High Level Group on Administrative Burdens  
Case Study on ABRplus Item No. 8  
"VAT - Suppressing additional requirements on invoices and enabling wider use of electronic invoicing"

Under the Action Programme for Reducing Administrative Burdens in the EU, measures with an estimated administrative burden reduction potential of EUR 33.4 billion in annual savings for businesses at EU level have been adopted with the support of the High Level Group on Administrative Burdens (HLG) to date (July 2014). Since benefits will not materialise until the measures are successfully implemented in Member States, the European Commission has tasked the HLG to assist and advise on the follow-up of the Action Programme ("ABRplus") by comparing Member State implementation and achieved results with initial estimates and to identify best practices of implementation.

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<th>Summary</th>
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<td><strong>Area</strong></td>
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<td><strong>Covered legislation</strong></td>
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<td><strong>Main features</strong></td>
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| **HLG involvement** | • Opinion of 22 October 2008 on the reform of the rules on invoicing and electronic invoicing in Directive 2006/112/EC (VAT Directive);  
• Opinion of 28 May 2009 on the priority area of Taxation and Customs;  
• HLG Best practice Report, example No. 28: Electronic invoicing in VAT legislation in Finland. |
| **Estimated annual savings** | **Potential at EU level:** EUR 18.8 billion (-24%)  
**Realised in Member States:** Cf. table on p. 5 of this document |
### Identified best Practices

- Close cooperation with stakeholders regarding implementation
- Reduction of frequency of tax returns and payments for smaller businesses.

### HLG recommendations

<table>
<thead>
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<th><strong>To Member States:</strong></th>
<th><strong>HLG recommendations</strong></th>
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<td></td>
<td>- Implement all simplification options given by Directive 2010/45/EU and make the effects of (non)transposition transparent to stakeholders;</td>
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<td>- Evaluate the actual use of electronic invoicing to identify further administrative reduction measures;</td>
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<td>- Fully convert national administrations to paperless workflow and digital communication with stakeholders;</td>
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<td>- Actively support the Commission proposals for further administrative burden reduction, e.g. standard VAT return.</td>
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<th><strong>To the Commission:</strong></th>
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<td>- Set a new burden reduction target for VAT and customs;</td>
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<td>- Broaden the scope of one-stop-shop;</td>
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<td>- Extensively involve stakeholders, especially in the planned evaluation in 2016;</td>
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<td>- Keep following and supporting the technical implementation of VAT legislation in Member States;</td>
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<td>- Publish with every new legislative proposal a factual overview over all options for Member State implementation and their respective burdens to business.</td>
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<th><strong>To both the Commission and Member States:</strong></th>
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<td>- Assess and the legislation governing authentication and harmonise methods for the storage of invoices across Member States;</td>
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<td>- Increase the accessibility of information on VAT for businesses by creating a centralised EU VAT web portal covering all EU and national VAT rules;</td>
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<td>- Use common commencement dates for legislation and the Standard Cost Model for calculating administrative burdens.</td>
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### Description of the measure

Value Added Tax (VAT) in the EU is an indirect consumption tax, applying in principle to all commercial activities involving the production and distribution of goods and the provision of
services, paid by the buyer of the goods and services to its sellers as part of the price for the product or service. The essential piece of EU VAT legislation since 1 January 2007 has been Directive 2006/112/EC ("VAT Directive")\(^1\). Although previous VAT legislation had introduced common EU rules on VAT invoices, the aim of simplifying, modernising and harmonising the rules on VAT invoices to reduce administrative burdens especially for SMEs was not fully met, as the many options available to Member States led to a less than harmonised set of invoicing rules. The different rules in place for e-invoicing were regarded as one of the barriers to increased use of e-invoicing\(^2\).

Thus, as part of the Small Business Act, on 28 January 2009, the Commission proposed a reform of the VAT Directive with regard to invoicing rules in order to increase the use of electronic invoicing\(^3\). The new proposal aimed, inter alia, at eliminating barriers to e-invoicing by treating paper and electronic invoices equally and at harmonising the rules for the use of invoices. It contained a number of measures specifically aimed at SMEs, such as the option for Member States to introduce an optional cash accounting scheme and the extended use of simplified invoices. It was estimated that if the 22 million taxable enterprises in the EU switched to a fully electronic VAT invoicing system, they could save up to EUR 18 billion across the EU.

Art. 113 of the Treaty on the Functioning of the EU foresees a special legislative procedure for legislative initiatives on the harmonisation of legislation concerning turnover taxes, requiring unanimity in the Council and consultation of the European Parliament and the Economic and Social Committee. The Council agreed a general approach on 16 March 2010, supporting the equal treatment of electronic and paper invoices. The European Parliament adopted a legislative resolution amending the Commission proposal on 5 May 2010, suggesting reducing as much as possible the administrative burdens on suppliers and service providers, by inter alia:

- deleting the requirement to use the ECB daily rate in case an invoice is issued in a currency other than that of the Member State in which tax is payable (Art. 91);
- deleting the requirement to hold an invoice that complies with formalities of 27 Member States;
- increasing the ceiling for use of simplified invoices from EUR 200 to EUR 300;
- deleting the possibility for Member States to request the translation of some invoices into their official languages.

