

# e-Invoicing

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# Short Biography

- Portuguese national, living in Belgium, working with PricewaterhouseCoopers - Advisory
- Master in Information Systems and Technology Management
- Platforming and Product Family specialisation by the MIT
- Since 2007, assisting the European Commission in a groundbreaking e-Invoicing and e-Ordering Project (Architect and Project Manager)
- Participating in several standardisation initiatives such as the CEN/ISSS Business Interoperability Interfaces for Europe (on behalf of the European Commission, DIGIT)
- Participating in the Large Scale Pilot of e-Procurement, PEPPOL

# Some References

PwC has developed a large expertise in e-Invoicing related projects, in many different sectors.

	Full-scale e-Invoicing and e-Ordering implementation	e-Invoicing solution validation and security advice	
	A/R e-Invoicing solution validation	e-Invoicing solution validation of ZOOMIT	
	Design of an inter-company e-Invoicing solution in SAP	e-Invoicing solution validation in 30 countries	
	Feasibility study of e-Invoicing compliance methods	Legal requirements for e-Invoicing in EU and non -EU countries	
	Best Practices A/P – e-Invoicing and scanning	e-Invoicing solution validation on EU level	

# Table of Contents

What is e-Invoicing really about?

e-PRIOR the Interoperability Platform at the European Commission

Next Steps

# What is e-Invoicing really about?



# Introduction

an “invoice” is key within the current European VAT legislation.

VAT reclaims/deductions can only be made based upon an (paper or electronic) invoice respecting all invoicing requirements.

## Regulatory environment:

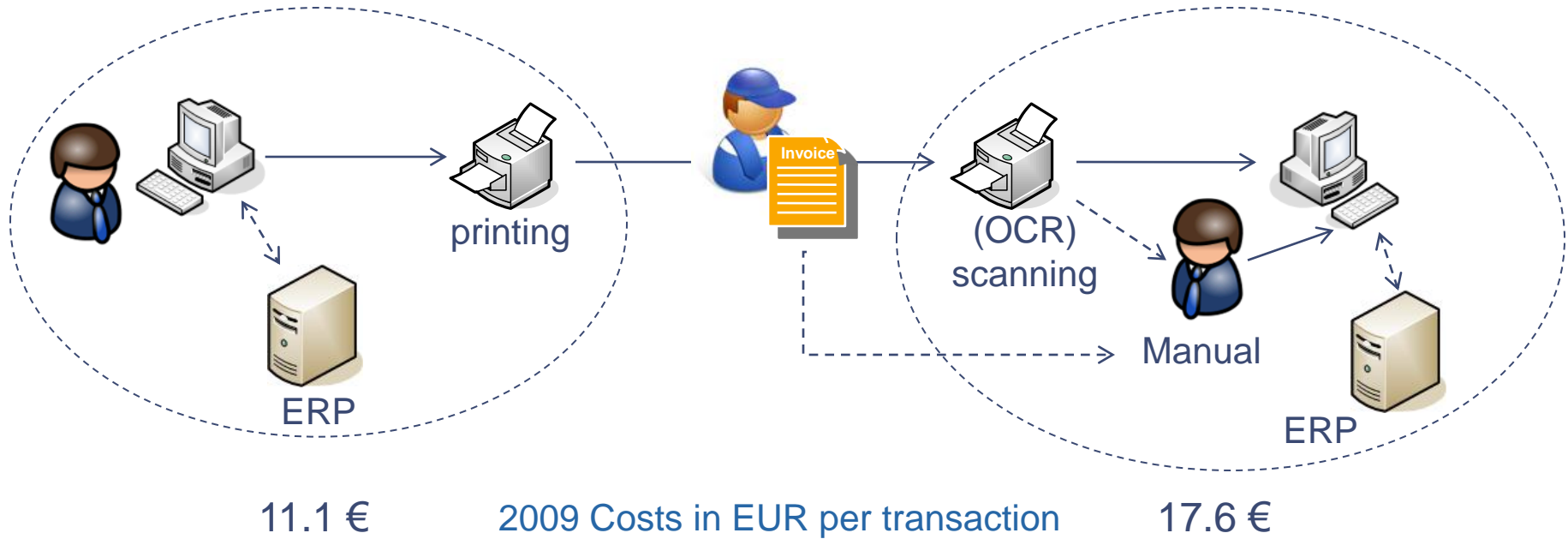
- EU legal framework
  - VAT Directive 2001/115/EC (“Invoicing Directive”)
  - VAT Directive 2006/112/EC (“Recast”)
  - EU Commission adopted a proposal to simplify the rules in the EU VAT Directive regarding e-Invoicing. Transposition by 31 December 2012
- Local VAT legislation (as from 1/1/2004 at the latest)  
interpretation of local tax authorities
- Other Local legislation (direct tax, accounting, etc.)

