# UAE E-Invoicing & E-Reporting 2027

## Strategic SAP DRC and SAP Add-On Solutions to Future-Proof UAE FTA Compliance for Multinational Organizations

KGT
Global Tax Applications

# The UAE Is Entering a New Era of Digital Tax Compliance

The United Arab Emirates (UAE) is introducing a mandatory national e-invoicing and e-reporting framework as part of its broader digital tax transformation strategy.

The new framework introduces structured electronic invoicing, near real-time reporting, and Peppol-based invoice exchange under the supervision of the UAE Federal Tax Authority (FTA).

For multinational organizations operating SAP, the UAE mandate represents far more than a local compliance project. It impacts finance, tax, procurement, billing, master data governance, SAP architecture, and operational processes across the organization.

Organizations that prepare early can significantly reduce implementation risk, avoid operational disruption, and establish scalable compliance foundations for future global e-invoicing and digital mandates.

# What Is Changing in the UAE?

The UAE is replacing traditional PDF and paper-based invoicing with structured electronic invoices exchanged through accredited digital networks.

Key Changes Under the UAE Mandate:

- Traditional PDF invoices sent via email will no longer qualify as compliant UAE electronic invoices
- Invoices must be issued in structured machine-readable formats such as XML/UBL and UAE PINT AE standards
- Invoice data must be exchanged electronically through Accredited Service Providers (ASPs)
- Transaction data will be electronically transmitted to the UAE FTA
- Organizations must comply with Peppol interoperability standards and UAE PINT AE specifications
- Continuous transaction reporting and e-reporting obligations will become mandatory

The UAE has adopted a Peppol-inspired 5-corner Decentralized Continuous Transaction Control and Exchange (DCTCE) model, where invoice exchange and tax authority reporting occur simultaneously through secure accredited channels.

The mandate covers:

- B2B e-invoicing
- B2G e-invoicing
- Inbound vendor e-invoicing
- Credit notes and debit notes
- VAT reporting obligations
- Continuous transaction reporting to the FTA
- UAE-established companies
- Free Zone entities
- VAT-registered foreign businesses operating in the UAE

Certain exempt and out-of-scope transactions may also fall within the scope of electronic invoicing and reporting obligations.

# UAE E-Invoicing Timeline

The UAE Ministry of Finance has already published the regulatory and technical framework for the new mandate.

### Key Milestones

| Milestone | Status |
|---|---|
| Publication of UAE e-invoicing regulations | September 2025 |
| Release of technical implementation guidelines | February 2026 |
| ASP onboarding and preparation phase | Throughout 2026 |
| Deadline for large businesses to appoint ASP | 30 October 2026 |
| First mandatory rollout phase | 1 January 2027 |

Additional rollout waves are expected throughout 2027.

For many organizations, 2026 will be the critical preparation year for assessments, implementation projects, testing, and operational readiness.

## Why Organizations Should Start Preparing Now

The UAE e-invoicing mandate introduces significant operational and technical complexity for SAP organizations.

SAP implementation and remediation projects often require substantial lead time, especially where VAT determination logic, master data quality, invoice mapping, or Peppol connectivity require remediation.

Organizations delaying preparation may face:

- Compressed implementation timelines
- Increased project delivery risk
- Limited ASP onboarding capacity
- Extended testing and UAT challenges
- Increased invoice rejection risks
- Potential operational disruption after go-live

Early preparation enables organizations to establish a scalable and future-ready digital tax compliance architecture aligned with broader global CTC and e-reporting developments.

## The Business Challenge for SAP Organizations

Many organizations underestimate the operational and technical complexity of UAE e-invoicing and e-reporting within SAP landscapes.

Typical challenges include:

- Complex SAP invoice flows across SD, FI, MM, and procurement processes
- Incorrect VAT determination logic
- Missing mandatory invoice fields
- SAP master data inconsistencies
- Integration complexity with Accredited Service Providers (ASPs)
- SAP BTP and connectivity complexity
- Real-time reporting obligations
- Validation and rejection management
- Pressure on tax and IT teams to deliver within aggressive timelines

Without a structured implementation strategy, organizations risk invoice rejection, VAT reporting errors, operational disruption, and increased regulatory scrutiny.