\(^1\) Cf. [http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/)

\(^2\) Cf. also preparatory study inter alia on the different rules in the 27 Member States in respect of the implementation of the Invoicing Directive and on the take up of e-invoicing in the EU, available via the DG TAXUD website on VAT invoicing: [http://ec.europa.eu/taxation_customs/taxation/vat/traders/invoicing_rules/](http://ec.europa.eu/taxation_customs/taxation/vat/traders/invoicing_rules/)


The Council adopted Directive 2010/45/EU amending Directive 2006/112/EC on the common system of value added tax as regards the rules on invoicing on 13 July 2010. The Directive entered into force on 11 August 2010, had to be transposed by Member States by 31 December 2012 and is applicable from 1 January 2013. The Directive preserved the elements proposed by the Commission regarding SMEs, i.e. extending the scope for using simplified invoices, including those for smaller amounts and by giving all Member States the opportunity to allow SMEs to account for VAT on a cash basis under a cash accounting scheme.\(^5\)

By 2016, as required by Directive 2010/45/EU, the Commission will evaluate if the measure has met its goals and to what extent the reduction potential has materialized.

**Involvement of the HLG**

In its opinion of 22 October 2008 on the reform of the rules on invoicing and electronic invoicing in the VAT Directive,\(^6\) the HLG pointed to the large potential for administrative burden reduction in the area of invoicing and called upon the Commission:

- to present an ambitious legislative proposal removing unnecessary obligations in this area,
- to endorse equal treatment of electronic and paper invoices by tax authorities,
- to examine carefully any further possibilities to encourage e-invoicing.

The Commission followed up on this opinion by issuing the legislative proposal for the reform on 28 January 2009.

In its opinion of 28 May 2009 on the priority area of taxation (VAT),\(^7\) the HLG completed the first opinion with regard to the remaining parts of the VAT Directive and put forward several suggestions for administrative burden reduction measures, e.g. with regard to the various VAT returns and listings.

The HLG’s Best Practice Report of 2011\(^8\) cited the best practice example of electronic invoicing in VAT legislation in Finland.

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\(^5\) Comprehensive information on the new e-invoicing rules is also available on [http://ec.europa.eu/taxation_customs/taxation/vat/traders/invoicing_rules/index_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/traders/invoicing_rules/index_en.htm)


Implementation in Member States

Realized annual savings potential per Member State

<table>
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<tr>
<th>Member State</th>
<th>Value</th>
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<tbody>
<tr>
<td>AT</td>
<td>EUR 2.5 million</td>
</tr>
<tr>
<td>DE</td>
<td>EUR 4,048,175,000.00</td>
</tr>
<tr>
<td>ES</td>
<td>EUR 12,455,062.00</td>
</tr>
<tr>
<td>HU</td>
<td>EUR 1,269,160 – 3,807,490 (HUF 400 million - 1.2 billion)</td>
</tr>
<tr>
<td>NL</td>
<td>EUR 300 million (-25%)</td>
</tr>
<tr>
<td>LV</td>
<td>EUR 2,172,403.95</td>
</tr>
<tr>
<td>SI</td>
<td>EUR 63,500,000.00</td>
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<tr>
<td>UK</td>
<td>EUR 5.9 - 11.8 million</td>
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<table>
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<tr>
<th>Member State</th>
<th>Value</th>
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<tbody>
<tr>
<td>BE, BG, CY, CZ, DK, EE, EL, FI, FR, HR, IE, IT, LT, LU, MT, PO, PT, RO, SK, SE</td>
<td>No quantification possible</td>
</tr>
</tbody>
</table>

Invoicing is a central part of business procedure. It affects every business in every domain and in every country. The VAT Directive specifies rules on invoices sent or received by taxable persons and aims at harmonising rules on the VAT chargeable and deductible. The rules list certain kinds of information that have to be put on the invoice (e.g. the VAT identification number of the issuer of the invoice). They furthermore specify that invoices have to be stored for later inspection by the tax authorities. Finally, there are certain specific requirements if business partners choose the practice of self-billing or of issuing summary invoices, leaving it up to Member States to shape the requirements. With Directive 2010/45/EU possible room for extra requirements imposed on invoices by Member States was reduced. When implementing this directive, it is up to the Member States to what extent use can be made use of electronic invoicing and how the national systems were adapted to benefit at large from this directive (i.e. public procurement rules).