# Paper vs. Electronic

## Paper invoicing

Economic Operator (Sender)

Public Administration (Receiver)



Sources: Billentis, DB research, 2009

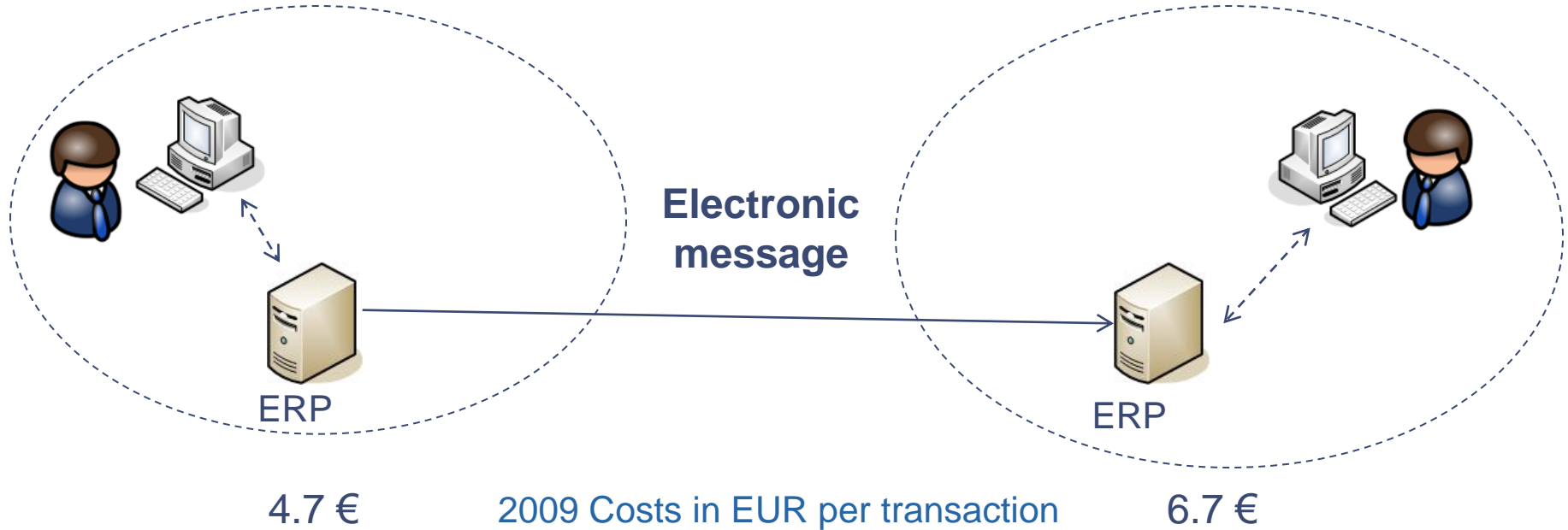
Deutsche Bank Research

# Paper vs. Electronic

## Electronic invoicing

Economic Operator (Sender)

Public Administration (Receiver)



