

Results of the Expert Group on e-Invoicing

Disclaimer

All members of the Expert Group contributed as independent experts not representing their governments or organisations. The views expressed in this presentation are the views of the Expert Group and do not necessarily reflect the views of the European Commission or of the states and the organisations for which the members of the group work.

From Paper to Electronic Invoices

The reasons for adoption:

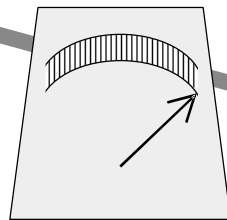
Environment

Cost savings

Improved cash flow

Improve
Competitiveness

Support the
Single Market



Expert Group on e-Invoicing - Mission

Defined in Commission Decision of 31 October 2007:

- § Identify shortcomings in current regulatory framework
- § Define e-Invoicing business requirements
- § Address relevant e-invoicing data elements (and linkages)
- § Propose responsibilities for standardisation bodies and time schedule
- § Propose a European e-Invoicing Framework - a common conceptual structure

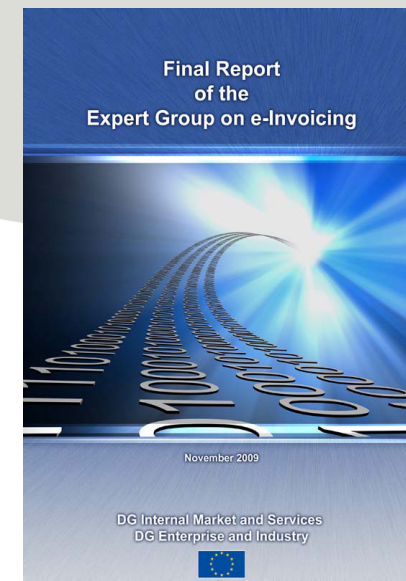
E-invoicing is happening ...

- E-Invoicing is growing fast both at a national and global level- in 2009 of the order of 40% p.a. across Europe . But mass adoption, especially among SMEs, has not been reached. Country penetration varies from less than 3 % of invoices being in electronic form to over 30 %.
- Over 400 e-invoicing service providers are active in Europe as are a number of industry platforms for supply chain integration.
- In the Nordic area and a number of other Member States banking led initiatives have complemented those of other service providers.
- The public sector is playing a leading role in a number of Member States in migrating to e-invoicing: Denmark, Finland, Italy, Spain, Sweden.
- The European Commission has launched the PEPPOL initiative (Pan-European Public Procurement On-Line) to promote electronic communication between enterprises and public authorities, and is also implementing electronic invoicing within its own purchasing activities.