The feedback received from Member States makes clear that not all possibilities are used in some Member States to fully benefit from the reduction potential of the Directive. These are for instance article 91 on the possible notification of the use of ECB exchange rates; article 222 on setting a time-limit or article 221 broadening the scope of more detailed invoices. When used, they lead to an increase of administrative burdens. On the other hand, the directive also introduces options Member States can use to reduce the burdens: article 220a on simplified invoices. The feedback from Member States however does not make clear how these options have been made use of. A possibility is that the use of an option that seems to increase the burden might in fact decrease the overall burden in that specific country due to the possible interlinkage with other (national) obligations. The table below provides an overview of all the options in the directive. In order to allow for a lively debate in the Member States, it is useful when, with the adoption of a directive the European Commission presents, a factual overview of all the options in the directive is present. Such an overview will help stimulate discussion in Member States and fits in with the aims of the former Action programme and currently with REFIT.
### Overview of all options in the directive

<table>
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<tr>
<th>Article</th>
<th>Description</th>
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<tr>
<td>Art. 64 (2)</td>
<td>Member States may provide that, in certain cases other than those referred to in the first and second subparagraphs, the continuous supply of goods or services over a period of time is to be regarded as being completed at least at intervals of one year.</td>
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<tr>
<td>Art. 91 (2)</td>
<td>Member States shall accept instead the use of the latest exchange rate published by the European Central Bank at the time the tax becomes chargeable. Conversion between currencies other than the euro shall be made by using the euro exchange rate of each currency. Member States may require that they be notified of the exercise of this option by the taxable person. However, for some of the transactions referred to in the first subparagraph or for certain categories of taxable persons, Member States may use the exchange rate determined in accordance with the Community provisions in force governing the calculation of the value for customs purposes.</td>
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<tr>
<td>Art. 167a</td>
<td>Member States may provide within an optional scheme that the right of deduction of a taxable person whose VAT solely becomes chargeable in accordance with Article 66(b) be postponed until the VAT on the goods or services supplied to him has been paid to his supplier.</td>
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<tr>
<td>Art. 181</td>
<td>Member States may authorise a taxable person who does not hold an invoice drawn up in accordance with Sections 3 to 5 of Chapter 3 of Title XI to make the deduction referred to in Article 168(c) in respect of his intra-Community acquisitions of goods.</td>
</tr>
<tr>
<td>Art. 221 (1)</td>
<td>Member States may impose on taxable persons an obligation to issue an invoice in accordance with the details required under Article 226 or 226b in respect of supplies of goods or services other than those referred to in Article 220(1).</td>
</tr>
<tr>
<td>Art. 221 (2)</td>
<td>Member States may impose on taxable persons who have established their business in their territory or who have a fixed establishment in their territory from which the supply is made, an obligation to issue an invoice in accordance with the details required in Article 226 or 226b in respect of supplies of services exempted under points (a) to (g) of Article 135(1) which those taxable persons have made in their territory or outside the Community.</td>
</tr>
<tr>
<td>Art. 221 (3)</td>
<td>Member States may release taxable persons from the obligation laid down in Article 220(1) or in Article 220a to issue an invoice in respect of supplies of goods or services which they have made in their territory and which are exempt, with or without deductibility of the VAT paid in the preceding stage, pursuant to Articles 110 and 111, Article 125(1), Article 127, Article 128(1), Article 132, points (h) to (l) of Article 135(1), Articles 136, 371, 375, 376 and 377, Articles 378(2) and 379(2) and Articles 380 to 390b.</td>
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<tr>
<td>Art. 222 (2)</td>
<td>For other supplies of goods or services Member States may impose time limits on taxable persons for the issue of invoices.</td>
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<tr>
<td>Art. 223 (2)</td>
<td>Without prejudice to Article 222, Member States may allow summary invoices to include supplies for which VAT has become chargeable during a period of time longer than one calendar month.</td>
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<tr>
<td>Art. 224</td>
<td>Invoices may be drawn up by the customer in respect of the supply to him, by a taxable person, of goods or services, where there is a prior agreement between the two parties and provided that a procedure exists for the acceptance of each invoice by the taxable person supplying the goods or services. Member State may require that such invoices be issued in the name and on behalf of the taxable person.</td>
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### Stakeholder feedback on implementation

Stakeholders underline the improvements they experience with the simplification of e-invoicing. This measure offers the possibility for many very small companies to quickly realize cost savings and thus be in a better position to compete with bigger companies via information technology.
The Commission set-up an Expert Group on e-invoicing to identify best practices of the implementation. This Group found the Commission’s Explanatory Notes and the website presenting various information on invoicing (including e-invoicing) regarding VAT aspects very useful.

Stakeholders have indicated during various HLG meetings the difficulty they face in accessing information on the VAT rules of Member States. They need the availability of accurate, reliable and timely information. Moreover, language is still perceived as a barrier to intra-EU trade. This limits their possibility to fully benefit from the single market. The steps taken by the Commission to initiate a web portal is promising. This however can only be achieved in close cooperation with all Member States who will have to provide the information and keep it up to date.

