



E-invoicing: What UK businesses should do now

August 2026

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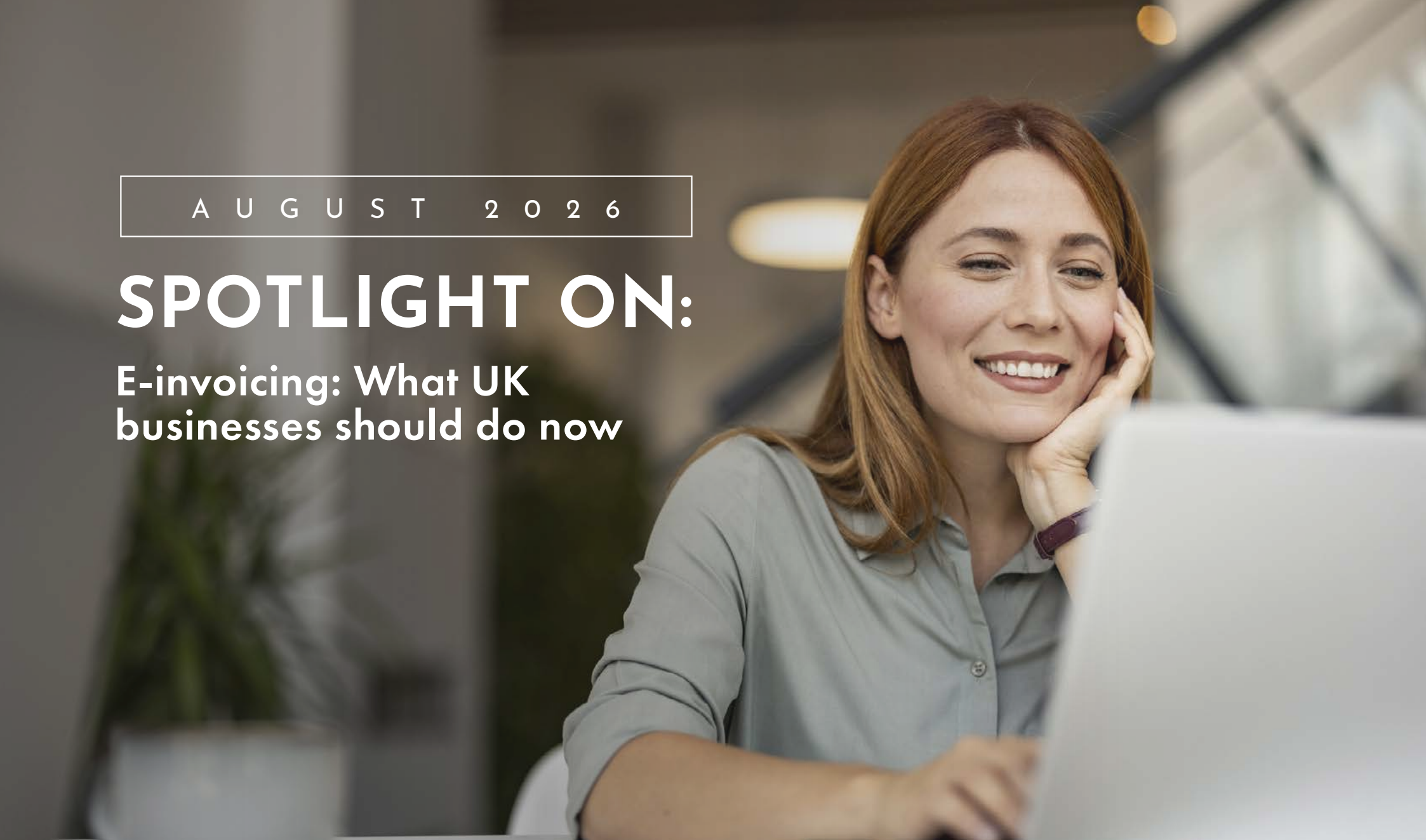
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AUGUST 2026

SPOTLIGHT ON:

E-invoicing: What UK businesses should do now



KEY PLANNING POINTS FOR BUSINESSES AHEAD OF THE 2029 MANDATE

E-invoicing is moving from a software choice to a compliance and finance planning issue. The government has confirmed that e-invoicing will become mandatory for all VAT invoices from April 2029. HMRC and the Department for Business and Trade are due to publish an implementation roadmap at Budget 2026, setting out the milestones businesses should expect before the mandate takes effect.

