



United Kingdom

E-Invoicing & E-Reporting Framework

Status 1 November 2026 | Mandatory B2B/B2G e-invoicing from 1 April 2029 | Peppol

1. Introduction & Country Context (1/2)

1.1 Digitalisation journey

- Making Tax Digital (MTD) for VAT has required digital records and API-based VAT return filing for all VAT-registered businesses since April 2022 (first phase April 2019 above the registration threshold). See VAT Notice 700/22.
- Feb–May 2025: HMRC and the Department for Business and Trade (DBT) ran the 12-week consultation 'Promoting electronic invoicing across UK businesses and the public sector' (Doxis).
- Budget 2025 (26 November 2025): government confirmed that all VAT invoices must be e-invoices from 2029; no real-time reporting to HMRC alongside it (OrderSync; TapTax).
- Tax Update 2026 (23 June 2026): Peppol named the core interoperability framework (OpenPeppol).
- Budget 2026 (28 October 2026): HMRC/DBT published the 'Roadmap for e-invoicing implementation' and the policy paper/TIIN 'VAT: electronic invoicing' (GOV.UK roadmap; GOV.UK TIIN).

1.2 Rationale

- Government frames e-invoicing primarily as a productivity and late-payment measure: late payments cost the UK economy GBP 11 billion a year; small businesses spend on average 86 hours a year chasing them (GOV.UK roadmap; SoftCo).
- Exchequer benefit expected mainly from closing the tax gap: fewer manual errors, better data quality, and less 'failure to take reasonable care' and evasion (GOV.UK TIIN).
- Linked to the Commercial Payments Bill on late payments (GOV.UK roadmap).

1. Introduction & Country Context (2/2)

1.3 International positioning

- Follower of the decentralised, Peppol-based trend (e.g. Belgium, Germany), not a clearance (CTC) country.
- Go-live 1 April 2029 sits just before EU ViDA cross-border DRR (1 July 2030), which advisors see as helpful for UK–EU trading (rtcsuite).
- Unlike France and Belgium, no phasing by company size: one date for all (SharedServicesLink).

1.4 Supranational authorisation

- Not applicable: post-Brexit the UK does not need an EU Council Implementing Decision or VAT Directive derogation for Great Britain.
- Northern Ireland (Windsor Framework) applies EU VAT rules for goods; how ViDA and the UK mandate interact for NI goods flows has not been addressed in the sources reviewed – flagged as an open point.

2. Regulatory Framework (1/2)

2.1 Primary legislation

- Value Added Tax Act 1994 – existing invoicing and records powers (s.58 and Schedule 11).
- Finance Bill 2026-27: will introduce enabling powers for e-invoicing requirements and confer UK Peppol Authority functions on HMRC (GOV.UK TIIN).
- Royal Assent / Act number: Not yet legislated / not yet published by HMRC as at 1 November 2026.

2.2 Implementing regulations and notices

- Detailed scope, technical requirements and exemptions will be set out in regulations or, where permitted, in an HMRC notice with force of law (GOV.UK TIIN index).
- Current invoice rules: VAT Regulations 1995 (SI 1995/2518), Part III (regs 13–20), including reg 14 invoice content and self-billing conditions in reg 13.
- No amendments yet to the MTD VAT return (9-box) or any SAF-T-type filing. Not yet legislated / not yet published by HMRC as at 1 November 2026.

2. Regulatory Framework (2/2)

2.3 Guidance, FAQs, enforcement statements

- Roadmap for e-invoicing implementation, 28 October 2026 (GOV.UK).
- Policy paper 'E-invoicing requirements' (TIIN), 28 October 2026 (GOV.UK).
- Consultation 'Extending the benefits of e-invoicing: digital reporting', 28 October 2026 – 20 January 2027 (SharedServicesLink).
- Government commits to publish key requirements Oct 2027 – Apr 2028 and not to change them after April 2028 unless feedback requires (SoftCo).
- No penalty/enforcement guidance for e-invoicing yet published.

2.4 Supranational basis

- No EU derogation required. Directive 2014/55/EU B2G rules were transposed pre-Brexit and remain in retained/assimilated public procurement law (receipt of EN 16931 e-invoices by contracting authorities).
- Peppol governance via OpenPeppol; HMRC to become UK Peppol Authority (currently NHS Supply Chain) (SoftCo; GOV.UK TIIN).