**BusinessEurope** has identified the streamlining of VAT legislation as a main priority for the coming period⁹ SMEs experience burdens due to the discretionary powers of Member States on VAT rules. Furthermore, the obligation to register for VAT in Member States where they supply goods and services is also seen as burdensome due amongst others to the different requirements. BusinessEurope stresses that the differences on specific elements increases the burdens i.e. in the interpretation of warehousing/storage of goods and work on movable property and the application of the 0% rate for intra-EU supplies. Two main problems are identified:

- lack of uniformity, as each Member State has different rules regarding electronic invoicing. In the Netherlands for instance, the notions "authentic" and "integrity" are flexible, while in Germany those notions are applied in a rigid manner.

- still printing and storing original paper invoices: annually, companies submit electronically Eighth Directive refund claims (regarding VAT). However, the paper invoices must also be sent to the relevant tax office. An electronic invoice is insufficient / not accepted.

**Austrian Chamber of Commerce (WKÖ):** Directive 2010/45/EU was implemented in Austria in 2012 and led to the introduction of a compulsory digital signature. This change did not have an immediate impact on business, as it only legalized the practice of unsigned PDF-invoices common in many small enterprises until then. Implementation has mostly followed the framework of the Directive. The definition of the "original invoice" could be improved, since currently it cannot be fulfilled by electronic invoices. For this reason, electronic invoices cannot access proof of funding, which in practice discriminates against electronic invoices. The main advantage is deemed to be gained from the introduction of structured electronic invoices in XML-format which can be processed directly by software. Currently, max. 8% of all electronic invoices are transmitted in XML-format.

**Confederation of Danish Industry:** The Directive has been implemented in Denmark, and there has been a juxtaposition of paper invoices to electronic invoices. The Danish implementation has worked quite well due to the mandatory use of electronic invoicing to the public and a large degree of digitalization in general. However, it is still pdf-invoicing, which is most common. The first 3-year mandate for the EU multi-stakeholder forum on e-Invoicing has just been completed and is expected to be extended. Its Final report recommends a follow-up on the implementation of the Directive (in particular regarding the use of internal controls in businesses as an alternative to more formal

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documentation requirements) as well as a recommendation to Member States to look at how the accounting rules can be brought in line with the 21st century. This particularly concerns the rules that define the storing of documents in other EU countries, which no Member States currently fully accept. Given that the VAT Directive is adapted to accept storage of documents in other countries it is now accounting rules that needs to be updated.

**Mr Thomas Wild, Germany:** According to Mr Wild, whose wife operates two independent gas stations, this measure offers the possibility for many very small companies to quickly realize cost savings and thus be in a better position to compete with bigger companies via information technology. The new legal framework allows sending 550 out of 700 monthly invoices of his wife’s business electronically, thus generating very positive replies from customers, improvements in customer service and staff motivation, and cost savings for paper, printing and postage without leading to disadvantages for tax authorities.

**European Entrepreneurial Regions:** While Flanders fully agrees and respondents from Catalonia mostly agree that the measure has the potential to improve the position of SMEs, Helsinki-Uusimaa only agrees to a limited extent with the relevant statement. Concerning the state of implementation, Flanders is a front-runner in e-procurement as one of the few regions in the EU where e-notification and e-tendering are already mandatory. Electronic invoicing will be the next step. Obstacles encountered while implementing initiatives of e-invoicing include difficulties at the IT level: in Flanders, the public administration is using different electronic accountancy systems. As a result, it is not easy to develop a one-size-fits-all system. There is currently a project running within the Flemish administration to find a solution to this issue, and it is scheduled that by 2016 all Flemish departments will use e-invoicing. More efforts still need to be undertaken to ensure successful implementation. As for multi-level governance and stakeholder involvement, in Flanders both regional authorities and relevant stakeholders are participating in the implementing process; in Helsinki-Uusimaa stakeholders are involved, but participation of regional authorities is limited; finally, Catalonia indicates that there is only limited participation of regional authorities and no stakeholder involvement. Catalonia underlines that this measure is not only important for businesses, but also of direct relevance for the regional administration, and notably for the administrative justification of projects: in the case of Catalonia, invoices of companies have to be certified and sealed. Alleviating this burden imposed on the administration would be an opportunity for further action.