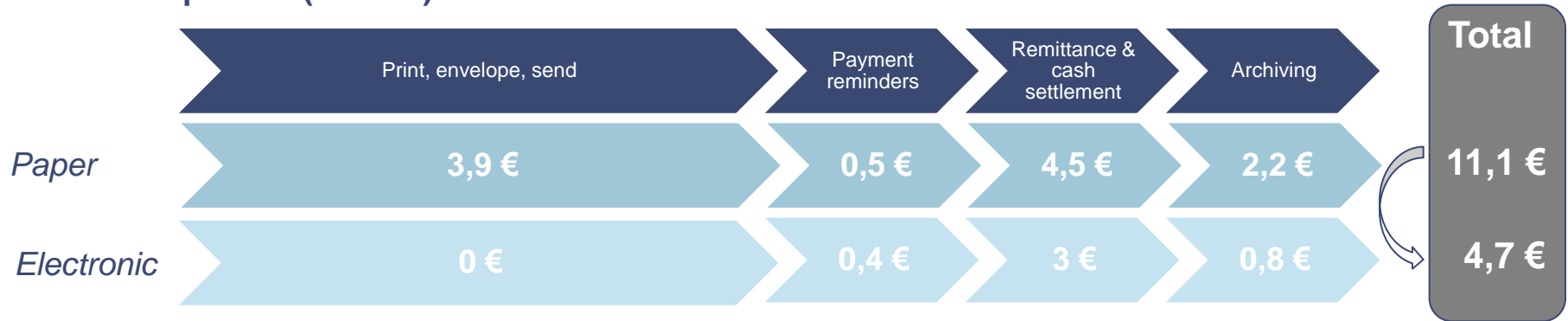
Sources: Billentis, DB research, 2009

Deutsche Bank Research



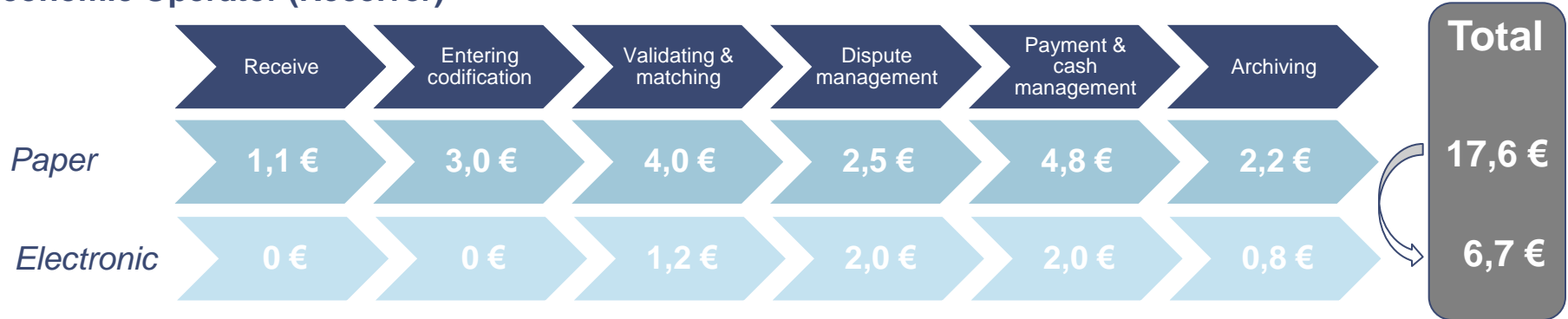
# e-Invoicing is a win-win

## Economic Operator (Sender)



- 57%

## Economic Operator (Receiver)



- 62%

Source: Billentis, DB research, 2009

- Saving potential example for an industry company with 5.000 employees
- Based on calculated staff costs of 60€/h
- Invoices were relatively simple (average size of 1,5 pages)
- Considering 0,5 -0,7€ processing cost by e-Invoicing service provider (sender vs recipient)

# European e-invoicing legal requirements

Invoices may be sent electronically provided that

- authenticity of the origin and
- the integrity of the content are guaranteed.

3 Methods are suggested in the Directive:

- **Electronic Data Interchange**

- Secured electronic transfer from computer to computer
- using an agreed standard to structure the message

Option: Paper Summary Document

- **Advanced electronic signature**

- Mostly based upon public key infrastructure technology (PKI)

Option: Qualified Certificate and Secure-Signature-Creation-Device

- **Other electronic means** (subject to acceptance by the Member States)