3. Scope of the Mandate (1/2)

3.1 Transactions in scope

- Domestic B2B: mandatory from 1 April 2029 wherever a VAT invoice is required today. PDFs, Word, images and invoices embedded in e-mails will not qualify as e-invoices (KPMG; SharedServicesLink).
- Domestic B2G: in scope – public sector bodies must issue and receive VAT invoices as e-invoices; this also covers bodies that are not VAT-registered but need a VAT invoice to recover input tax (GOV.UK TIIN). Existing NHS Peppol practice will fold into the national Peppol framework.
- Domestic B2C: out of scope; no QR code or digital receipt rules announced (KPMG).
- Cross-border B2B (outbound/inbound): outside the mandate; voluntary use of e-invoicing permitted (SharedServicesLink; KPMG).
- Exports and imports: outside the mandate (no UK VAT invoice requirement for zero-rated exports to non-UK customers in the same way; import VAT evidenced by customs/C79/postponed VAT statements).
- Acquisitions (NI goods from EU): not specifically addressed; Not yet legislated / not yet published by HMRC as at 1 November 2026.

3.2 Special transactions

- Self-billing: no exclusion announced; as self-billed invoices are VAT invoices, advisors expect them in scope. Detailed rules Not yet legislated / not yet published by HMRC as at 1 November 2026.
- Triangulation/chain: only where a UK VAT invoice is required between UK VAT-registered persons; no specific rules published.
- Margin schemes, TOMS (travel), second-hand goods, flat-rate farmers, investment gold: no specific guidance; where no VAT invoice is required (e.g. margin scheme invoices not showing VAT) treatment Not yet legislated / not yet published by HMRC as at 1 November 2026.

3. Scope of the Mandate (2/2)

3.3 Exclusions

- B2C; transactions with non-VAT-registered customers; cross-border supplies where no UK VAT invoice is required; taxpayers with a digital exclusion exemption (KPMG).
- Simplified/less detailed invoices ($\leq$ GBP 250), transport tickets, financial/insurance exempt supplies: treatment Not yet legislated / not yet published by HMRC as at 1 November 2026.
- Legal basis for exclusions will be the forthcoming regulations/HMRC notice.

4. Taxable Persons in Scope

4.1 Established entities

- All VAT-registered persons – companies, partnerships, sole traders, charities, public bodies – from the same date (SharedServicesLink).

4.2 Non-established entities

- Foreign entities with UK fixed establishment and UK VAT registration: in scope.
- Non-established taxable persons (NETPs) registered for UK VAT: in scope, same rules as UK businesses (KPMG).
- Foreign entities without UK VAT registration: outside scope (no UK VAT invoice issued).

4.3 Voluntary participation

- Voluntary e-invoicing via Peppol available now and outside mandatory scope; no formal pilot or incentive scheme announced.

4.4 Sector rules

- Digital-exclusion exemption modelled on MTD; application details by April 2028 (SharedServicesLink).
- EDI and legacy systems: guidance on how they sit alongside Peppol due Autumn 2027 (SoftCo).
- No sector-specific exemptions (financial services, utilities, telecom) announced.

5. Implementation Timeline (1/2)

5.1 Legislative history

- Feb–May 2025 consultation; 26 Nov 2025 Budget announcement; 23 Jun 2026 Peppol confirmed; Jul 2026 HMRC Transformation Roadmap update fixes April 2029; 28 Oct 2026 Roadmap and TIIN (SharedServicesLink).
- Finance Bill 2026-27 enabling powers; secondary legislation thereafter.

5.2 Pilot phases

- No pilot or incentive programme announced; voluntary Peppol use possible.

5.3 Go-live

- 1 April 2029: single go-live for all VAT-registered persons, issue and receipt simultaneously; no thresholds (SharedServicesLink).

5.4 Grace periods

- No grace or soft-landing period announced. Not yet legislated / not yet published by HMRC as at 1 November 2026.

5. Implementation Timeline (2/2)

5.5 Pre-mandate milestones

- Spring 2027: technical consultation on UK e-invoicing standards and parallel consultation on Access Point certification (SoftCo; Identity Week).
- Spring 2027: decision on long-term home of UK Peppol Authority (SharedServicesLink).
- Autumn 2027: EDI/legacy guidance.
- Oct 2027 – Apr 2028: publication of final requirements (standards, identifiers, exemptions); frozen after April 2028.
- By April 2028: digital-exclusion exemption application process.

