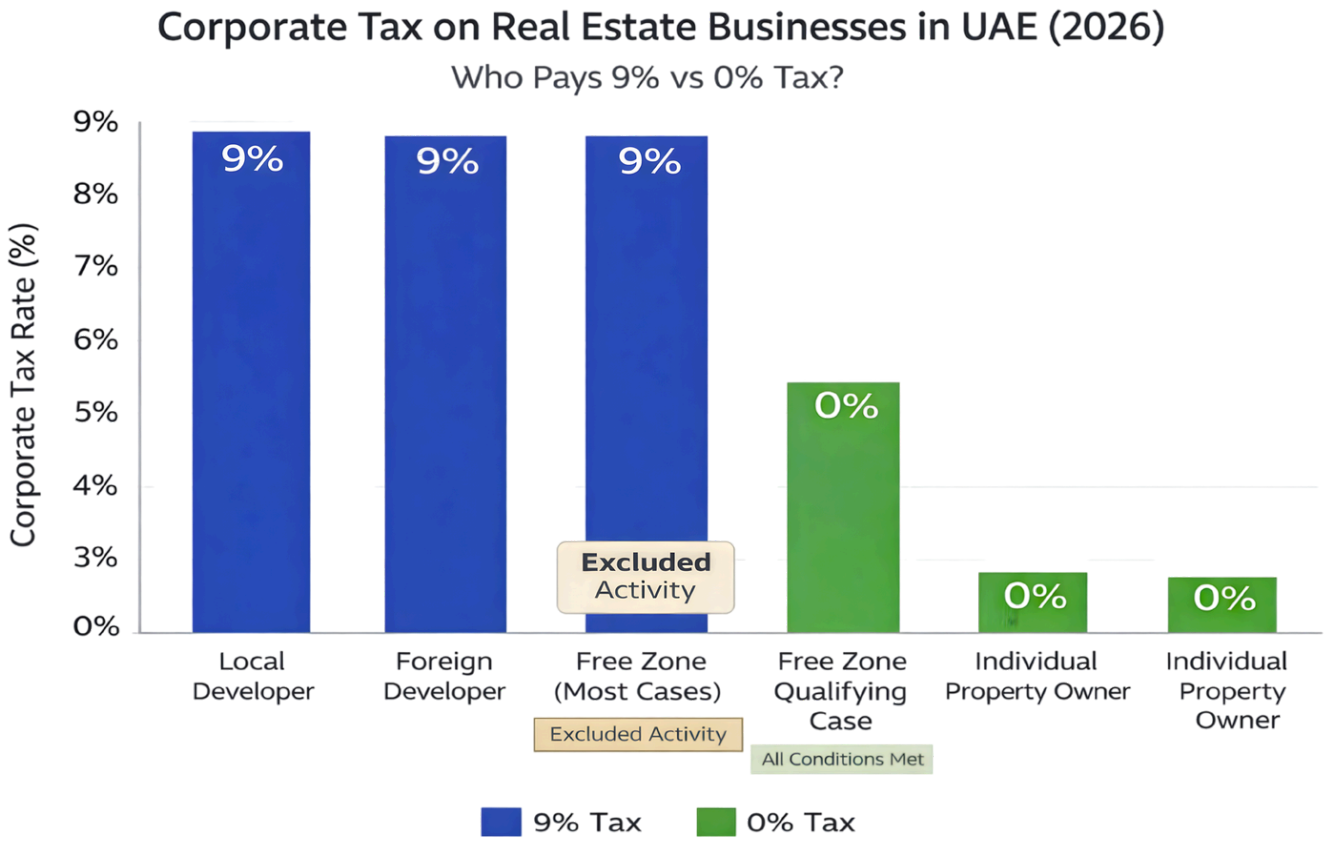
Step 3 Buyer Receives Invoice

The buyer's ASP verifies the invoice, confirms it with the FTA system, and delivers it to the buyer's accounting system.

Step 4 Government Reporting

The FTA receives the invoice data in real time through a central data platform where it is processed and stored for compliance monitoring.

Do you Know?



UAE Corporate Tax for Real Estate Developers – Quick Guide

Local Developer – 9%

Any UAE-registered real estate development company is subject to Corporate Tax.
After the AED 375,000 profit threshold, the applicable rate is 9%.

Foreign Developer – 9%

A foreign company earning income from UAE property also becomes taxable in the UAE.
This includes property sales, rentals, or development income.
Tax applies at 9% on UAE-related profits.

Free Zone Developer (Most Cases) – 9%

Many believe Free Zone companies always pay 0%, but this is not correct for real estate.
Income from residential property or dealings with mainland clients is taxed at 9%.

Free Zone Qualifying Case – 0%

The only situation where 0% may apply is: Commercial property located in a Free Zone & Transaction is between Free Zone entities.

Individual Property Owner – 0%

If a natural person owns property in personal capacity (without a business license), Corporate Tax does not apply. Hence, the chart shows 0%.

Frequently Asked Questions

UAE Electronic Invoicing

Who must use Electronic Invoicing?

Electronic Invoicing is mandatory for any business conducting transactions in the UAE — whether registered for VAT or not.

Are any transactions excluded?

Yes. The following are outside the scope:

- Business-to-Consumer (B2C) supplies to individuals
- Certain government sovereign activities
- Specific international airline transportation services
- VAT-exempt financial services

When does it become mandatory?

Date	Requirement
1 Jul 2026	Pilot & voluntary phase begins
1 Jan 2027	Mandatory for businesses with revenue ≥ AED 50M
1 Jul 2027	Mandatory for businesses below AED 50M
1 Oct 2027	Mandatory for Government Entities

How does the system work?

The UAE follows a secure 5-Corner Model:
Supplier → Supplier's Service Provider → Buyer's Service Provider → Buyer → FTA
Your service provider converts invoice data, validates it, and reports tax data to the FTA automatically.

What format are invoices issued in?

Invoices must be issued in a structured XML format (Peppol PINT-AE standard).
QR codes or barcodes are not required.

Role of AATC as Knowledge Partner

Apeiron Accounting & Tax Consultant LLC (AATC) serves as the Knowledge Partner for Easy Tax Bites, providing expert technical guidance, regulatory interpretation, and professional oversight. With deep expertise in VAT, Corporate Tax, and compliance advisory, AATC ensures that all content is accurate, reliable, and aligned with current UAE regulations.

+971 50 651 7456

easytaxbite@gmail.com

EASY TAX BITE

SIMPLY DEFINED

This newsletter is intended for general information only and does not constitute professional advice. It may not cover all aspects of the topics discussed. Please consult a qualified advisor before taking any action based on the contents of this publication.