

Qoyod Reports · June 2026

E-Invoicing Adoption in Saudi Arabia: From SAR 3bn to SAR 375k in 24 Waves (2026 Report)

A deep, data-driven report on e-invoicing adoption in Saudi Arabia: the two phases, the Fatoora wave ladder from SAR 3bn down to SAR 375k, 8.2 billion invoices in 2025, and the 30 June 2026 cliff.

June 2026

In four and a half years, Saudi Arabia moved its commercial invoicing from paper to a single unified digital system that links every invoice to the Zakat, Tax and Customs Authority (ZATCA) in real time. The shift did not happen all at once; it came through a calculated ladder of "waves" whose threshold drops with every step: it began with companies whose revenue exceeds SAR 3 billion and reached, in its final wave, establishments whose revenue exceeds SAR 375,000. This report tracks the journey of e-invoicing adoption in the Kingdom by the numbers: the two phases, the wave ladder, the scale of adoption, who is caught by the mid-2026 wave, and what comes after the rollout is complete.



What is Fatoora, and why two phases?

Fatoora is the national e-invoicing program launched by the Zakat, Tax and Customs Authority. It requires establishments to issue their invoices digitally in a structured format, replacing paper and conventional Word and PDF files. The program was designed in two consecutive phases, each with a different logic.

The first phase, the Generation phase, became mandatory for all VAT-registered taxpayers as of 4 December 2021. In this phase, the establishment issues its invoice through a compliant electronic system, and business-to-consumer (B2C) invoices carry a QR code, but without a direct link to the Authority yet. The second phase, the Integration phase, began on 1 January 2023, and this is where the real weight lies: every invoice is sent to the Fatoora platform, so business-to-business (B2B) invoices are cleared in real time and consumer invoices are reported within 24 hours, with a cryptographic stamp, a unique identifier (UUID), and a link to the previous invoice through a hash chain.

This distinction explains the entire structure of the report: the first phase digitized "generation" for everyone in one go, while the second phase – direct integration with the Authority's systems – is applied in measured batches that began with the largest, best-resourced companies and ends with the

smallest. This gradual descent is the backbone of the adoption story.