This gives businesses time to prepare, but it also means 2026/27 is a useful year to review invoicing processes, customer and supplier data, software, payment terms and VAT controls. Waiting until the final year may create avoidable cost, disruption and pressure.

This guide explains what e-invoicing is, why the UK is moving in this direction and what businesses should plan before the Budget roadmap is published.

WHAT E-INVOICING MEANS

An e-invoice is not simply a PDF invoice sent by email.

HMRC describes e-invoicing as the digital exchange of invoice data directly between a supplier's and buyer's finance systems, even where those systems differ. The data can then automatically feed into the buyer's system, reducing manual processing and improving efficiency.

In practical terms, an e-invoice uses structured data. That means the invoice information – such as supplier details, VAT number, invoice date, tax point, purchase order reference, VAT rate and payment terms – sits in a format that software can read and process.

A PDF invoice may look digital, but it often still needs manual checking, coding, approval and entry. E-invoicing aims to remove much of that manual handling.

WHAT HAS THE GOVERNMENT ANNOUNCED?

The key points are:

- The UK will mandate e-invoicing for all VAT invoices from April 2029. This will apply to VAT invoices, which are generally used for business-to-business and business-to-government transactions where VAT is due. It will not usually apply to normal business-to-consumer retail transactions.
- The government will publish an implementation roadmap at Budget 2026. That roadmap should give businesses and advisers more detail on timing, staging, standards and practical requirements.
- The government has also announced that Peppol will be the UK's core interoperability network for e-invoicing. This gives software providers and businesses a clearer steer on the technical direction of travel.
- The mandate is not immediate. April 2029 gives businesses a planning window. However, e-invoicing affects more than the invoice template. It touches sales processes, credit control, purchase ledger, VAT records, customer onboarding, supplier management and software integration.

WHY THIS IS LINKED TO VAT AND DIGITAL REPORTING

E-invoicing forms part of a wider shift towards digital tax administration and better-quality business data.

For the 2026/27 tax year, the VAT registration threshold remains £90,000 and the VAT deregistration threshold remains £88,000. The standard VAT rate remains 20%, with the reduced rate at 5% and the zero rate at 0%.

Many VAT-registered businesses already keep digital VAT records and submit VAT returns through Making Tax Digital software. The e-invoicing mandate will take this further by focusing on the invoice data that sits behind those records.

Making Tax Digital for Income Tax has also started for sole traders and landlords with qualifying income over £50,000 from 6 April 2026. It will extend to those with qualifying income over £30,000 from 6 April 2027 and over £20,000 from 6 April 2028.

These changes show the same general direction: more structured records, more regular digital reporting and less reliance on manual data entry.

WHY BUSINESSES SHOULD NOT WAIT UNTIL 2029

The legal requirement may be three years away, but the operational work starts earlier.

Many businesses still use a mixture of PDFs, spreadsheets, email trails, manual approvals and supplier portals. That may work day to day, but it can create pressure when customers, suppliers, government bodies or software systems start demanding structured invoice data.

HMRC-commissioned research found that 59% of VAT-registered SMEs surveyed were familiar with the definition of e-invoicing, but only 29% reported using it. The same research found that PDF or email remained the most common invoicing method for sending and receiving invoices, followed by paper or physical mail.

That gap between awareness and actual use matters for planning. Businesses may think they are already digital because they send invoices by email. In many cases, they are not yet e-invoicing in the way the future regime is likely to require.

START WITH YOUR CURRENT INVOICE PROCESS

The first step is to map how invoices move through the business today.

For sales invoices, look at how the business creates the invoice, checks the customer details, applies VAT, sends the invoice, records payment and chases overdue amounts.

For purchase invoices, look at how supplier invoices arrive, who approves them, how they are matched to purchase orders, how VAT is checked and how the payment run is prepared.



The aim is to identify where people rekey data, correct errors, chase missing information or rely on informal workarounds.

Common issues include:

- Different invoice layouts for different customers
- Missing purchase order references
- Incorrect or outdated customer addresses
- Supplier VAT numbers not checked
- VAT codes selected manually without review
- Invoice approvals sitting in email inboxes
- Credit notes handled outside the main process
- Payment terms varying between systems and contracts

These are process problems, not just software problems. E-invoicing works best when the underlying data is clean and the process is consistent.

