

Why the introduction of e-Invoicing matters for Mergers & Acquisitions in the UAE



Executive summary

The introduction of e-Invoicing in the UAE is often framed as a regulatory, typically VAT-driven initiative. In practice, it represents a much deeper structural change: a shift in how underlying financial information is created, validated, and relied upon in audits, transactions, and investment decisions.

Against a backdrop of tighter liquidity, more selective capital deployment, and evolving investment strategies across the region, the quality and defensibility of financial information have become even more critical. Investors are placing greater emphasis on certainty of earnings, speed of execution, and downside protection.

By introducing structured, time-stamped, rule-based transactional data, e-invoicing raises the standards of financial defensibility. It reduces the room for management narrative, increases reliance on evidence, and moves risk discussions earlier in the deal lifecycle. For well-prepared businesses, this improves credibility and execution speed. For others, it may expose weaknesses that were

previously manageable—particularly in an environment where investors are less willing to underwrite uncertainty.

This article outlines how e-invoicing will impact the UAE market: the quality of earnings, the conduct of due diligence, the defensibility of historical positions, the mechanics of pricing and escrows, and the skillsets required for deal advisory teams.

If you need a comprehensive explanation of what electronic invoicing is in the UAE context, you can refer to our previous articles here:

[The introduction of e-invoicing in the United Arab Emirates – The Countdown Begins!](#)

and here

[Middle East tax Alert | UAE | UAE e-Invoicing Consultation Paper | MoF Proposes Data Dictionary](#)

e-Invoicing is a finance transformation undertaking, not a tax project



At its core, e-invoicing replaces document-based invoicing with digital structured data generated and governed by systems rather than individuals. Invoices are created through defined logic, time-stamped at source, and reported in near-real-time to the Federal Tax Authority (FTA) and Ministry of Finance (MoF).

It changes the baseline quality of data that auditors, investors, and buyers expect to rely on e-Invoicing does not simply make information more readily available; it makes it harder to argue against.

Whether a business intends it or not, e-invoicing elevates invoicing from an operational process to a core component of financial governance.

In the current environment, where businesses are reassessing operating models and cash discipline, the ability to rely on accurate, real-time transaction data is increasingly central to financial resilience.

Impact on quality of earnings and audit outcomes

Historically, Quality of Earnings (QoE) reviews and audits in the UAE frequently focused on revenue cut-off, completeness of invoicing, VAT classification, and manual adjustments. These areas are not necessarily indicators of weak businesses, but they often reflect process limitations and control gaps.

This becomes more pronounced in a market where capital is more selective, and stakeholders are scrutinizing earnings quality more closely, particularly in sectors exposed to demand volatility or working capital pressure.

e-Invoicing changes this dynamic by flagging potential issues

upstream in the due diligence process. Automated invoice sequencing, embedded VAT logic, and tighter system controls reduce the incidence of recurring adjustments. Audits become less about reconciling documents and more about assessing whether systems and controls can be relied upon.

The result is not the elimination of judgment, but a change in where it is exercised. Earnings discussions can increasingly center on economic substance rather than economic substance and sustainability, rather than mechanical corrections, and late-stage audit surprises become less common.

How due diligence is changing in practice

e-Invoicing is an evolution of the way financial, and tax due diligence is scoped, timed, and executed.

Scope expands beyond reported numbers to include data quality, systems architecture, and control design. Diligence teams increasingly examine how e-invoices are captured in systems, how VAT logic has been configured, and whether invoices, VAT returns, and financial statements reconcile at a transaction level.

Timing improves for prepared businesses. Structured invoice data allows analytics to begin earlier, often in parallel with other workstreams. This reduces clarification cycles and compresses due diligence timelines. Where data is weak, however, issues surface sooner rather than later, which ultimately leads to more disciplined outcomes.

Execution becomes less interview-driven and more evidence-led. Management discussions focus on specific exceptions rather than general explanations, improving clarity and credibility on both sides of the table.

In the current UAE deal environment, where transaction timelines are tighter and investors are prioritizing execution certainty, this shift is particularly relevant. Buyers are less tolerant of ambiguity and more focused on identifying issues early, quantifying downside, and aligning prices with risk. E-invoicing supports this by reducing reliance on management explanations and accelerating access to decision-grade data.

What becomes harder to defend once e-invoicing is in place

Greater transparency inevitably reduces discretion. Once transaction-level data is consistent, traceable, and time-stamped, several positions that were historically explainable could become difficult to sustain.