# E-invoicing requirements - Overview



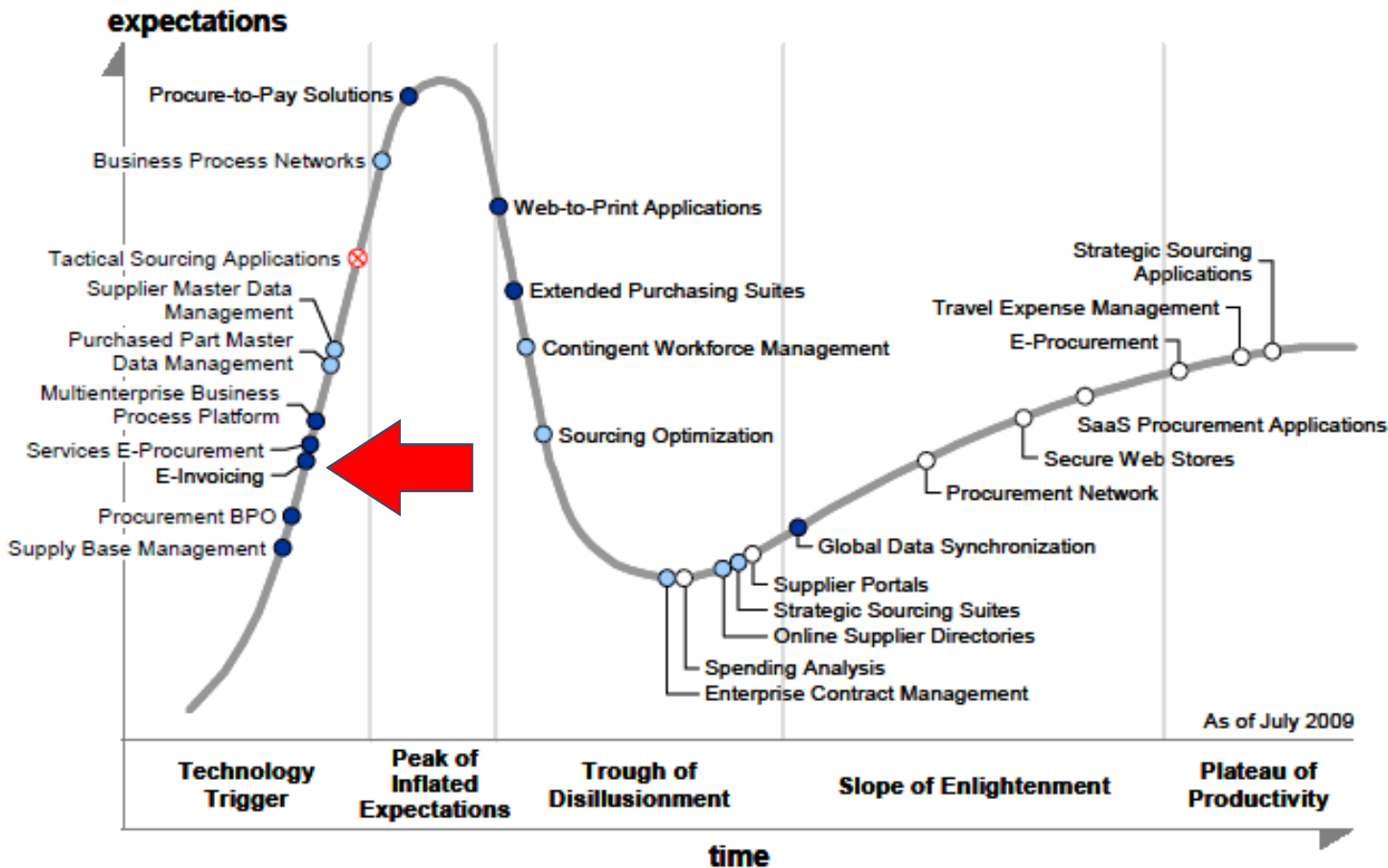
	A T	B E	B G	C Y	C Z	D K	E E	F I	F R	D E	E L	H U	I E	I T	L V	L T	L U	M T	N L	P L	P T	R O	S K	S I	E S	S E	U K	C H	N O		
1A	Green	Green	Red	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Red	Green
1B	Amber	Green	Green	Green	Green	Green	Green	Green	Amber	Amber	Amber	Amber	Green	Green	Amber	Green	Green	Green	Green	Green	Green	Green	Amber	Green	Green	Green	Green	Green	Green	Green	
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3	Amber	Green	Amber	Amber	Green	Green	Green	Green	Amber	Amber	Green	Amber	Green	Amber	Amber	Amber	Amber	Green	Green	Amber	Amber	Green	Amber	Amber	Green	Green	Green	Amber	Green	Green	

- 1A. Acceptance of EDI to send e-invoices (green = yes / red = no)
- 1B. Obligation to issue paper recapitulative statements (amber = yes / green = no)
- 2A. Acceptance of 'advanced e-signatures' to send e-invoices (green = yes)
- 2B. Obligation to use a qualified certificate and a secure signature-creation device (amber = yes / green = no)
- 3. Acceptance of 'other electronic means' to send e-invoices (green = yes / amber = not accepted)

