Tax alert: UK e-invoicing update

- The UK government's consultation on electronic invoicing found strong support for making e-invoicing the standard for VAT invoices by 2029. Respondents pointed to clear benefits like quicker processing and payments, fewer errors, lower admin costs and easier auditing. Many saw system-to-system digital invoicing as a straightforward way to streamline finance tasks and improve cash flow, especially for organisations that deal with lots of invoices.

- At the same time, the consultation highlighted a few concerns, particularly from smaller businesses. These included the cost of upgrading software, the need for training, worries about different systems working together and uncertainty about whether the benefits will be felt if adoption isn't widespread. Some micro-businesses also questioned whether the investment makes sense for the small number of invoices they issue.

- After taking these views into account, the government has confirmed it will introduce mandatory e-invoicing from 2029, with a detailed roadmap coming at Budget 2026. The transition will be gradual and supported, with the government working closely with software providers and industry groups to ensure affordable, compatible solutions for all business sizes. The aim is to modernise the UK's invoicing processes and help businesses work more efficiently.

- Although detailed UK guidance won't be available until 2026, businesses can still begin preparing by reviewing their current invoicing systems and looking at how other countries have implemented e-invoicing to help shape early planning.