The two e-invoicing phases: from generation to integration

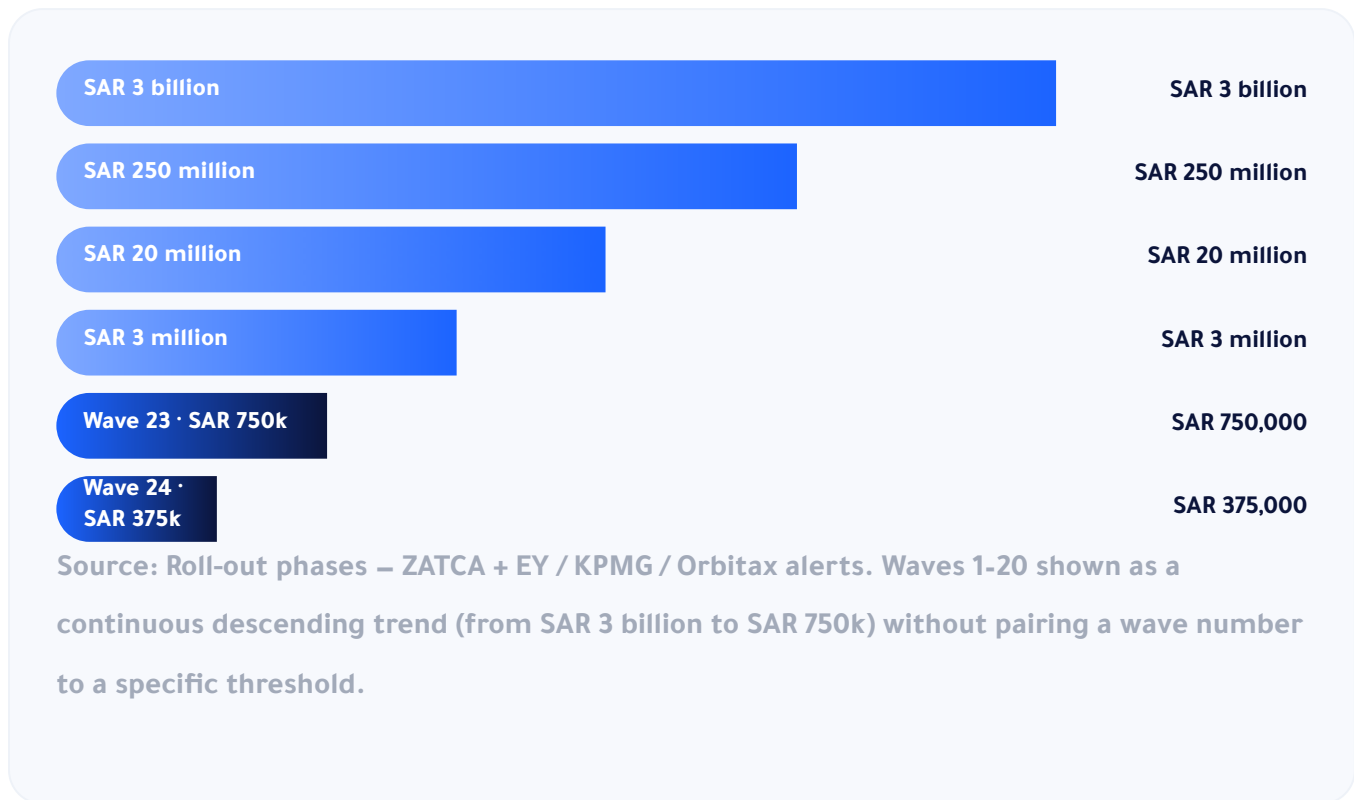


The waves: a ladder that drops with every step

The second phase is applied wave after wave. Each wave sets a threshold for taxable revenue (in the assessment years) and an integration date roughly six months after the announcement, and the Authority notifies the targeted taxpayers directly. The direction is constant and unchanging: with every wave the revenue threshold drops, so the circle widens to take in smaller establishments.

The striking feature of this ladder is that it starts from an extremely high peak. The first wave, which came into force in January 2023, targeted establishments whose revenue exceeds SAR 3 billion – a handful of the largest economic entities in the Kingdom. The threshold then dropped wave after wave: SAR 500 million, then SAR 250 million, then tens of millions, until it reached hundreds of thousands of riyals. This descent from SAR 3 billion to below one million in less than three years is the clearest datable narrative in the path of Saudi tax digitization.

The wave ladder: the revenue threshold collapses with every step (SAR)



The last four waves are the most clearly documented, since the Authority announced them individually and they were confirmed by alerts from the major tax-advisory firms. Wave 21 targeted those whose revenue exceeds SAR 2 million, Wave 22 those exceeding SAR 1 million, then Wave 23 those exceeding SAR 750,000 with an integration date of 31 March 2026, and finally Wave 24, the lowest to date.

	Taxable revenue threshold	Assessment years	Integration date
21	more than SAR 2 million	2022 / 2023 / 2024	2025 (passed)
22	more than SAR 1 million	2022 / 2023 / 2024	2025 (passed)
23	more than SAR 750,000	2022 / 2023 / 2024	31 March 2026
24	more than SAR 375,000	2022 / 2023 / 2024	30 June 2026

Wave 24 is the crux of the matter. For the first time, the integration threshold matches the mandatory VAT-registration threshold itself, namely SAR 375,000. In practice, this means that every VAT-registered establishment is now within the scope of the second phase, and after Wave 24 there is no smaller

segment left to call up. The wave ladder is touching its floor.

From Wave 1 to Wave 24, the revenue threshold fell roughly 8,000-fold: from SAR 3 billion to SAR 375,000. The gradation was no accident, but a deliberate policy that starts with those who move the most money and ends with those who are hardest to digitize.

The scale of adoption: the clearest indicator is invoice volume

The cleanest indicator of how far adoption has spread is the volume of invoices exchanged through the platform. The number of e-invoices through the Fatoora platform rose to more than 8.2 billion in 2025, an annual jump of roughly 64% compared with around 5 billion in 2024, according to figures published by Arab News citing the Zakat, Tax and Customs Authority.

Invoice volume through the Fatoora platform



More important than the absolute number is what it reveals about the maturity of the system: published figures indicate that more than 94% of taxable transactions in the Kingdom now pass through the e-invoicing system by 2025. Because this figure appeared in press coverage citing the Authority, rather than in a direct official statement in our hands, it is more accurate to treat it as a strong indicator of being close to full coverage rather than as a settled final figure.

94%+

of taxable transactions now
pass through the system
(indicative)

1.7 million

active commercial registrations,
approximately (a gauge of the
establishment base)