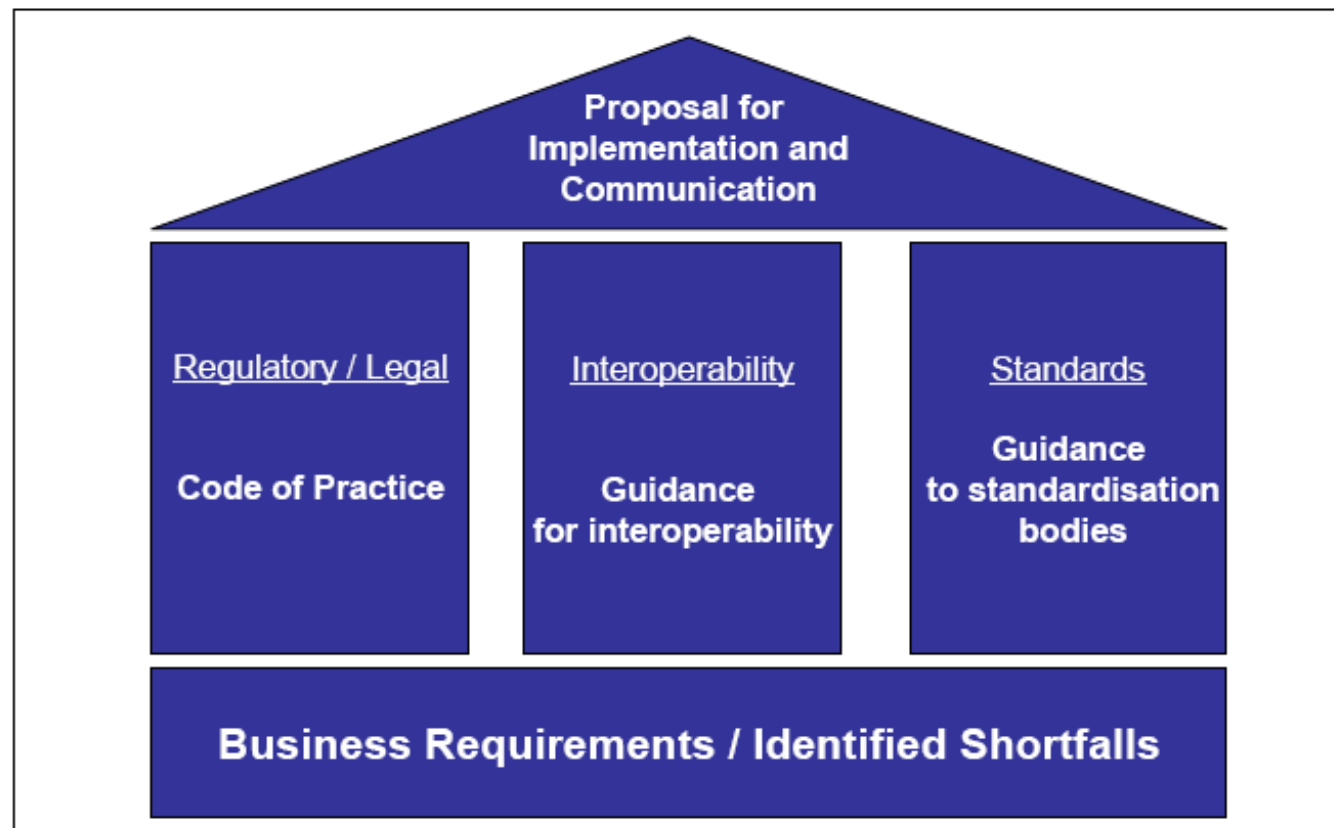
... more can be done to promote adoption and remove hurdles

Expert Group on e-Invoicing - Deliverables

- **European e-Invoicing (EEI) Framework**
 - § EEI Framework defined as the Final Report
 - § Set of actionable and interrelated recommendations
 - § Promotes uptake of e-invoicing/e-business
 - § Advocates a business-friendly environment
 - § Includes SME guidelines
- **Code of Practice**
 - § Accompanies legal proposals
 - § Provides guidance to businesses and tax authorities



Definition and components of the European e-Invoicing Framework



Vision and target picture

- E-invoicing becomes predominant within 5-8 years, in some countries earlier.
- Harmonised and clear legal environment will exist across the EU.
- Trading parties have wide choice of convenient solutions and services- bilateral, 3-corner and 4-corner models in use.
- Standards adopted based on single data model- UN/CEFACT CII.
- Investments made in ERP and supply chain systems and in low cost and user friendly solutions. For SME's no investment in IT solutions or IT skills needed.
- Expected dematerialisation of other processes.

Implementation challenges

- Need for all stakeholders to measure and communicate the full benefits and work together to achieve concrete results.
- Solution and service providers should deliver the right products and tools involving little or no IT expertise or investments for smaller enterprises, and larger players should propagate structured standards and interoperability with transparent incentives.
- Networks and network based solutions should interoperate through the adoption of open concepts and structured increasingly common standards. Bilateral models should still use common standards.
- Converting documents and data to and from paper or unstructured PDF formats, as opposed to a structured data set, will entail the loss of value. Converging on a single semantic data model essential.
- Need to ensure public and private sectors are aligned.

Key Recommendations

- Recommendation 1: Meet the needs of SMEs as a priority focus.
- Recommendation 2: Harmonise and clarify the legal and VAT framework based on equal treatment of paper and electronic.
- Recommendation 3: Maximise interoperability and reach.
- Recommendation 4: All actors to adopt a common invoice standard and data model- the UN/CEFACT v.2.
- Recommendation 5: Establish an organisational process for implementation of the EEIF.
- Recommendation 6: Widely promote and communicate the benefits.