**UK Business Taskforce (Report of October 2013):** The VAT rules for businesses involved in cross-border trade within the EU can be complex and confusing. Although a high proportion of smaller businesses in the UK are not involved in such trade, those that are, struggle, in particular with the information requirements, including:

- Understanding the difference between, and requirements of, VAT reporting and Intrastat,
- Understanding the different VAT returns in different EU Member States, the lack of consistent definitions, and different rules and procedures for submission. Guidance is often patchy and inadequate in many EU Member States.
- UK businesses also experience delays in the processing of cross-border VAT refunds in some EU Member States.
VAT is the most frequently cited area of burdensome regulation mentioned by SMEs who responded to a recent European Commission consultation. The annual cost of completing VAT declarations alone across Europe is estimated to be EUR 40 billion. Compliance costs are higher for businesses involved in cross-border trade. Lack of clarity over VAT rules was the most common problem cited in a recent survey of small exporters in the service sector, mentioned by 36% of respondents. The process of applying for VAT refunds from other EU Member States was simplified in 2010, enabling all EU businesses to file applications electronically. EU Member States are under an obligation to respond to straightforward applications within set timescales, and in normal circumstances within four months. But this doesn’t always happen. UK businesses involved in cross-border trade within the EU, particularly SMEs, need far better and more accessible information about the VAT declaration process. Barriers to trading across borders including the underlying rules and procedures that apply in other EU Member States. Any proposals from the Commission with the aim of reducing business burdens across the EU – such as the standard VAT return and better online information – must achieve real savings for UK businesses, and must not impose any additional burdens on them. Such proposals must also ensure they fully respect the principle of subsidiarity and the competences of Member States in relation to tax. The processing of VAT refunds by other EU Member States needs more rigorous monitoring. Where persistent delays occur, the Commission must act to enforce the existing legal limits.

**UK Federation of Small Businesses (FSB):** Problems with VAT in a cross-border setting are caused by the complexity of the rules. It is difficult to not only comply with the paperwork, but to find out what actually needs to be done. This is made worse by authorities who do not know the rules themselves, resulting in a lot of legal uncertainty. In addition, it seems paperwork has to be provided several times for the same cases. The VAT rules are problematic for our exporting members and we would urge clearer guidance so exporting businesses are not discouraged. We also realise that member states’ own VAT legislation is confusing because of the different schemes for registration, and because you have to find out the rates for different products. FSB is looking forward to the publication of a proposal for a standard VAT declaration. A universal VAT return form accompanied by harmonised administrative obligations would be very welcome for our exporting members.

**Mr R. Hugot, Products & Services Strategy Director, SAGE, speaking on behalf of software editors association - www.afdel.fr (comment submitted at a SME Conference to the Commission in September 2013):** The 2010 electronic invoicing directive has just been transposed in France. It appears that using electronic invoicing creates additional burden and potentially increased fiscal liability through a regulatory overlay. The directive was drafted to be technology neutral and requires electronic audit trails which cost a lot to introduce, hence the additional burden. It is very likely to achieve an opposite result to what was planned\(^\text{10}\).

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\(^{10}\text{Commission Feedback: The authenticity of the origin and the integrity of their content is the key feature of the electronic invoices. Before introduction of the Invoicing Directive, this had to be ensured by the methods prescribed in the legislation of each Member State. The Invoicing Directive introduced a simplification according to which the authenticity of the origin and the integrity of their content may be ensured by any method provided that it ensures a reliable audit trail between the supply and the invoice. This is the only requirement for the method chosen by business as opposed to the requirements prescribed by the Member States before the introduction of the Invoicing Directive. As a consequence, the taxable persons have more options to choose the method of electronic invoicing that is tailored to their specific needs and financial possibilities.}\)
The Chamber of Trade and Crafts for Munich and Upper Bavaria welcomes the intention to avoid additional requirements on invoices and to treat electronic and paper invoices equally in order to achieve a broader use of electronic invoicing. However, regarding electronic invoicing, skilled craft enterprises should not be overloaded with additional bureaucratic burdens. With the implementation of Directive 2010/45 of 13 October 2010 into national law, new legal requirements for invoicing, for example extended information on accountability, have entered into force. In practice this has led primarily to legal uncertainty and to an increased administrative procedure for invoicing.

Germany states that no further simplification is possible as the balance between simplification and fight against fraud must be kept.

Identified best practices of implementation

The directive was implemented as of 1 January 2013. The information available on the implementation is the feedback the HLG received from the Member States.

Finland has been identified as a best practice example in the HLG report on best practices of implementation of EU law “Europe can do better”\(^{11}\). From the start of e-invoicing, it has been treated equally to paper invoicing in Finland. When implementing the Invoicing Directive in Finland in 2004, authorities tried to avoid increasing the administrative burden for businesses and to minimise the need for changes to established practices.

Hungary is in close contact with stakeholders regarding the implementation of the measure: Hungary has conducted a preliminary survey in 2012 which showed that enterprises engaged in customer relations with self-employed persons and licensed traditional small-scale producers were not planning to introduce electronic invoicing due to their clients being unable to receive or issue electronic invoices. Hungarian state enterprises however, set a good example in the application of electronic invoicing, and given that they are in contact with medium and large enterprises, they seek to use electronic invoicing extensively.

