

Accounting resource: E-invoicing.



In brief:

In the 2025 Budget the government confirmed that e-invoicing was going to become a mandatory requirement for all VAT registered businesses from 1st April 2029, insisting that they are sent via the PEPPOL network. A detailed roadmap is due to be published in the 2026 Autumn Budget which will confirm when businesses need to implement it. However, early adoption is already available.

PEPPOL is a global e-invoicing network and interoperability standard used by platforms such as accounting tools that enables businesses to exchange invoices and other procurement documents in a secure, structure, machine-readable format.

The governments aims:

- To reduce the VAT Gap, which costs governments across Europe over €100bn per year
- To strengthen tax compliance and reduce errors in tax returns
- To modernise the UK's digital infrastructure

Benefits to your business, as a supplier:

- A reduction in late payments -research indicates that e-invoicing can reduce late payment by about 20%, saving small businesses over £11,000 per year
- Improve efficiency in the book-keeping process as the time spent providing copy invoices is reduced

Benefits for your business, as a customer:

- A reduction in late payment penalties and interest
- Improve efficiency in the book-keeping process as the time spent on manual data entry and following up on missing invoices is reduced

E-invoicing: How to get ready.

- Ensure you have the right systems and processes in place - an accounting software that accommodates e-invoicing, streamlined processes to ensure invoices can be issued on time and automated as much as possible, VAT invoice templates that comply with HMRC standards
- Ensure you have all customer and supplier VAT numbers stored within the accounting system
- Ensure your accounting system can generate UBL/XML invoices in the PEPPOL structure
- Check sector specific frameworks
- Ensure compliance with UK GDPR rules for storage and transmission of invoices
- Within your accounting system ensure your VAT number and legal entity name match HMRC records
- Register for PEPPOL - this can be done within your accounting system, or if you want full control, ERP integration, API access or to support multiple platforms you will need to register with a PEPPOL Access Point (AP)

What to do once registered

- Confirm to suppliers that you can now accept e-invoices through PEPPOL
- Advise customers that you are now able to send structured PEPPOL e-invoices, and ensure you have their VAT number, and when you plan to start sending e-invoices

FAQs

- Do both customer and supplier need to be registered for e-invoicing?
Yes, both the sender and receiver must be registered on the PEPPOL network for e-invoices to flow between them.
- What if only some of my customers are registered to receive e-invoices?
You will issue invoices in the same way for both types of customers from your accounting system. Your accounting system will decide whether to send in via PEPPOL or email.
- What if only some of my suppliers are registered to send e-invoices?
Invoices from registered suppliers will be received via e-invoicing. Invoices from non-registered suppliers will be received in the normal way. You should consider introduction a tool for capturing your invoices and extracting the data automatically until all suppliers are registered for e-invoicing.

- Can an invoice be sent via email as well as via the PEPPOL network?
Yes, if your finance system allows it and it doesn't break the customers compliance rules.
- What will the process be where I currently upload an invoice to my customers portal?
Once your customer is registered for e-invoicing this will replay the need to do the manual upload.
- What will the process be for self-billing customers?
The self-bill invoice is still created by the customer who records it as a Self-billed invoice (type code 389) before sending it via the PEPPOL network where it is recorded in the suppliers' records as a sales invoice.
- Will CIS deduct from suppliers be processed in the same way?
Yes, the process will be the same as long as the relevant subcontractor information is recorded in the supplier record.
- What if my customers are individuals?
There is no need to register for e-invoicing. It is only relevant for VAT Registered businesses.
- How does it work with international trade?
Many countries worldwide have already adopted invoicing or having in their roadmap.
- What if an invoice goes into my system that is not a valid approved expense?
The invoice will go into your system in draft. You must ensure you have robust review and approval processes in place.
- What if my revenue and costs are managed outside of my accounting system?
We don't have all the answers, but can work with you to find a solution that meets all requirements.

How can we help?

- Help configure the system
- Review system to ensure it is configured correctly, including invoice template
- Update records to include all relevant customer and supplier information
- Review bespoke systems and processes to provide a solution
- Help with communications to customers and suppliers
- Full financial health check to review all systems and processes