



Electronic Invoice: Opportunities, Challenges, and Future Prospects

Prepared by:

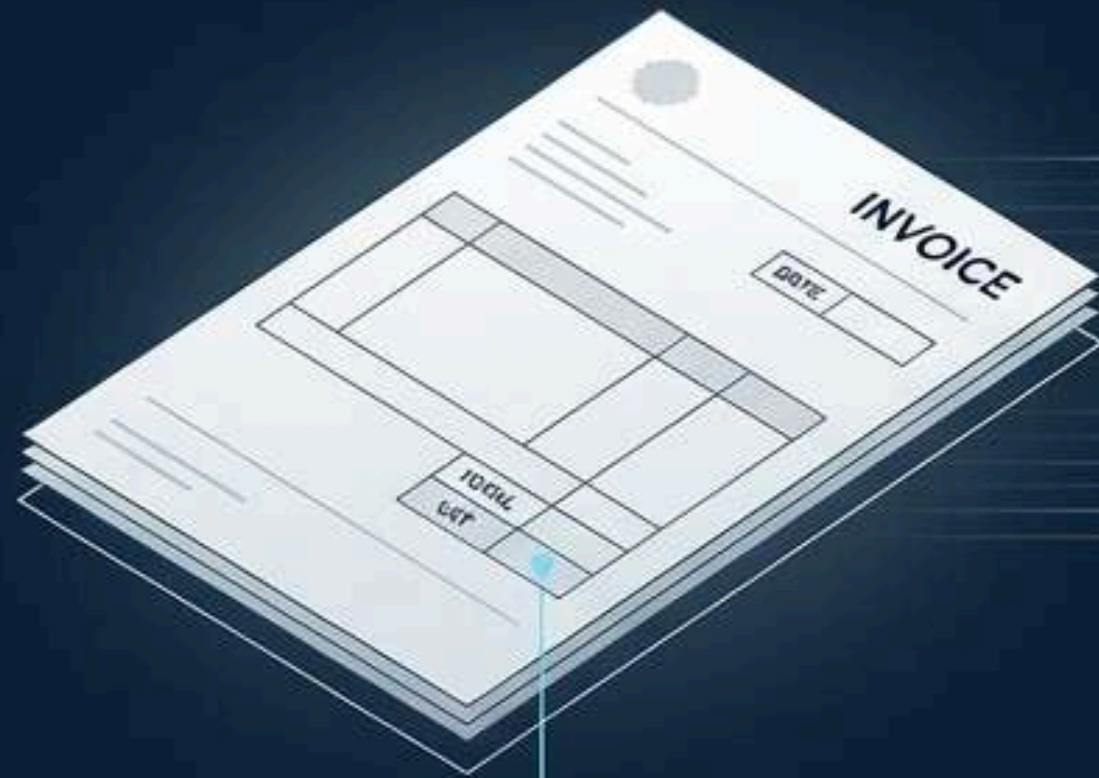
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A working paper submitted to:

Authorities of Tax Administrations in Islamic Countries (ATAIC)

Introduction & Overview



The Basic Document

The invoice acts as the fundamental legal prove sales and the preserver of economic rights.

The VAT Anchor

Value Added Tax acts as the basis for the transaction, directly dictating the architecture of the Electronic Invoice Solution.