375_k SAR

mandatory VAT-registration
threshold

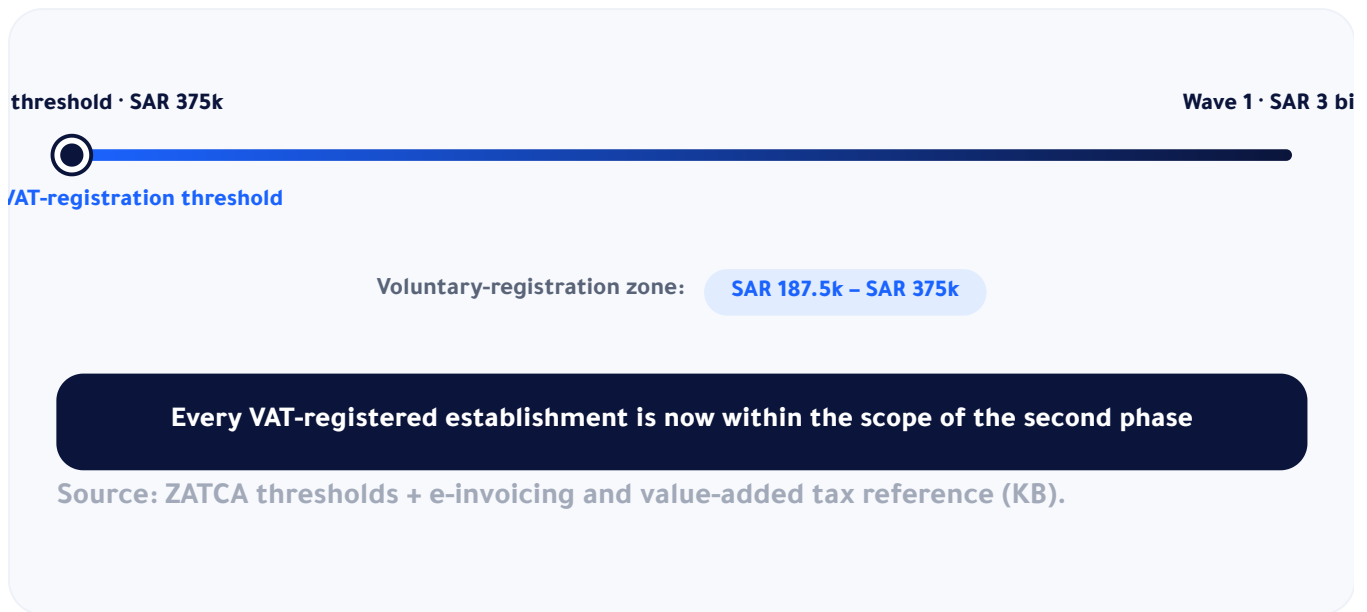
What stands out is that this broad coverage was achieved before the two largest waves by count (23 and 24) had closed. The explanation is logical: the later waves add a large number of establishments but contribute relatively less transaction value, because they are a long tail of small, low-volume establishments. That is exactly why they were deferred to the end: coverage by value is complete long before coverage by count.

As the threshold drops: who gets caught by the wave?

The lower the revenue threshold falls, the wider the circle widens toward a new segment. This expansion reached its limit in Wave 24: when the integration threshold (SAR 375,000) meets the mandatory VAT-registration threshold, every VAT-registered establishment becomes effectively required to integrate. Indeed, establishments between SAR 187,500 and SAR 375,000 – the voluntary-registration segment – also enter the scope whenever they register voluntarily for VAT.

In practice, Wave 24 reaches micro and small establishments: retail stores, single-branch food-and-beverage outlets, and small service offices. These are, for the most part, the segment least likely to already own a compliant accounting system, and the least likely to have in-house technical or accounting staff. This is where e-invoicing stops being a "big-company project" and becomes a basic requirement knocking on the door of the small shop.

The two thresholds converge at SAR 375,000



30 June 2026: the double cliff

Two events that make the single most decisive moment of this path converge on one date. On 30 June 2026, the integration deadline for Wave 24 falls due, and on the same day the "Cancellation of Fines and Exemption from Penalties Initiative" – which gave establishments a grace period to correct course without fines – comes to an end. A single date closes two chapters: the last integration wave, and the end of the safety net.

After this date, the Authority shifts from an awareness-driven approach to an enforcement approach, and fines are applied automatically to violations. This coincidence between the end of the grace period and the closing of the last wave makes mid-2026 a decisive turning point for every establishment that has not yet completed its readiness.

Wave 24

Last integration deadline with the Fatoora platform

End of the penalty-waiver initiative

End of the grace period to correct course without penalties

30 June 2026

one date closes two chapters



Automatic enforcement of fines from 1 July 2026

Source: Cancellation of Fines and Exemption from Penalties Initiative (PDF) – grace-period expiry officially confirmed.

Enforcement and fines

Fines are graduated according to the type of violation and its repetition within a rolling year, starting from a written warning on the first violation, then financial penalties that escalate with repeated violations. According to the published penalty schedules, failure to issue or retain e-invoices begins at a fine of SAR 5,000, deleting or amending an issued invoice reaches a fine of SAR 10,000, while breaching the cryptographic hash chain may reach higher limits. Because the precise details of this financial ladder come from advisory firms citing the Authority rather than a direct official statement in our hands, it is safer to present them as a general escalating range topping out in the tens of thousands of riyals, rather than as definitive figures.