5.6 Postponements

- None to date; the date has narrowed from '2029' to 1 April 2029. Advisors flag the tight 12-month window between frozen requirements and go-live.

6. Operating Model (1/2)

6.1 Model type

- Decentralised interoperability (Peppol four-corner) model; no central clearance and no government portal. HMRC as Peppol Authority will not receive copies of business invoices (SoftCo; KPMG).
- Digital reporting (a potential 'fifth corner') is only under consultation; no decision taken (SharedServicesLink).

6.2 Invoice lifecycle

- Step 1 – Creation: supplier ERP generates structured invoice in the UK Peppol format.
- Step 2 – Submission: sent to supplier's certified Peppol Access Point.
- Step 3 – Validation: Access Point/Peppol schema and business-rule checks; rejection messaging per Peppol standards; UK rules Not yet legislated / not yet published by HMRC as at 1 November 2026.
- Step 4 – Clearance: none; no government ID or fiscal code.
- Step 5 – Delivery: buyer's Access Point delivers to buyer's system; legal moment of issue under VAT rules unchanged pending regulations.
- Step 6 – Retrieval: via buyer's software/Access Point.
- Step 7 – Archiving: by taxpayer, as today.

6. Operating Model (2/2)

6.3 Authentication

- Peppol PKI certificates at Access Point level; business identifiers (expected VAT number and/or Companies House number) to be confirmed Oct 2027 – Apr 2028 (SoftCo).

6.4 Offline mode

- Not applicable (no clearance platform).

6.5 Buyer workflow

- Buyers must be able to receive e-invoices; buyer acceptance not a validity condition. Peppol invoice response messages expected to be optional.

6.6 QR codes

- Not required; none announced.

7. E-Invoice Formats

7.1 Mandatory format

- A single UK standard to be fixed after the Spring 2027 technical consultation. Market expectation: a Peppol PINT-based UK specification aligned to EN 16931 (OrderSync).
- PDF, paper, Word, Excel and e-mailed images will not be valid for in-scope transactions from 1 April 2029.

7.2 International standards

- Expected alignment with EN 16931, Peppol BIS Billing 3.0/PINT, UBL 2.1 (and possibly CII); UK-specific extensions Not yet legislated / not yet published by HMRC as at 1 November 2026.

7.3 Legacy formats

- Role of EDI and legacy systems to be clarified Autumn 2027; hybrid PDF+XML (Factur-X type) acceptance Not yet legislated / not yet published by HMRC as at 1 November 2026.

7.4 Attachments

- Peppol allows embedded binary attachments as supporting documents; UK legal status Not yet legislated / not yet published by HMRC as at 1 November 2026.

8. Technical & Functional Requirements

8.1 E-invoice data fields

- The mandate does not change what a VAT invoice must contain (KPMG). Current mandatory content (VAT Regs 1995 reg 14 and VAT Notice 700 s.16): unique sequential number; issue date; time of supply; supplier name, address, VAT number; customer name and address; description of goods/services; quantity/extent; unit price excl. VAT; VAT rate per line; discount; total excl. VAT; total VAT in GBP.
- Conditional: reason for zero-rating/exemption; reverse-charge statement; self-billing reference; margin scheme annotation.
- Validation rules (code lists, decimal and calculation rules): will follow the UK Peppol specification – Not yet legislated / not yet published by HMRC as at 1 November 2026.

8.2 E-reporting

- No e-reporting obligation. VAT reporting remains the MTD VAT return (9 boxes) via API-enabled software.
- No SAF-T. Digital reporting model, data elements and frequency are subject to the consultation closing 20 January 2027 – no preferred model proposed (Identity Week).

8.3 Signature & integrity

- No per-invoice qualified signature; integrity relies on Peppol secure transport and existing VAT authenticity/integrity rules (Notice 700/21).

8.4 Real time

- No real-time or T+X reporting in 2029 (TapTax). Peppol exchange itself is near-instant.

9. Correction of Errors

9.1 E-invoice corrections

- Existing rules apply: corrections via credit or debit notes referencing the original invoice (number, date), the reason and corrected amounts (VAT Notice 700).
- Under the mandate, credit notes are expected to be exchanged as Peppol credit-note messages; UK-specific rules Not yet legislated / not yet published by HMRC as at 1 November 2026.