Recommendation 1

The Expert Group recommends meeting the needs of SMEs as a priority focus, by concentrating on a number of specific business requirements.

Detailed recommendations:

- the use of a common invoice standard;
- e-invoicing should enable SMEs to create savings in time and money;
- harmonisation and clarity for all legal and compliance requirements;
- share good practices and to provide wide education and training programmes;
- develop and maintain a competitive and trusted marketplace for services and solutions and assure trustworthiness and data protection.

Recommendation 1

Responsibility for implementation:

All market participants supported by public authorities, based on a mindset that emphasises the virtuous circle benefits to the wider economy and the green agenda, as well as the benefits to individual trading parties.

- Areas for improvement have been identified in each case and a detailed set of SME guidelines are provided by the Expert Group.
- It shows the advantages and the business case for SMEs, explains the steps and various channels towards electronic and fully automated e-Invoicing and gives advice on implementation options and methods.
- This focus on SMEs should be adopted immediately and remain a continuous feature of all stakeholder activity.

Recommendation 2

The EG recommends the harmonisation of and the provision of clarity for the legal and VAT framework across the EU on the basis of equal treatment between paper and e-invoices and supported by a Code of Practice prepared by the Expert Group.

Detailed recommendations:

- equality of treatment is defined;
- all Member States adopt the Commission's January 2009 proposal for a new VAT Directive;
- the European Commission supports the implementation of the Expert Group's Code of Practice;
- the proposed European Commission Recommendation should be implemented by all stakeholders;
- Member States who have not yet done so, should implement the option of 'other means' as provided for in the current VAT directive;
- the investments already made by trading parties in their existing e-invoicing solutions are safeguarded;
- absolute clarity in the specification of legal requirements should be provided.

Recommendation 2

Code of Practice

- Objective is legal certainty and mutual trust
- 11 core principles are proposed
- Has implications for tax authorities and for businesses
- The business control framework is the key factor
- Use of supplementary controls on a voluntary basis

Responsible for implementation of the legal and regulatory recommendations

- The European Commission and the Member States to adopt the recommendations by end 2010 leading to implementation.

Recommendation 3

The EG recommends the creation of an e-invoicing ecosystem that provides maximum interoperability and reach.

Detailed recommendations:

- the use of consistent terminology to describe and clarify the roles and responsibilities;
- content standards that support the basic cross-industry e-invoicing business requirements;
- the use of common, non-proprietary European and international information technology standards;
- minimum business and technical requirements for connectivity and messaging;
- the development of an interoperable electronic addressing and routing process;
- the development and deployment of a variety of accepted business and implementation models;
- the use of good practice guidelines as self assessment tools on a voluntary basis;
- establishing sound and enforceable agreements;
- to provide interoperability within and between networks and network-based solutions.

Recommendation 3

Responsibility for implementation:

The proposed European level multi-stakeholder e-Invoicing Forum should take the lead, supported by CEN, the service and solution provider community, as well as community projects, associations and user groups.

- Interoperability can only be created through an appropriate mix of collaboration and competition.
- In the EG view, there is no generalised market failure and there are promising developments towards the required level of interoperability.
- However, where required, further support should be given for the development of a healthy and vibrant eco-system.

Recommendation 4

The EG recommends that all actors within both the private and public sector adopt a common invoice content standard and data model – the UNCEFACT Cross-Industry Invoice (CII) v.2.

Detailed recommendations:

- the UN/CEFACT Cross Industry Invoice (CII) v.2 is adopted by all actors within both the private and public sector, as the common reference semantic data model;
- structured invoices should comply with this data model;
- trading parties, service and solution providers begin migration using the CII v.2 data model;
- convergence in the area of syntax and methodology expression;
- UN/CEFACT and ISO should continue to collaborate on the development and maintenance of the CII;
- inclusion of at least the proposed minimum core invoice data-set, based on the CII in any e-invoicing solution;
- users of e-invoice services should complement the recommended single semantic data model with standardised extensions;

Recommendation 4

- UN/CEFACT should deliver the mechanism to cater for such standardised extensions and to provide more detailed user guidance on the CII v.2;
- the European user community should develop clear profiles and implementation guidelines;
- users of the referenced semantic data model should engage actively in the maintenance and further development of CII;
- UN/CEFACT completes the necessary components so that the whole package can be launched by the end of 2010.