## KGT as Your Strategic Partner for Future-Ready SAP Tax Compliance

KGT is a specialist SAP tax technology consultancy supporting multinational organizations with e-invoicing, e-reporting, SAP DRC, VAT compliance, and digital tax transformation initiatives across global markets.

We combine deep SAP expertise with indirect tax knowledge to help organizations implement scalable and future-proof compliance operating models and digital tax architectures.

## Why Organizations Choose KGT

- 25+ years of SAP tax and VAT expertise
- 100+ SAP implementation and compliance projects
- Coverage across 30+ countries
- SAP-certified consultants and tax specialists
- Official SAP Build Partner with SAP-granted /KGT/ namespace
- Specialized expertise in SAP DRC and global e-invoicing mandates
- Proven experience supporting multinational SAP compliance transformations

# Two Strategic UAE Tax Compliance Approaches

KGT supports organizations through two implementation models depending on business requirements, SAP landscape complexity, operational maturity, and strategic objectives.

***Option 1 — SAP Document and Reporting Compliance (SAP DRC)***

KGT delivers end-to-end SAP Document and Reporting Compliance (SAP DRC) implementations for UAE e-invoicing and FTA reporting across SAP ECC and SAP S/4HANA environments.

Our implementation approach combines SAP Activate methodology, fit-to-standard deployment, and pre-built accelerators to help organizations reduce implementation effort, accelerate deployment timelines, and establish scalable compliance architectures for future global e-invoicing mandates.

**The SAP DRC capabilities include:**

***Outbound E-Invoicing***

KGT supports the implementation of outbound B2B and B2G e-invoicing compliant with the UAE PINT AE (UBL 2.1) standard and Peppol BIS requirements. This includes SAP SD/FI integration, invoice mapping, validation, and secure transmission through ASPs and Peppol Access Points.

***Inbound E-Invoicing***

KGT configures SAP DRC inbound message flows to receive and process vendor e-invoices, including XML validation, purchase order matching, vendor master data validation, and exception handling through the SAP DRC Cockpit.

***UAE FTA Corner 5 Reporting***

Our SAP DRC implementations support continuous transaction reporting and near real-time e-reporting to the UAE FTA, including B2B and B2G reporting, credit notes, debit notes, self-billing scenarios, VAT handling for different transactions as well as statutory reporting support.

***SAP BTP & Peppol Integration***

KGT establishes secure SAP BTP connectivity and integrates SAP DRC Cloud with the Peppol network and UAE FTA reporting infrastructure.

The solution can leverage SAP DRC Cloud as the SAP-hosted Peppol Access Point and Accredited Service Provider, eliminating the need for a separate third-party ASP.

***Monitoring, Hypercare & Compliance Support***

Organizations benefit from real-time invoice lifecycle monitoring through the SAP DRC Cockpit, enabling visibility into invoice validation, transmission status, reporting confirmations, and rejection management.

KGT provides dedicated hypercare support during production stabilization and go-live phases, including issue remediation, error analysis, compliance support, and ongoing optimization guidance to help ensure stable and compliant operations.

***A Scalable and Audit-Ready Compliance Architecture***

KGT's SAP DRC implementations are designed to deliver compliant, audit-ready, and upgrade-safe e-invoicing architectures aligned with evolving global digital tax and continuous transaction control (CTC) requirements.

Our teams support organizations throughout the full implementation lifecycle — from readiness assessments and SAP landscape reviews to deployment, testing, go-live, and ongoing optimization.

***Option 2 — KGT SAP Add-On Solution***

For organizations seeking greater implementation flexibility, faster deployment, or an SAP-friendly alternative deployment strategy alongside or independent from SAP DRC, KGT provides its own SAP add-on solution for UAE e-invoicing and e-reporting compliance.