9.2 Return corrections

- Errors below the threshold (greater of GBP 10,000 or 1% of Box 6 turnover, capped at GBP 50,000) may be corrected on the next return; larger or deliberate errors via form VAT652 or online; 4-year time limit (Notice 700/45).
- Inaccuracy penalties under FA 2007 Sch 24 may apply.

10. Transmission & Workflow

10.1 Central platform

- None. HMRC will act as UK Peppol Authority (currently NHS Supply Chain) (GOV.UK TIIN).

10.2 Channels

- Certified Peppol Access Points only for in-scope flows; no free government portal or app announced. EDI coexistence guidance due Autumn 2027.

10.3 Service providers

- Use of a certified Access Point will be effectively required; UK certification requirements consulted on in Spring 2027 (see Roadmap Annex 2 'Peppol Authority Specific Requirements') (GOV.UK roadmap). Register: OpenPeppol directory.

10.4 Interoperability

- NHS/B2G Peppol flows and B2B will run on one network; cross-border Peppol interoperability with EU countries possible.

10.5 Deadlines

- Invoice issuance: within 30 days of the time of supply (existing rule).
- VAT return and payment: one calendar month and 7 days after period end via MTD.
- No T+X e-reporting deadlines.

11. Self-Billing

11.1–11.2

- Permitted under existing rules (Notice 700/62); treatment within the e-invoicing regime Not yet legislated / not yet published by HMRC as at 1 November 2026.

11.3 Authorisation

- Written self-billing agreement, normally for 12 months; supplier must be VAT-registered; customer checks registration; HMRC approval no longer needed.

11.4–11.5 Content and flag

- Normal VAT invoice content plus reference to self-billing. Peppol invoice type code 389 is expected to flag self-billing; UK confirmation pending.

11.6–11.7 Foreign buyers / acceptance

- No specific restrictions announced; supplier acceptance governed by agreement, not by a platform.

12. Triangulation & Special Scenarios

12.1 Triangulation

- UK has no EU triangulation simplification for GB; NI goods follow EU rules. No e-invoicing-specific rules.

12.2 Chain transactions

- Only domestic UK VAT invoices between UK VAT-registered parties in scope.

12.3 Reverse charge

- Domestic reverse charge (construction CIS, specified goods) invoices remain VAT invoices with reverse-charge notation – expected in scope. Inbound services from abroad (s.8 VATA) – no UK e-invoice requirement.

12.4 Zero-rated/exempt

- Zero-rated domestic supplies in scope; reason codes expected through Peppol VAT category codes (Z, E, AE, etc.) – UK mapping pending.

12.5 Local nuances

- VAT groups, NETP fiscal representatives, call-off stock and NI XI flows: Not yet legislated / not yet published by HMRC as at 1 November 2026.

13. Archiving & Retention

13.1 Central archiving

- None; HMRC will not hold invoices.

13.2 Format

- Original electronic invoice to be kept; rules on keeping the structured XML Not yet legislated / not yet published by HMRC as at 1 November 2026.

13.3 Retention

- 6 years (VATA 1994 Sch 11 para 6); Notice 700/21.

13.4 Location

- Storage outside the UK permitted provided records are accessible to HMRC on request.

13.5 Integrity

- Authenticity of origin, integrity of content and legibility must be ensured; no mandated technology.

13.6 Audit access

- On demand (no real-time access).

14. Penalties & Enforcement

14.1 Transitional enforcement

- No e-invoicing penalty regime or soft-landing yet published.

14.2–14.3 Existing penalties

- Failure to issue compliant e-invoice: specific penalty Not yet legislated / not yet published by HMRC as at 1 November 2026.
- Inaccurate returns: 0–30% (careless), 20–70% (deliberate), 30–100% (deliberate and concealed) of potential lost revenue (FA 2007 Sch 24).
- Late VAT returns: points-based regime, GBP 200 penalty at threshold (GOV.UK).
- Record-keeping failures: up to GBP 3,000 per period (FA 2008 Sch 37 / VATA s.69).

14.4 References

- Finance Bill 2026-27 and later regulations will set any e-invoicing penalties.

15. Pre-Filled VAT Returns

15.1–15.5

- No pre-filled VAT returns exist and none are announced.
- Digital reporting consultation asks whether selected invoice data could reduce duplicate reporting and improve repayment checks – a possible future building block (SharedServicesLink).
- No ViDA alignment (UK outside EU).

16. ViDA / International Readiness

16.1 Position

- Not bound by ViDA (except potentially NI goods). Timing roughly aligned: UK domestic 2029 vs EU cross-border DRR July 2030.