Responsible for implementation:

UN/CEFACT and ISO, as global standards organisations should continue to collaborate on the development and maintenance of the CII.

CEN should develop the required set of implementation guidelines as soon as possible and no later than September 2010.

All user groups adopt or are helped to adopt the standard, and all service and solution providers (including ERP vendors) are expected to implement in all applications.

Recommendation 5

The EG recommends the establishment of an organisational process for implementation of the EEIF at Member State and EU level.

Detailed recommendations for development and advocacy:

- Member States to set up national e-Invoicing bodies;
- the Commission should continue to drive the development by establishing a pan-European e-Invoicing Forum.

Detailed recommendations for standardisation:

- to take forward the CII v.2 content standard, including the preparation by CEN of a set of European implementation guidelines;
- CEN to further develop the Guidance Recommendations for interoperability, develop reference implementation models and best practices, and channel improvement ideas to UN/CEFACT;
- to continue the current CEN Workshop and enhance its activities to take account of the Expert Group recommendations.

Recommendation 6

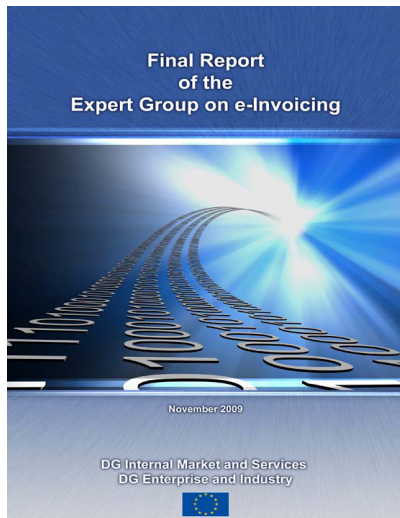
The EG recommends the wide communication of the key messages of this report.

- Ensure that e-invoicing moves to top of the agenda
- Promote the EEIF and its adoption
- Create consensus and drive convergence
- Help SME's as well as public administrations and larger entities
- Focus on “multipliers and enablers” to disseminate the messages
- Communication must be consistent and sustainable
- E-invoicing is working and legally accepted today but there are a number of hurdles to overcome in order to accelerate uptake

Annexes to Final Report

- List of members, invited experts and observers
- A minority position of one member of the Expert Group (30 members in total fully support)
- Full text of the recommended Code of Practice
- Guidelines for SME's in adopting e-invoicing
- A draft communications plan
- A note on the link between the SEPA and e-invoicing
- A proposal for a minimum core invoice data-set
- Terms of Reference of the Expert Group
- Glossary of key terms and abbreviations

2010: Next steps



The report of the Expert Group is open for consultation till 26/02/2010 at

http://ec.europa.eu/enterprise/newsroom/cf/itemshortdetail.cfm?item_id=3875&lang=en

http://ec.europa.eu/internal_market/consultations/2009/e-invoicing_en.htm

Conference organised jointly by the Commission and the Spanish Presidency in April 2010.

Decision on future actions to be taken after analysis of consultation results and final assessment by the Commission.

Further Information

DG ENTR e-Invoicing web site

<http://ec.europa.eu/enterprise/sectors/ict/e-invoicing>

DG MARKT e-Invoicing web site

http://ec.europa.eu/internal_market/payments/einvoicing/index_en.htm

Final Report

http://ec.europa.eu/enterprise/sectors/ict/files/finalreport_en.pdf

http://ec.europa.eu/internal_market/consultations/docs/2009/e-invoicing/report_en.pdf

E-mail

entr-e-invoicing@ec.europa.eu

markt-e-invoicing@ec.europa.eu