**Update 1 January 2008** – PricewaterhouseCoopers (E-)Invoicing & (E-)Archiving Network

# Adoption today and tomorrow

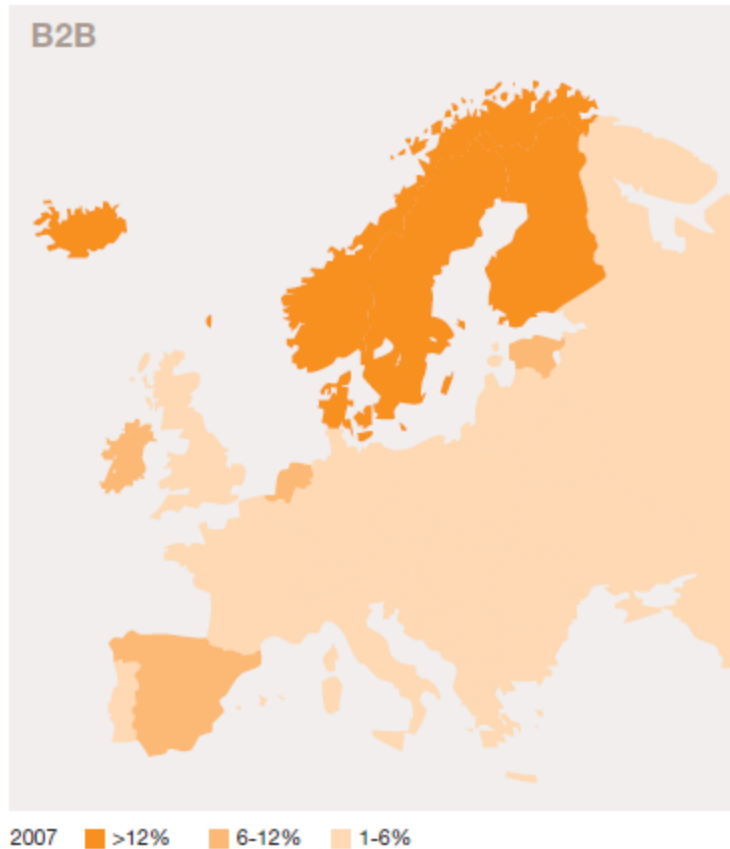
The e-Invoicing market is still emerging and offers a big potential.



Source: Gartner Group, 2009

# Adoption today and tomorrow

The e-Invoicing market is still emerging and offers a big potential.