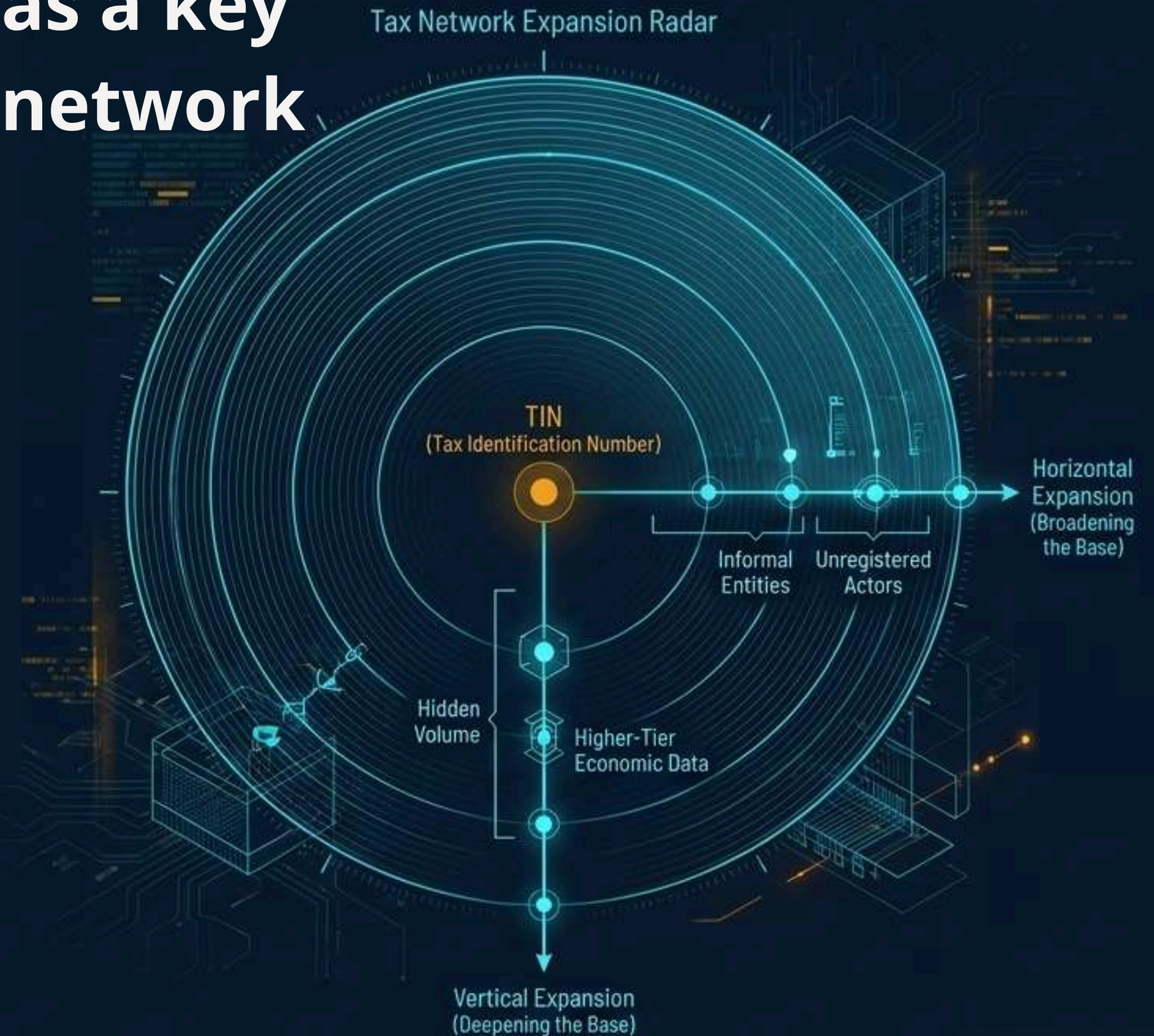
Tax System Integration

The role of Electronic Invoice Solution in tax system process, Principles and frameworks for Electronic Invoice Solution , Types of economic transactions and their impact on Electronic Invoice Solution.



Electronic invoice System as a key tool in expanding the Tax network

- The Tax Identification Number (TIN) and Its Importance Electronic Invoice Solution
- Horizontal Expansion of the Tax Network
- Vertical Expansion of the Tax Network
- Electronic Invoice Solution as a Base for Combating Tax Evasion



The Evasion Typology Wheel

E-Invoice System

Neglecting to Issue:
Neglecting to Issue an Electronic Invoice

Underpricing:
Selling at Prices Lower Than the Actual Selling Price

Multi-Use Invoices:
Using a Single Invoice to Transact the Same Item Multiple Times

Distribution Centers:
Using Distribution Centers as a Coverage for Business Operations

Direct Sales Exploitation:

Direct Sales and Their Exploitation as a Method of Tax Evasion

The Deployment Plan as a foundation for the success of the e-invoice project

Deployment Type	Strategic Focus	Operational Scope
Nationwide Deployment	Maximum baseline coverage	High friction, immediate scale
Sectorial Deployment	Targeted industry rollout	Focus on high-revenue/risk sectors
Service Delivery Frameworks	B2B, B2C, B2G integration	Supply chain, retail, sovereign procurement
Qualitative Deployment	VAT contribution weight	Strict risk management criteria

Strategic Note: Systems must often support deployment using multiple intersecting methods simultaneously.