Ireland has reduced the filing frequency of tax returns for small businesses with the aim to improve cashflow by only having to make payments at the end of each quarter, 4 monthly period or 6 monthly period as appropriate\(^{12}\). The reduction in the frequency of tax returns and payments for smaller businesses during 2006 and 2007 was introduced as follows:

- Businesses making total annual PAYE/PRSI payments of up to EUR 28,800 became eligible to make their payments on a quarterly rather than monthly basis;
- Businesses making total annual VAT payments of less than EUR 3,000 became eligible to file VAT returns and make their payments on a 6 monthly basis; and


- Businesses making total annual VAT payments of between EUR 3,000 and EUR 14,400 became eligible to file VAT returns and make their payments on a 4 monthly basis.

The liability of cases and transfers customers to the less frequent filing programme where eligibility criteria are met is regularly reviewed. Accordingly, simplified arrangements were extended to include newly eligible customers from 1 January 2009 and over 90,000 businesses currently benefit from less frequent PAYE/PRSI and VAT filing obligations. This initiative has resulted in a significant reduction in the number of forms which small businesses are required to complete and submit. For example, there has been a reduction in the number of VAT returns required from businesses with annual VAT payments of between EUR 3,000 and EUR 14,000 from 12 to 3 on an annual basis. A measurement exercise has not been carried out to determine how this reduction in filing frequency has impacted on the time and/or cost to businesses.

**HLG recommendations**

All businesses draw up invoices and are thus affected by EU invoicing regulation. This makes the EU legislation on Taxation and Customs the most important priority area in terms of administrative costs and burdens imposed on businesses. The rules on invoicing impose information obligations on all businesses in Europe. Invoicing is a central part of business processes as it affects every business in every domain and in every country. The VAT directives account for 93% of the total administrative burden measured. This makes it therefore essential that administrative burden in relation to invoicing in all forms be reduced even further.

Increased use of information and communication technology can bring a huge reduction of compliance costs. Electronic invoicing and archiving provides in principle further and better opportunities for both tax administrations and businesses to track and audit invoices, enables quick access to data and the use of computer assisted auditing techniques, and allows larger amounts of data to be analysed and cross-checked quickly. It is an important step towards a wholly paperless public administration and can have, among other things, financial, economic and environmental benefits. Therefore, any constraints on the use and development of electronic invoicing need to be avoided. The HLG thus welcomes that the Commission has put such great emphasis on enabling and facilitating the use of electronic solutions for VAT compliance, thereby allowing enterprises to realize huge savings potentials. Nevertheless, the HLG underlines that the guiding principle not only in taxation but in all areas of activity, should be the equal treatment of paper and electronic invoices whilst encouraging enterprises to use electronic invoicing. This also means no additional requirements on e-invoicing compared to paper invoicing in other directives, such as the Accounting directives.

Frequent changes to existing systems can also lead to administrative burdens for businesses, especially when they come with the necessity to change existing technical infrastructures. It is therefore essential to minimise the need for changes to established practices and to set harmonised rules at EU level in order to give businesses legal certainty. The use of common commencement dates is also essential to reduce the (one-off) costs.
The HLG thus puts forward the following recommendations:

To Member States:

The HLG calls on Member States who have not yet done so:

- to implement all options given to them by Directive 2010/45/EU that can simplify and further reduce administrative burdens for businesses;
- to take advantage of the increasing use of electronic invoicing to fully convert their national administrations into paperless administrations, making digital communication with stakeholders, citizens and businesses possible;
- to evaluate as soon as possible the actual use of electronic invoicing in their jurisdictions and to identify in a close dialogue with all relevant stakeholders possible further measures to help business to make best use of the available legal situation;
- to assess and make transparent what the effects on regulatory costs are per option in the directive that is (not) made use of. This enables dialogue with the relevant stakeholders. This assessment should be made public before the implementation of any directive is made definitive enabling stakeholders to give a reaction/ to be consulted;
- To support actively the Commission's proposals for administrative burden reduction such as the standard VAT return which can bring an additional EUR 15 million savings per year or the one stop shop-system.

To the Commission:

In relation to other areas, the Taxation and Customs area accounts for the highest amount of administrative burden. In order to have any effect, the HLG calls upon the Commission:

- to set a new administrative reduction target for the field area taxation and customs. The following areas need to be looked at: simplification of both the paper and e-invoicing storage obligations; the creation of a one-stop shop system to file VAT declaration; and standardisation, less reporting obligations and shorter processing time,
- to broaden the scope of the one-stop shop to better ensure the functioning of the Single Market and a level playing field for EU operators,
- to set up a process where trading partners and other stakeholders can address obstacles they face on the application of the 2013 e-invoicing rules as input for the planned evaluation in 2016. Feedback and lessons learnt on the input should be made public parallel to the evaluation results. The HLG advises the Commission to make use of the already existing European Multi Stakeholder Forum on Electronic Invoicing to address this issue;
- to keep following and supporting the technical implementation of the VAT legislation in Member States in order to help solving technical problems arising in practice, and to discuss
new rules and approaches with stakeholders. The HLG calls upon the Commission to ask the Multi Stakeholder Forum on e-invoicing to undertake this task.