**Widespread use could result in:**

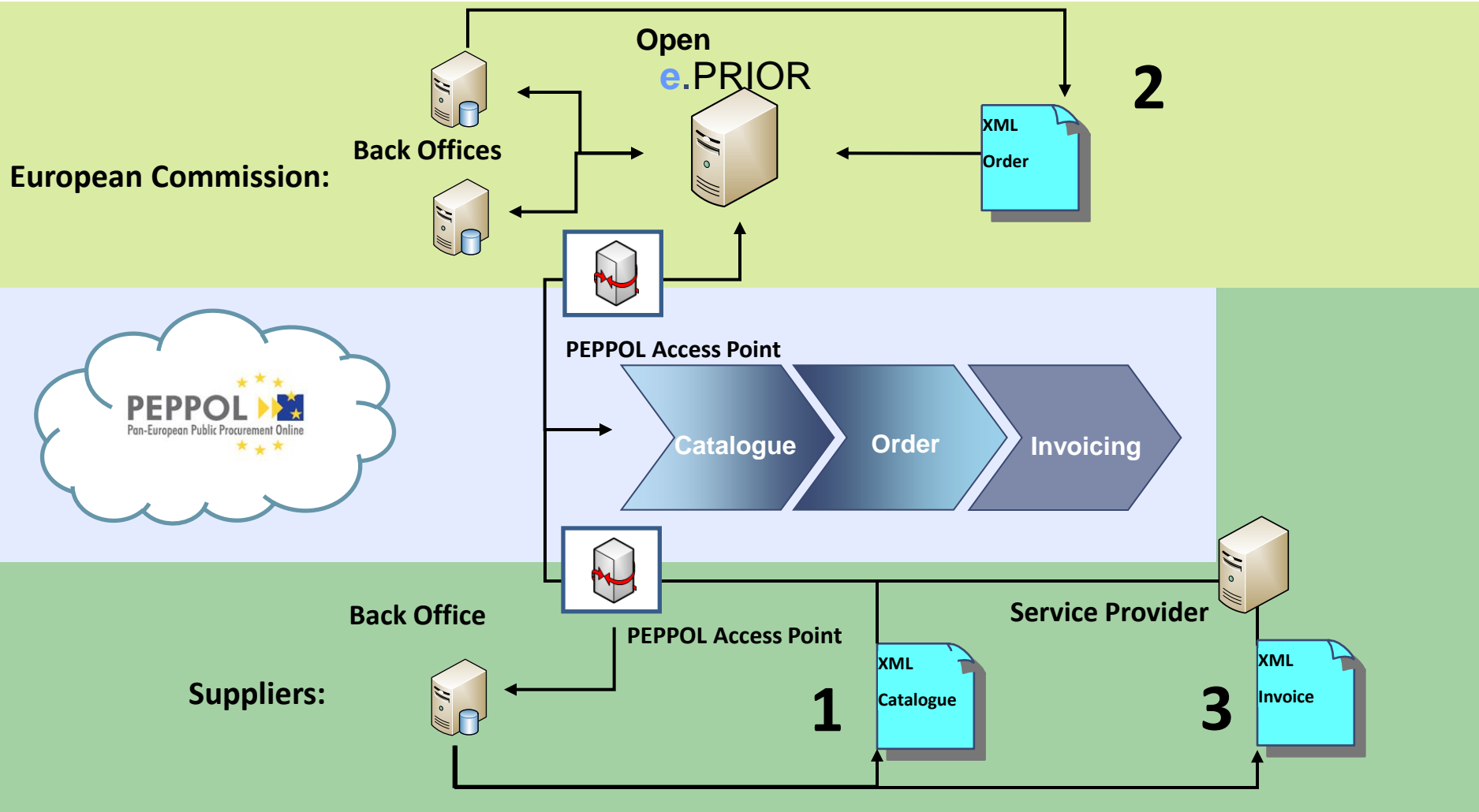
- Large savings annually
- Reduction of transaction costs

Source: Euro Banking Association (EBA) and Innopay

# e-PRIOR the Interoperability Platform at the European Commission



# Overview



# What is PEPPOL (Pan-European Public Procurement Online)?



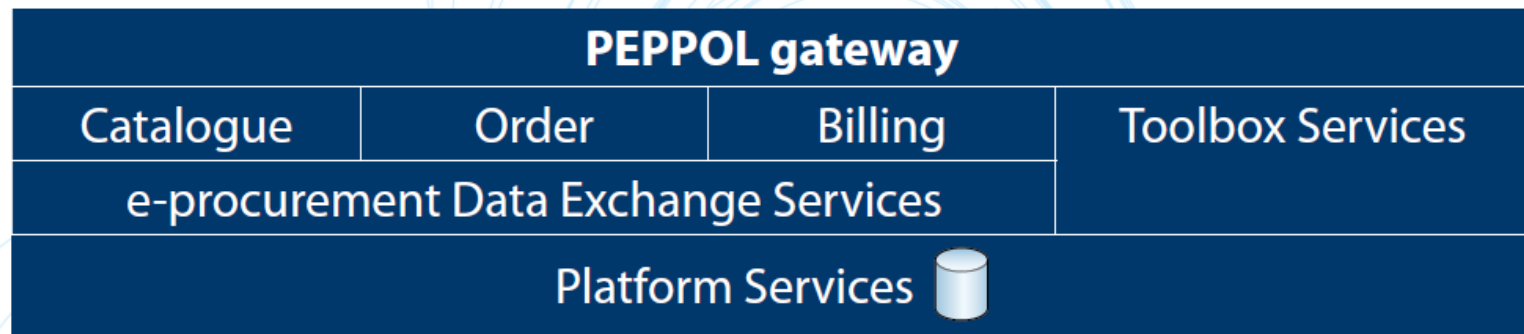
- European infrastructure to connect suppliers and buyers (Public administrations)
  - **18** beneficiaries from **12** countries
  - Total budget **30,8 M€**
- provides elementary building blocks to enable interoperability between e-Procurement communities
- is defining what standards are to be used for electronic documents and processes in Europe with the CEN