What is fixed and officially documented is the date: the end of the exemption initiative on 30 June 2026. After it, compliance becomes a condition with no grace period beyond it, and the cost of not owning a compliant system turns from a "deferred risk" into an immediate fine.

The grace period gave the establishment a chance to correct course without a fine.

With its end on 30 June 2026, delay is no longer a cost-free option but a decision to bear automatic, escalating fines.

Why does this matter? The link to the accounting system

The value of e-invoicing to the Authority is clear: real-time clearance of business invoices and 24-hour reporting of consumer invoices close the window for invoice manipulation, while the cryptographic stamp and the hash chain make any later amendment detectable. The structured data in XML format, meanwhile, feeds the Authority's analytics and audit. But the value that matters directly to a business owner is simpler than that, and more pressing.

The requirements of the second phase cannot be met on paper or with simple spreadsheet templates. Compliance requires a system that signs the invoice, stamps it, gives it a unique identifier, links it to the hash chain, and integrates with the Fatoora platform. As the threshold drops down to small establishments, owning a compliant [cloud accounting system](#) has turned from a luxury into an operational requirement. Here a system like Qoyod provides clearance of business invoices and 24-hour reporting of consumer invoices automatically, and it handles the technical aspects of integration in a way that shortens the time to compliance for a small establishment that lacks dedicated staff.

And because the rules of [value-added tax](#) and e-invoicing are intertwined, a compliant system handles both in a single track: an invoice that is technically sound, and an accurate tax trail, without duplicating manual work.

Forecasts to 2030 and recommendations

With the end of Wave 24, the integration path reaches roughly its natural end: when the threshold touches the floor of mandatory VAT registration, no smaller segment remains to be called up, and second-phase adoption is practically complete across all registered taxpayers by mid-2026. This is an analytical conclusion built on the convergence of the two thresholds, not an official forecast issued by the Authority.

Invoice volume, for its part, is likely to keep rising. If the growth pace moderates from 64% to around 30%-40% per year as the long tail of small, low-volume establishments joins, the total could approach 10 to 11 billion invoices in 2026. This is an extrapolated estimate of the 2024-to-2025 trend, not an official target. And with coverage exceeding 94% of transactions early on, coverage by value approaches its ceiling long before coverage by establishment count is complete.

As for the next destination after coverage of registered taxpayers is complete, the more likely path is deepening rather than widening: refining reporting, tightening the consumer-invoice side, and the prospects of Gulf and cross-border interoperability. That path, however, remains forward-looking and is not presented as though it were officially announced.

In light of all this, practical recommendations stand out for every establishment still preparing:

Check your wave and its date before anything else. If your revenue exceeds SAR 375,000, you are within scope by 30 June 2026, and there is no room to wait. ●

Get ahead of the deadline, do not chase it. Moving to a compliant system before the exemption initiative ends avoids automatic fines and gives ample time to test and train. ●

Choose a system that handles integration on your behalf. Real-time clearance, 24-hour reporting, and the cryptographic stamp are technical requirements; it is far better for the system to manage them than for an employee to do so manually. ●

Treat compliance as a foundation, not a passing burden. After 1 July 2026, a compliant system becomes the baseline, and whoever builds it early avoids the double cost: the fine, and a rushed transition under pressure. ●

The story of e-invoicing in Saudi Arabia is the story of a ladder descending with discipline: from a handful of giants in 2023 to hundreds of thousands of small establishments by mid-2026, with a volume that jumped from 5 to 8.2 billion invoices in a single year. And as the threshold of the final wave meets the floor of tax registration, the Kingdom will have brought every VAT-registered establishment into live invoicing within about four and a half years of the second phase's launch – one of the fastest national adoption paths anywhere. What comes after is no longer a question of "who," but a question of "how" we deepen what has been built.

Sources

- 1 Zakat, Tax and Customs Authority (ZATCA) – e-invoicing (Fatoora) phases and integration waves.
- 2 ZATCA – Cancellation of Fines and Exemption of Penalties initiative (ends 30 June 2026).
- 3 EY, KPMG and Orbitax tax alerts on Phase 2 waves 21 to 24.
- 4 VATupdate – Wave 24 announcement (SAR 375k threshold, 30 June 2026 deadline).
- 5 Arab News citing ZATCA – e-invoice volume in 2025 (8.2 billion).
- 6 Small and Medium Enterprises General Authority (Monsha'at) / Biban 2025 forum.

Start e-invoicing compliance with Qoyod

An Arabic cloud accounting system, compliant with ZATCA's e-invoicing (Fatoora) requirements.

qoyod.com