This approach is particularly suitable for organizations requiring:

- Faster implementation timelines
- Reduced implementation complexity
- Flexible deployment models
- Custom business flow support
- Organizations not yet migrated to SAP S/4HANA
- Country-specific localization flexibility

***Key Benefits***

- Native SAP ECC and SAP S/4HANA integration
- SAP upgrade-safe development standards
- Flexible invoice mapping and transformation
- Peppol and ASP integration capabilities (also via KGT's partner network)
- Tailored compliance workflows
- Reduced operational overhead
- Scalable multi-country compliance architecture

KGT's SAP add-on framework allows organizations to implement practical compliance solutions while maintaining flexibility and control within their SAP landscape.

## UAE Readiness Assessment

Successful UAE e-invoicing compliance starts with preparation. KGT helps organizations assess readiness before implementation through a structured UAE compliance assessment.

Assessment areas include:

- SAP VAT data analysis
- Invoice flow and process review
- Master data quality assessment
- VAT determination validation
- Tax code and reporting review
- Peppol and ASP readiness
- SAP architecture assessment
- Gap analysis and remediation roadmap

This enables organizations to proactively identify risks, optimize data quality, reduce implementation delays, and strengthen compliance governance before go-live.

## Preparing for the Future of Digital Tax

The UAE mandate is part of a broader global shift toward continuous transaction controls, real-time reporting, and digital tax enforcement.

Organizations increasingly require scalable compliance frameworks capable of supporting multiple countries, evolving regulations, and future digital reporting obligations.

KGT helps organizations transform tax compliance from a reactive obligation into a strategic and scalable business capability.

## Let's Discuss Your UAE Compliance Strategy

Whether your organization is evaluating SAP DRC, exploring alternative SAP add-on approaches, or assessing UAE readiness, KGT can help define the right compliance strategy for your business.

# About Us

At KGT, we specialize in helping clients navigate the complexities of taxation and SAP. Our strong relationships with clients, employees, and partners establish us as a leading boutique consultancy firm dedicated to providing comprehensive support throughout your tax lifecycle within SAP. We ensure you have the resources you need to succeed.

As a consultancy firm focused on SAP and Tax, KGT is proud to be an SAP Build Partner, with a designated namespace 'KGT' granted by SAP. We deliver global tax solutions for organizations utilizing SAP systems. As a recognized SAP partner for PE Services, KGT is uniquely positioned to configure SAP's Document Reporting and Compliance (DRC) solutions. KGT can be found on the SAP finder: https://partnerfinder.sap.com/profile/0001925409

With SAP DRC, businesses can effectively:

- Configure and generate e-invoices and e-documents
- Analyze submissions
- Electronically submit statutory reports, including those related to indirect taxes like value-added tax (VAT)

Backed by a team of SAP-certified consultants, KGT is adept at configuring SAP DRC to meet your tax and statutory reporting requirements.

# Innovative Tax Solutions

KGT is not only a long-standing official SAP Build Partner, but we also specialize in developing SAP add-ons for:

- VAT reporting
- EC listing
- E-Invoicing
- SAF-T reporting

Our solutions support comprehensive tax control frameworks, featuring capabilities such as Intrastat reporting, VAT number validation, and VAT data analytics. Our services are trusted by reputable multinational companies across Europe and beyond.

# Comprehensive Support

When your SAP VAT determination logic needs rectification, KGT is committed to providing thorough end-to-end solutions to address and remediate any underlying issues. As an expert SAP tax consultancy, we offer best-practice recommendations and implement agreed-upon solutions directly within SAP.

# Our Global Reach

KGT extends its presence across a diverse range of countries, including Bulgaria, India, the Netherlands, Malaysia, Poland, Singapore, Spain, Slovakia, Turkey, and the United Arab Emirates. This global network underscores our commitment to international excellence, ensuring we are well-equipped to meet the varied needs of our clients across multiple markets.

https://kgtapplications.com/about-us/locations

# Supported Languages

**English | Turkish | Dutch | Slovak | Hindi | Polish | German**

Partner with KGT to navigate the complexities of taxation and SAP, and gain the insights you need to drive your business forward.

## Connect with **KGT**


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