# What is e-PRIOR?

## e.PRIOR

- e-Procurement platform used by the European Commission and made available to European Public Administrations in Open Source
- implementation of the CEN interoperability specifications
- easy connection to any legacy back-office system
- support offered, under the ISA programme, by DIGIT



# e-Invoicing Scenario via PEPPOL and e-PRIOR

Supplier  
ERP

e-PRIOR

Customer  
ERP

XML based  
documents



```
<?XML v1.0>
<INVO
<ID>
<?XML v1.0>
<INVOICE>
<Issue
<ID>
<IssueDate>
<Period>
```

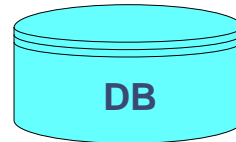
Interaction with  
the supplier



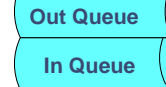
Document  
Pre-Processing

- Authenticate & Authorise Supplier
- Workflow
- Validate Message
- Business Rules

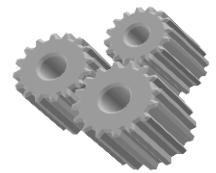
Readable  
Document













Route to the  
Back-Office



Manual Approval



# e-PRIOR Project Timeline

Phase	Short Description		Timeline
Phase 1	Inventory of Business Requirements		Q3/2007
	Global Implementation Plan + Feasibility Study		Q1/2008
	Development of Invoice Only		Q3/2008
Phase 2a	Pilot of Invoice Only		Q2/2009
	Invoice with Dispute		Q2/2009
	Go Live at DIGIT		01/10/2009
Phase 2b	e-Ordering		Q4/2010
Phase 3a	Feasibility Study of e-Catalogues		Q3/2009
	Technical Sneak Preview of Open e-Prior		Q4/2009
Phase 3b	e-Catalogues		Q4/2010

# Next Steps



# Opportunity Knocks

There are positive legal trends, both at the level of the EU VAT Directive and at the level of national legislation. From a technological perspective, several initiatives aim at stimulating the adoption of e-Invoicing in Europe.

## Legal Trends

- In Belgium and several other EU Member States, the legal barriers for issuing electronic invoices have recently been taken down
- On 13 July 2010, the EU Commission has adopted a proposal to simplify the rules in the EU VAT Directive regarding e-Invoicing. EU Member States need to transpose this into their national legislation by 31 December 2012
- Most non-EU countries also have a specific framework in place regarding the issuing of e-invoices

## Technology trends

- Interoperability between different e-Invoicing systems is improving through emerging standardization of technology, format and processes
- Governments are playing an important role in this standardization process while imposing e-Invoicing to their suppliers

# Next Steps

Open e-PRIOR source code and artefacts are available on:

<http://www.osor.eu/projects/openeprior>

e-Catalogue Feasibility Study:

<http://ec.europa.eu/idabc/servlets/Doc?id=32432>

e-Invoicing Business Requirements:

<http://ec.europa.eu/idabc/servlets/Doc?id=32108>

PEPPOL Large Scale Pilot:

<http://www.PEPPOL.eu>

# Thought Leadership

Through a number of publications, PwC demonstrates to be a thought leader in the e-Invoicing world.

## A study on the Invoicing Directive (2001/115/EC), now incorporated into the VAT Directive (2006/112/EC)

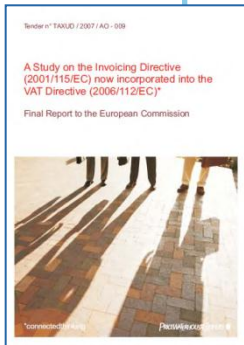
PwC carried out a study on the VAT invoicing rules contained in the Principal VAT Directive for the European Commission. Amongst others, it provides recommendations for a more harmonized set of VAT rules.

## e-Invoicing and e-Archiving – Taking the next step

This PwC survey is gathering 108 responses from medium to very large organisation in ten European countries. It gives a view on the state of the market and on its future expansion.

## Global (e-)Invoicing and (e-)Archiving – Increasing Efficiency and Reducing Costs

This book (currently being updated) provides companies with guidance on the e-Invoicing related rules and on how to go about implementation.



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