Impact of VAT return on the Technical Solution



Legacy Framework: VAT Self-Return

Relies on post-transaction honesty and delayed manual audits.

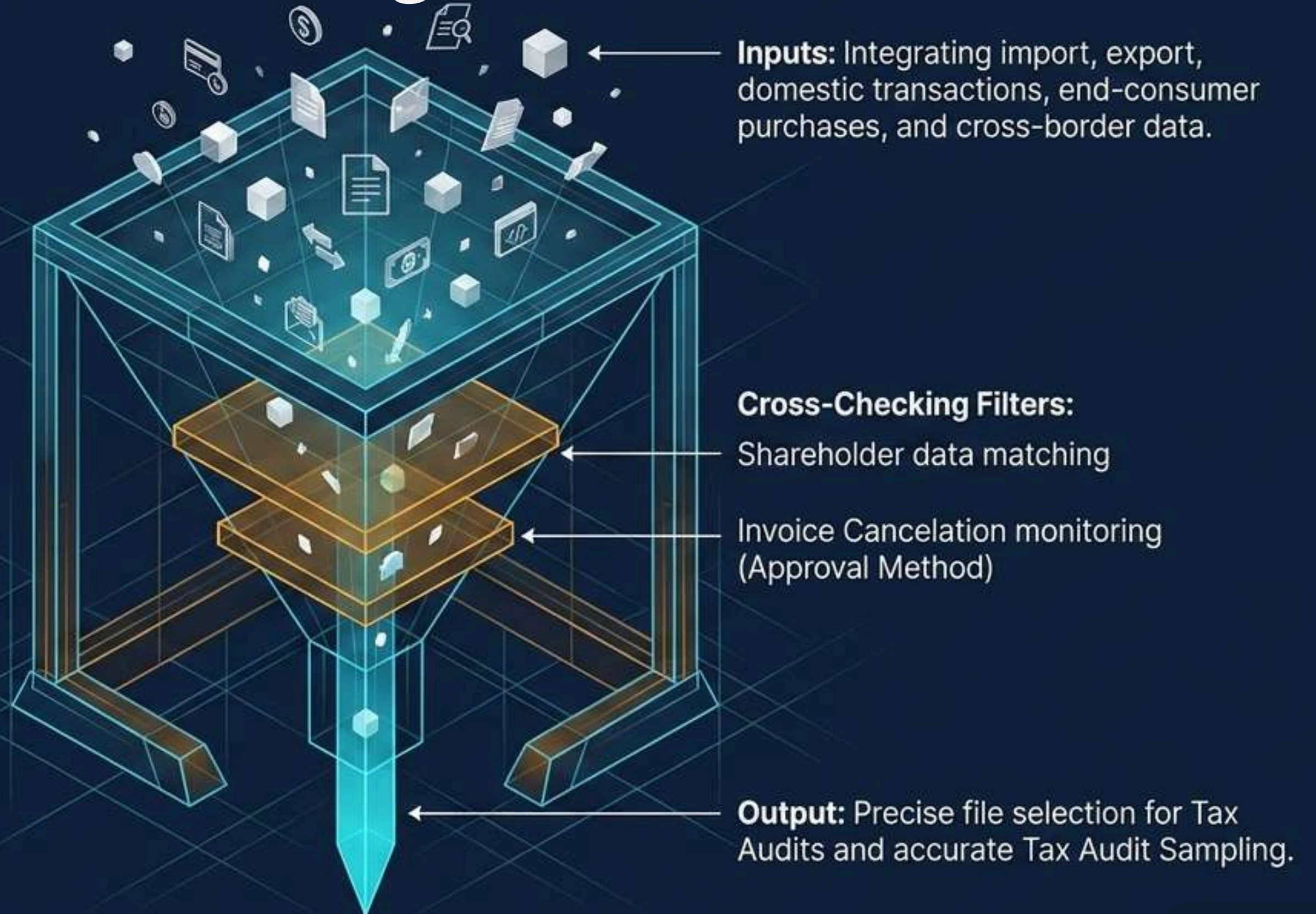
Information from sources other than the Electronic Invoicing System



- Foreign Trade transactions
- Governmental sector transactions.
- Real-time sales Return issued by the electronic invoicing system(Auto-Return)
- How to integrate between Real-time sales Return and Self-Return and their impact on facilitating tax compliance.

