

April 2025

ELECTRONIC INVOICING (E-INVOICING) FOR UK BUSINESSES: HMRC CONSULTATION PERIOD

HM Revenue & Customs is considering introducing standard and even mandatory e-invoicing for businesses in the UK, and is currently running a consultation period on the matter in conjunction with the Department for Business & Trade (DBT). The purpose of the consultation is to gather views on standardising e-invoicing and how to increase adoption of e-invoicing across UK businesses and the public sector.

E-invoicing is the digital exchange of invoice information directly between buyers' and suppliers' financial systems, even if these systems are different. The outcome is an invoice which is automatically written into the buyer's financial system without manual processing. E-invoicing technology has been in use for over 20 years and approximately 130 countries worldwide require businesses to use e-invoices for at least some transactions. Some countries require invoices to be issued via the tax authorities, enabling the authorities to have real-time records of all transactions.

In the EU, it is part of the wider VAT reform known as ViDA, which stands for VAT in the Digital Age. This is aimed at further harmonising and simplifying EU VAT systems as well as easing administrative burdens and tackling VAT fraud. Italy has been at the forefront of the EU initiative and is already reporting major tax revenue boosts from its e-invoicing implementations.

HMRC considers that increased uptake of e-invoicing may improve productivity, improve cashflow, simplify tax reporting, and reduce the tax gap.

Currently, the only e-invoicing requirement in operation in the UK applies for certain supplies to the NHS which is regulated by HMRC.

HMRC and DBT are inviting businesses and other stakeholders to give their input on what such a UK system might look like. The time table for this consultation and potential implementation period is:

- 13th Feb – 7th May 2025: public consultation for businesses, trade associations, tech vendors etc to submit their views on the design and timetable of any regime.
- Jun to Oct 2025: review and clarifications of submissions; develop UK e-invoicing framework proposal.
- Nov 2025: announcement of proposed regime at the UK Chancellor of the Exchequer's Autumn Budget.

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- 2030 potential full mandate launch, allowing / estimating for:
 - 2026-7: legal and technical specifications development, including a number of round of consultations; and
 - 2028-9: build, test and pilot phases.

It should be acknowledged that this is a consultation on a potential implementation of e-invoicing in the UK. However, given the progress that has, and is, being made in other countries it seems inevitable that the UK will introduce some form of e-invoicing in future.

Further updates will be issued as and when new information becomes available on this proposed change in invoicing requirements. Meanwhile businesses may choose to adopt e-invoicing in line with the current rules for VAT invoicing.

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