- to provide a factual overview of all options in all directives once the adopted directive is made public.
- to look at how the accounting rules can be brought in line with the 21st century. This particularly concerns the rules that define the storing of documents in other EU countries, which no Member States currently fully accepts. Given that the VAT Directive are adapted to accept storage of documents in other Member States, the accounting rules need to be updated for a consistent approach.

To both the Commission and Member States:

- to use the evaluation of the Directive in 2016/17 inter alia to assess the complexity of the current obligation of authentication and to identify ways to soften the obligation, preferably deleting it and to streamline this obligations with the accounting legislation. Reactions from stakeholders make clear that the current article 247 on the storage of invoices leads to difficulties. Stakeholders have difficulty in understanding the obligations in the different Member States. This is enhanced due to the possibility for Member States to demand data guaranteeing and authentication. The difference between the Member States also lead to unacceptance of the different storage methods and increases the burdens due to different requirements of e-signatures and lack of interoperability. During Council discussions of the proposal, the Council increased the obligations for both (authenticity of e-invoicing and storage) considerably,

- The HLG notes the variety of the feedback of Member States on the implementation of the directive and the effect is has had on the level of administrative burden. Given the aim of the European Union to reduce the administrative burdens, the HLG calls upon the Commission and Member States to make use of the Standard Cost Model to calculate these burdens,

- The HLG urges both Member States and the Commission to increase the accessibility of information on the different national VAT rules for businesses. In the end a fully-fledged EU VAT web portal covering all EU and national VAT rules should be available, starting with the mini-one stop shop (MOSS). In this regard the HLG urges Member States and Commission to work together with the implementation of MOSS and the development of a web-portal for MOSS,

- Both Member States and Commission should make use of common commencement dates for legislation. This clarifies to businesses when they can expect changes and makes it possible to plan joint investments.
Annex: Member State feedback on national implementation of ABRplus No. 8

Austria

The measure was adopted by the Austrian Tax Amendment Act 2012 and applies to supplies carried out after 31 December 2012. The savings potential in Austria is estimated at EUR 2,500,000, 300,000,000 – 400,000,000 pursuant to the additional comments on the Austrian government bill due to the equilization of paper invoices and electronic invoices. According to the amended Austrian VAT Act, electronic invoices sent via e-mail, e-mail attachment, web download or other electronic formats (such as PDF or text files) give rise to input tax deduction without prior signature and electronic invoices fulfilling the criteria laid down the Austrian VAT act are to be deemed an invoice and to give rise to input tax deduction. The invoice’s recipient has to accept the use of e-invoicing. The authenticity of the invoice’s source, the integrity of its contents and its readability have to be guaranteed from the time of its issue until the end of the storage period, either by signing the invoice with an electronic signature and based on a qualified certificate issued by a certifier or by transfer of the invoice via Electronic Data Interchange. Each company may determine how to guarantee the invoice’s authenticity of source, integrity and readability of its content. Businesses are not obliged to use any special technical procedure. The feedback received by business stakeholders in Austria was positive. The feedback received by business stakeholders was positive—simplified use of electronic invoices via email, email attachment and text files are very welcome. The banking and insurance sectors specifically noted that electronic invoicing is “more and more wanted”. This change did not have a direct effect to the economy, since it was common practice in many small businesses.

A study carried out by the Austrian Federal Economic Chamber on the e-bills estimates the potential benefits (NOT savings!) with EUR 8 billion, in case 60% of all email accounts are sent in XML format. However, their use is still far behind these expectations: a maximum of 8% of all e-invoices in .at are transmitted as XML files.

Belgium

No information available

Bulgaria

The Directive was transposed by a Law amending and supplementing the Bulgarian Value Added Tax Act (ZDDS), which entered into force on 1 January 2013. At present, no information on the savings achieved is available. According to the information available to the Bulgarian tax authorities, taxable persons currently issue approximately 16-17 million invoices per month in Bulgaria. No impact assessment has been planned at national level. Bulgaria introduced the following options:

- Article 167a (cash accounting): this option has been introduced by the Law amending and supplementing the Value Added Tax Act and will enter into force on 1 January 2014.
• Article 181 (right of deduction in cases of intra-Community acquisitions, where the recipient does not hold an invoice drawn up in accordance with the applicable requirements): this option has been provided for in Article 73a ZDDS. The right of deduction is dependent upon the transaction being transparent and properly reported in the recipient’s financial records.