Role of Electronic Invoice Data in building Tax

Risk Register



Analyses of Electronic Invoice System data

Linking Electronic Invoice information to the Tax Risk Register.



- Analyzing end-consumer purchases and cross-checking it with shareholder data to identify instances of tax avoidance and evasion.



- Analyzing cross-border sales data and e-commerce information and how to handle them in the Electronic Invoice system.

- Integrating import, export, and domestic transaction data as to building the Tax Risk Register.

Political & Administrative Support: Key to E-Invoice System Success

Political and Administrative Support



National Sponsor

- Essential requirement for project success.
- Issuance of binding regulations and general guidelines for compliance.



Supreme Committee

- Critical success factor for the E-Invoicing Project.
- Based on The Sudanese Experience.

The Role of Media & Awareness



Comprehensive Media Campaign

- Addresses citizens' right to request a Tax Invoice.
- Combats the perception of invoices as an additional burden.



Promoting the Solution

- Highlights technological advantages and services for business owners.
- Leverages social media platforms for broad reach.

The Government Sector and its role in governing Electronic Invoicing system

Market Leverage

The government sector and its big share in local Purchases.

Legislative Backing

The role of National Legislation in ensuring compliance with electronic invoicing.



Operational Breadth

The diversity of government services and the necessity of including them in the technological solution (purchases, sales, contracting, and agreements).

The Mandate

Adopting electronic invoicing as the basis for any government payment.

Training as a major success factor of Electronic Invoice System project

- Training for tax staff:
 - Technical staff
 - Executive staff
- Training for Targeted Business Users.
- Training for government sector Users.

Incentives and Their Role in the Success of the Electronic Invoicing Project

- Establishing a comprehensive incentive framework to promote tax compliance and encourage the adoption of electronic invoicing.
- Recognizing and rewarding compliant taxpayers while showcasing success stories to foster a positive tax culture.
- Offering tax exemptions and incentives to support digital transformation and increase participation in the electronic invoicing ecosystem.
- Simplifying and facilitating tax services and procedures for compliant taxpayers.
- Enforcing deterrent penalties and sanctions to reduce non-compliance and strengthen adherence to regulations.
- Implementing awareness campaigns, competitions, and engagement activities to increase understanding of the benefits and importance of electronic invoicing.

Challenges in Practical Deployment & Solutions (Part 1)

Infrastructure & VAT Complexity

Challenges: Weak national infrastructure.
Adopting Multiple VAT rates.



Goods Movement & Logistics

Challenge: Tracking and permits for transporting goods.

Solution: Permit system (Sudanese experience).



Connectivity & Outages

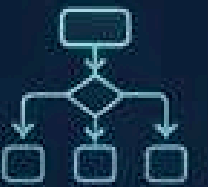
Challenge: Third-party network failures (telecommunications).

Solution: OFF-LINE MODE solution for continuity.



Complex Sales Frameworks

Challenge: Multiple channels (B2B, B2C, B2G), direct sales, chains.



Tax Evasion & Non-compliance

Challenge: Using end-consumer sales for evasion and concealment.



Dual System Efficiency

Challenge: Wasted time operating separate business and tax systems.

Solution: API MODE for seamless integration.



Challenges in Practical Deployment & Solutions (Part 2)

Adopting Multiple VAT rates.

Nationwide challenges
(wars, disasters, etc.)