CHECK CUSTOMER AND SUPPLIER DATA

E-invoicing depends on accurate master data. Businesses should review customer and supplier records before they move towards e-invoicing. Poor data can cause invoice rejections, payment delays and VAT errors.

Useful checks include:

- Legal entity name
- Trading name, where different
- Registered office or billing address
- VAT registration number
- Company registration number, where relevant
- Email and finance contact details
- Purchase order requirements
- Payment terms
- Bank account details
- Customer or supplier portal requirements

VAT numbers deserve particular attention. If a business regularly invoices other VAT-registered businesses, it should have a process for checking and maintaining VAT details. E-invoicing is likely to make weak data more visible because systems will reject or flag records that do not meet the required format.

REVIEW YOUR SOFTWARE BEFORE THE BUDGET ROADMAP

The Budget 2026 roadmap should give more details on the path to April 2029. Before then, businesses can still ask useful questions about their current systems.

For example:

- Can the software create and receive structured e-invoices?
- Does it support Peppol, or does the provider plan to support it?
- Can it handle VAT invoice requirements properly?
- Does it integrate with the bank, payment provider, stock system, CRM or project management system?
- Can it process purchase orders, approvals and credit notes?
- Can it export clean audit trails?
- Does it support digital record keeping for VAT and, where relevant, Making Tax Digital for Income Tax?

Businesses do not necessarily need to change software immediately. However, they should open the conversation with providers early. Software roadmaps, implementation slots, training and data migration can take time.

A rushed software switch close to a compliance deadline can increase cost and risk. A planned review gives the business more control.

THINK ABOUT CASHFLOW AND LATE PAYMENTS

E-invoicing is not only a compliance project. It can also support better cashflow.

Late payment remains a serious issue for UK businesses. The government's late payment response stated that late payments cost the UK economy almost £11bn per year. It also reported that 14,000 businesses close each year

as a result of late payments, and that businesses are owed an estimated £26bn in late payments at any given time.

E-invoicing will not solve every payment problem. A customer can still delay payment even when the invoice data is perfect. But e-invoicing can reduce disputes caused by missing information, wrong purchase order numbers, slow invoice entry or unclear approval routes.

Businesses should use the move towards e-invoicing to tighten payment processes. That means checking whether invoices go out promptly, whether payment terms are clear, whether customer purchase order requirements are met and whether the credit control process starts early enough.





IDENTIFY CUSTOMERS WHO MAY MOVE FIRST

Some larger businesses and public sector bodies may adopt e-invoicing requirements before smaller suppliers are legally required to use them.

This means a small or medium-sized business may face practical pressure before April 2029. A major customer could request Peppol-ready invoices, structured invoice files or portal-based invoice submission as part of its own readiness plan.

Businesses should review their customer base and identify which customers are most likely to set requirements early. This may include:

- Public sector customers
- Large corporate customers
- Overseas customers in countries that already use e-invoicing widely
- Customers with strict purchase order controls
- Customers who already use supplier portals

If a small number of customers account for a large share of revenue, their invoice requirements should sit high on the planning list.

DO NOT IGNORE PURCHASE INVOICES

Many businesses focus first on sales invoices because that is where cash comes in. Purchase invoices also need attention.

A business that receives supplier invoices in structured form can reduce manual input, improve VAT coding, speed up approvals and gain better visibility over committed costs.

This is especially useful where a business has several approval layers, multiple sites, project-based costs or regular supplier disputes.

Purchase invoice planning should cover:

- How supplier invoices arrive
- Whether purchase orders are required
- Who approves spend
- How goods or services are matched to invoices
- How VAT is reviewed
- How credit notes are processed
- How duplicate invoices are detected
- How payment runs are authorised

A strong purchase invoice process helps control costs and reduces the risk of paying the wrong amount or paying the same invoice twice.

PREPARE STAFF AND RESPONSIBILITIES

E-invoicing changes the work people do. Finance teams may spend less time keying in invoices and more time reviewing exceptions, checking data quality and managing approvals. Sales teams may need to collect better customer billing information at the start of a relationship. Operations teams may need to raise purchase orders more consistently.

Businesses should decide who owns the e-invoicing project. In smaller businesses, this may sit with the owner-manager or finance lead. In larger businesses, it may involve finance, IT, operations and sales.

Key responsibilities include:

- Reviewing current processes
- Speaking to software providers
- Cleaning customer and supplier data Updating invoice templates and VAT coding
- Training staff
- Testing new workflows
- Communicating with customers and suppliers

E-invoicing will work better where the business treats it as a finance process change, not a last-minute technical update.