16.2 Alignment

- Peppol/EN 16931 base gives strong technical alignment with EU decentralised models; no DRR-style transaction reporting yet.

16.3 Cross-border

- No UK cross-border reporting; no data exchange with EU VIES/ViDA systems announced.

16.4 Business implications

- Multinationals can use one Peppol-capable architecture for UK, BE, DE, FR and ViDA; early Peppol adopters (NHS suppliers) benefit.

17. Impact on SMEs and Startups (1/2)

17.1 Phased onboarding

- None – SMEs go live on 1 April 2029 (SharedServicesLink).

17.2 Support

- Government adoption support set out in roadmap section 'Helping businesses adopt and benefit'; details of free tools Not yet legislated / not yet published by HMRC as at 1 November 2026. (GOV.UK roadmap).

17.3 Simplified regimes

- No turnover threshold beyond VAT registration; digital-exclusion exemption only.

17.4 Subsidies

- None announced.

17.5 Costs

- Access Point / software fees, ERP mapping, master data (identifiers), training. Consultation evidence: e-invoicing can cut invoicing costs by 60–80% (Doxis).

17.6 Cash flow

- Faster processing and fewer disputes; government links e-invoicing to reduced late payment (GOV.UK roadmap).

17. Impact on SMEs and Startups (2/2)

17.7 Net effect

- Initial burden for paper/PDF-based SMEs; long-term automation gains. MTD-compatible software vendors are expected to bundle Peppol.

17.8 Market impact

- Concentration in software/Access Point market; EDI-to-Peppol transition challenges for retail and automotive supply chains.

17.9 Readiness assessments

- HMRC research (800-business survey, 45 interviews, 2025); 342 consultation responses, 63% favouring decentralised model (TapTax; Dosis).

18. Official References & Sources (1/4)

18.1 Government portals

- GOV.UK – Roadmap for e-invoicing implementation
- GOV.UK – VAT: electronic invoicing (TIIN)
- GOV.UK – E-invoicing requirements

18.2 Legislation

- VAT Act 1994
- VAT Regulations 1995
- Finance Act 2007 Sch 24
- Finance Bill 2026-27 – not yet published as Act.

18.3 Technical specifications

- UK standard not yet published (Spring 2027 consultation).
- OpenPeppol UK announcement

18. Official References & Sources (2/4)

18.4 HMRC guidance

- VAT Notice 700/21
- VAT Notice 700/62
- VAT Notice 700/45
- VAT Notice 700/22 (MTD)
- Penalties for late submission

Sources: see chapter 18 / Word document

18. Official References & Sources (3/4)

18.5 Advisors & newsletters

- KPMG TaxNewsFlash, 28 Oct 2026
- SoftCo, 30 Oct 2026
- SharedServicesLink, 28 Oct 2026
- SharedServicesLink, 30 Oct 2026
- Identity Week, 29 Oct 2026
- TapTax
- Doxis
- rtcsuite
- OrderSync
- VATupdate.com – United Kingdom

18. Official References & Sources (4/4)

18.6 Link check

- All links accessed 1 November 2026; VATupdate.com and legislation.gov.uk URLs are standard landing pages not individually re-verified in this run. Big 4 coverage beyond KPMG not retrieved.

19. Summary & Key Takeaways

Overview

- Scope: domestic B2B and B2G VAT invoices between VAT-registered persons (incl. NETPs and public bodies); B2C and cross-border excluded.
- Format: UK Peppol standard (EN 16931-based expected); PDFs invalid from 1 April 2029.
- Timeline: Spring 2027 consultations; Oct 2027–Apr 2028 final requirements; 1 April 2029 go-live; no grace period announced.
- How it works: decentralised Peppol four-corner model; HMRC as Peppol Authority, not in the invoice flow.
- Obligations: issue and receive e-invoices; existing VAT content, correction and 6-year archiving rules continue.
- Risks: invalid invoices and input-VAT recovery exposure; EDI transition; unknown penalty regime; tight 12-month build window.
- SMEs: no phasing or subsidies; digital-exclusion exemption only.
- International: well aligned with EU Peppol models ahead of ViDA 2030.
- Next steps: respond to digital reporting consultation by 20 Jan 2027; engage in Spring 2027 standards consultation; map UK invoice flows (incl. self-billing, EDI); select Access Point; budget 2027–28 build and 2028 testing.