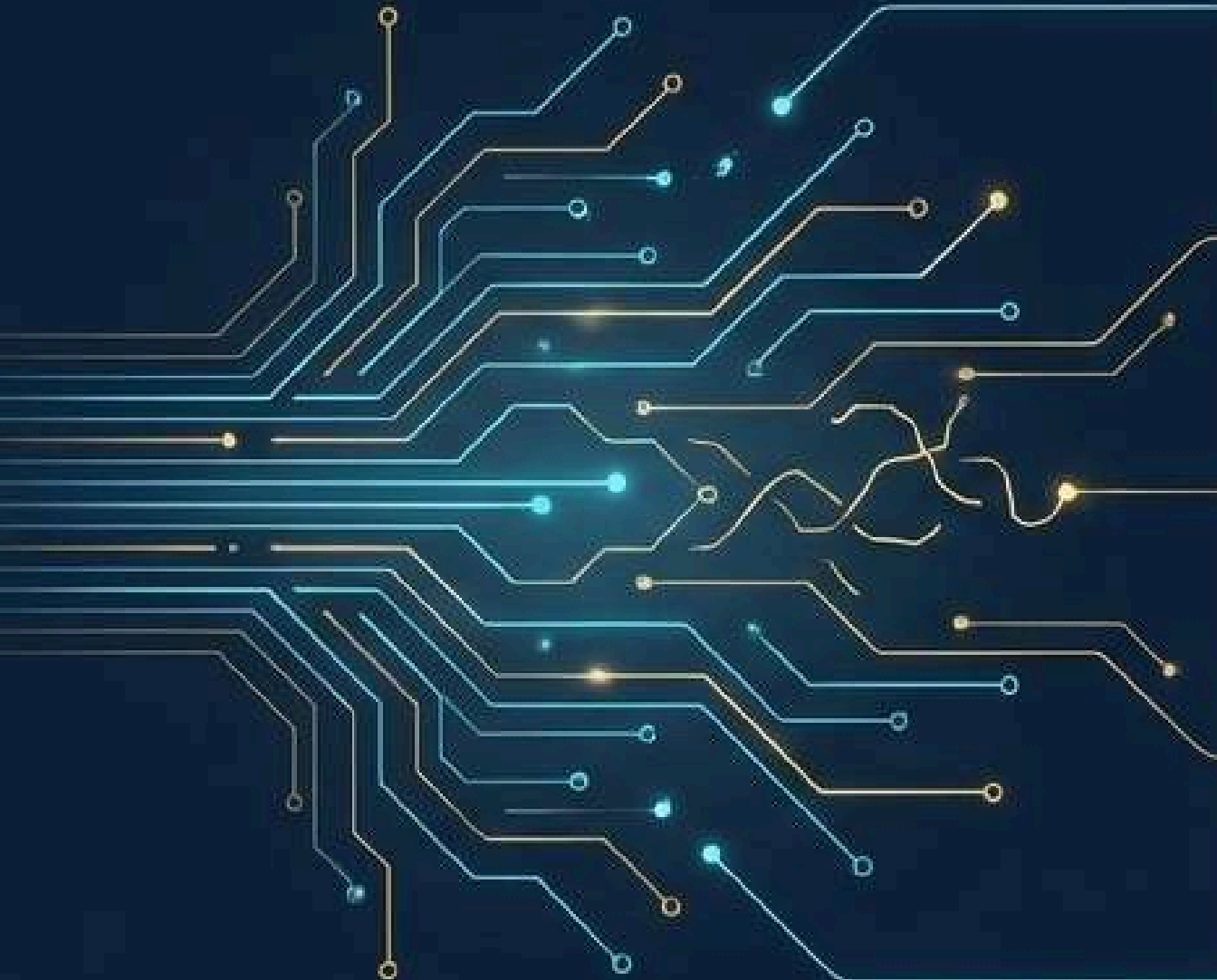
Intersecting laws pertaining
to governmental and
sovereign Institutions

The need for legal
provisions to
support the
technological solution.

Electronic invoicing
projects are affected
by procedural complexity

Intersecting laws
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Challenges in Practical Deployment & Solutions (Part 3)



The need for legal provisions to support the technological solution.

Electronic invoicing projects are affected by procedural complexity:

A high-level committee for electronic invoicing is essential for the project's success. Citizens often lack interest in requesting invoices or receipts for their transactions (awareness and incentives are needed). E-commerce. Multinational corporations. Transit goods.

Electronic Invoice System as a tool for withholding VAT collection



⚙️ The Mechanism:

Utilizing the Electronic Invoice System as an automated tool for withholding VAT collection at the exact moment of transaction.

❓ The Challenge:

Resolving conflicts with traditional VAT principles and determining exact algorithmic withholding percentages.

Processing amounts remitted in monthly returns.

The E-Invoice Ecosystem Flywheel



Core Insight: Technology fails without policy; policy fails without technology. Sustainable macroeconomic improvement requires synchronizing all five nodes continuously.



Thank you for your attention.

We welcome your questions.

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