Revenue cut-off arguments based on judgement rather than system evidence carry less weight. Manual invoice adjustments and back-dating are far more visible. VAT positions that rely on interpretation rather than rule-based logic are exposed through

inconsistency. Reconciliation gaps between systems become harder to explain away. Practices justified by “market standard” rather than technical correctness lose credibility once rules are embedded in systems.

In short, the balance shifts decisively from narrative to data led.

In a more cautious investment environment, these positions are not only harder to defend—they are less likely to be tolerated.

Pricing, escrows, and post-deal outcomes

A common concern is that greater transparency leads to more pricing pressure. In practice, e-invoicing does not create new risks; it merely accelerates the visibility of existing ones.

This is particularly relevant in a market where liquidity conditions and financing structures are evolving, and where investors are increasingly focused on protecting downside and preserving value.

For strong businesses, this often supports valuation and accelerates deal confidence at a time when capital is more selective. Investors place greater reliance on earnings, diligence moves faster, and negotiations are cleaner. For weaker businesses, issues that would previously surface post-closing are identified and addressed earlier.

Pricing adjustments become more targeted rather than broader. Escrows tend to be smaller and more focused, tied to quantifiable risks rather than general uncertainty. Post-deal clean-up shifts from reactive remediation to planned integration activity agreed before signing.

The overall effect is not more friction, but earlier and more disciplined risk allocation.

In this context, transparency is not just a reporting improvement—it becomes a tool for facilitating deal certainty in a more disciplined market.

Implications for deal advisory teams and required skillsets

e-Invoicing is not only changing what is reviewed in a transaction; it is changing who is equipped to review it.

Traditional deal advisory approaches, heavily reliant on sampling and management interviews, are increasingly insufficient in an environment where data is readily available, structured, and fully auditable. Modern diligence requires the ability to understand systems, data flows, and embedded logic, not just financial outputs.

This is compounded by the current market dynamic, where investors expect faster answers, clearer risk articulation, and greater precision in valuation support.

Effective deal teams now need a hybrid skillset that combines strong accounting and QoE judgement, deep VAT and indirect tax expertise, systems and data fluency, and the ability to apply analytics at scale. Just as importantly, they must exercise judgement at the intersection of finance, tax, and technology: distinguishing between structural issues, remediable weaknesses, and noise.

Advisors lacking this breadth will increasingly struggle to defend conclusions under investor scrutiny. Those who possess it are able not only to identify issues, but to quantify them, contextualize them, and advise on practical remediations.

E-Invoicing is reshaping the financial and transactional landscape in the UAE. It improves the quality of earnings, accelerates and deepens due diligence, limits the defensibility of weak positions,

and moves risk discussions earlier in audits and deals.

In a market characterized by more selective capital, evolving strategies, and increased focus on execution certainty, these changes are not incremental—they are structural.

For well-prepared businesses, e-invoicing becomes a competitive advantage, enabling faster transactions, stronger valuations, and greater investor confidence.

For unprepared ones, it acts as an early warning, exposing weaknesses at a point where they are more likely to impact pricing and deal outcomes.

As always, the difference lies not in regulation, but in execution.



Implementation quality as the decisive factor

Across all these areas, one factor consistently determines outcomes: implementation quality.

Where e-invoicing is treated as a pure compliance exercise and effectively a sunk cost, businesses often experience reconciliation gaps, inconsistent VAT outcomes, increased audit scrutiny, and pricing pressure in transactions. Where it is approached as a finance and data-quality transformation, the opposite occurs: earnings credibility improves, diligence accelerates, and deal execution becomes smoother.

The regulatory mandate is the same for everyone. The results won't be.

As businesses across the UAE reassess priorities, optimize costs, and strengthen balance sheets, e-invoicing should be viewed as part of a broader effort to improve financial visibility and control.

Conclusion

e-Invoicing will impact the financial and transactional landscape in the UAE. It can improve the quality of earnings, accelerate and deepen due diligence, limit the defensibility of weak positions, and move risk discussions earlier in audits and deals.

For well-prepared businesses, it is a competitive advantage.

For unprepared ones, it is an early warning.

As always, the difference lies not in regulation, but in execution.

How A&M can help:

A&M provides investors and lenders the answers needed to get the deal done. We combine our firm's deep operational, industry and functional resources with financial accounting and tax expertise to assess key deal drivers and focus on the root cause of any critical deal issues.

A&M provides deep technical expertise in helping businesses in the UAE to get ready for e-invoicing. Our structured methodology has been proven worldwide in extracting the maximum benefits from the original investment in getting ready while de-risking the implementation to ensure compliance from day one.

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