WHAT TO WATCH FOR IN BUDGET 2026

The Budget roadmap should help answer some of the remaining questions.

Businesses should look out for:

- The detailed implementation timetable
- Any phased approach by business size or transaction type
- Technical standards and Peppol requirements
- Rules for receiving as well as issuing invoices
- Transitional arrangements
- Treatment of legacy systems
- Support for small businesses
- Links with VAT compliance and digital record keeping

The government has said it will continue to engage with stakeholders on legacy systems that cannot interoperate in the future system.

That point will matter for businesses using older software, bespoke systems or sector-specific platforms. These systems may still perform core tasks well, but they may need upgrades, connectors or replacement if they cannot meet future e-invoicing requirements.



A PRACTICAL PRE-BUDGET ACTION PLAN

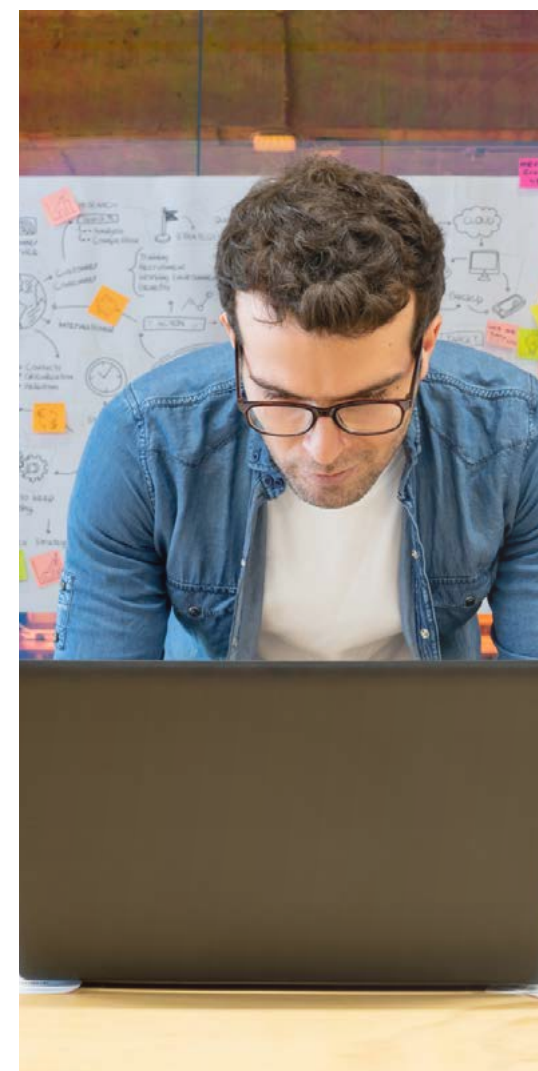
Businesses do not need to complete a full e-invoicing rollout before Budget 2026. They should use the time to understand their starting point.

A sensible action plan would be:

- List how sales and purchase invoices are created, sent, received, approved and paid.
- Identify where the business still relies on PDFs, spreadsheets, paper, email approvals or manual rekeying.
- Review customer and supplier data, including VAT numbers, payment terms and purchase order requirements.
- Speak to the current software provider about e-invoicing, Peppol and planned UK compliance updates.

- Identify customers or suppliers that may move to e-invoicing early.
- Review cashflow and credit control processes, especially where payment delays arise from invoice disputes.
- Check whether current software also supports wider digital tax requirements, including VAT records and Making Tax Digital for Income Tax where relevant.
- Set an internal review date after the Budget roadmap is published.

This approach keeps the business informed without forcing premature decisions.



FINAL THOUGHTS

E-invoicing is not an immediate filing deadline, but it is now a confirmed direction of travel for UK VAT invoices.

The April 2029 mandate gives businesses time to prepare. The Budget 2026 roadmap should provide more detail, but businesses can already make useful progress by reviewing invoice processes, cleaning data, speaking to software providers and tightening payment controls.

The businesses that benefit most will not be the ones that simply meet the deadline. They will be the ones that use the change to reduce admin, improve invoice accuracy, speed up approvals and strengthen cashflow.

The best next step is a practical review of current invoicing. Once the Budget roadmap is published, businesses will then be in a stronger position to decide what to change, when to change it and how much support they need.



We can help you assess your current invoicing process and identify what may need to change. Get in touch with us today.



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