• Article 223 (summary invoice for a period that exceeds one month): this option has been transposed by Article 113(13) ZDDS (and may also be used in the context of the three-month tax period within the framework of the special e-services scheme).

• Article 226a (fewer details for intra-Community supplies/services: taxable amount of the goods/services instead of the taxable amount, the VAT rate and the VAT amount payable): this option has been transposed by Article 114(4) ZDDS.

Bulgaria has neither introduced nor does it have any current plans to introduce the following options:

• Article 91 (requirement for taxable persons to notify the use of ECB exchange rates): no such notification is required;

• Article 236 (in a batch of invoices, the details common to the individual invoices may be mentioned only once);

• Article 238 (fewer details on invoices where the amount is between EUR 100 and 400 or in certain sectors);

• Article 247 (requirement for invoices to be stored in their original form and, in the case of invoices stored by electronic means, data guaranteeing the authenticity of their origin and the integrity of their content to be stored).

At present, Bulgaria does not plan to review the existing options/derogations or introduce others. The implementation of the measure envisaged in Article 167a will commence on 1 January 2014.

Croatia

No information available

Cyprus

Cyprus has published the implementing law in the official Gazette of the Republic on 20 December 2013. An infringement procedure was initiated by the Commission EU for late implementation on 31 January 2013. No info on savings potential or SME experience is available. Written consultation with stakeholders was carried out. No obstacle or difficulties, since the measure was implemented, were notified to the tax authorities.

Czech Republic

The Czech Republic has fully transposed the Directive with effect from 1 January 2013 and no problems with implementation have occurred. The options in Articles 64 (2), 181, 221 (1) and (3),

13 SG(2013)D/805
222, 223, 224, 236, 238 and 248a are used. The measure applies to approx. 504,000 taxable persons in the Czech Republic. No data as to savings potential is available, as savings potential is not monitored and evaluated. The complete notification was made on 13 April 2012. Positive feedback was received from business: Cost reduction has occurred in the process of the issue of invoices, the sending of invoices and the storage of invoices by both a supplier and a customer.

**Denmark**

Directive 2010/45/EU was implemented by amendments to the Danish Act on VAT and the Danish Ministerial Order on VAT, entering into force on 1 January 2013. The implementation has neither been supported by an implementation plan or an EU expert group. Although it has been recognized that the Directive 2010/45/EU reduces burdens on businesses, no measurement of the savings achieved has been carried out. The net effect has been considered to be less than 10,000 hours. Presently Denmark is not making use of options provided in the directive which are expected to raise the administrative burdens on Danish businesses, e.g. an obligation to issue an invoice on VAT-free supplies under Article 221(2). However, Denmark is making full use of options considered to reduce burdens on businesses, e.g. the option of raising the threshold for issuing of a simplified invoice. Stakeholder comments and requests for clarifications have mainly been raised in relation to the official consultation on the draft of legislation. The comments were taken into account during the legislative implementation.

**Estonia**

Estonia has implemented the Directive and no major problems were encountered. The same requirements for normal and e-invoices are applied. Estonia makes use of options provided in the Directive art 222, 224. No official surveys to get evidence on whether such statement holds true were conducted.

**Finland**

Directive 2010/45/EU has been implemented in Finland as from 1 January 2013. No options provided in the Directive were applied with the exception of those provided for in Art 223 and 238\(^\text{14}\). The HLG had included an example from Finland for electronic invoicing in the context of VAT legislation in its Best Practice Report\(^\text{15}\). Even before the change in EU legislation, Finland had treated electronic invoicing equal to paper invoices in the Finnish VAT Act. The Finnish tax administration had not encountered any specific problems concerning e-invoicing, thus contradicting concerns in other Member States about increased opportunities for tax fraud.


France

No information available

Germany

Germany has fully implemented the e-invoicing elements of the Directive with the Tax Simplification Act of 1 November 2011 (entry into force on 1 January 2012). The savings potential has been calculated at EUR 4,048,175,000. The potential savings have been estimated by the SCM and take into account the simplification for electronic invoicing as well as the ongoing simplification for storage of invoices. The options mentioned in articles 221, 222, 223, 224, 225 and 227 of Directive 2010/45/EU have been used. No use is made of the option mentioned in article 235 of Directive 2010/45/EU. Stakeholders were involved in the normal hearings in the law making process.

According to the German Normenkontrollrat, the identified amount is based on the following assessment: In Germany, 2.82 billion invoices are issued per year by businesses to businesses on the basis of the VAT law. In addition, about 29 billion invoices are issued to customers who are not subject to VAT obligations; nevertheless, these invoices also have to be retained for a number of years for VAT purposes. The simplification of VAT e-invoicing has an impact particularly with regard to three information obligations of businesses:

- Issuing of invoices: Reduction potential due to less paper invoices and more electronic invoices: EUR 250 million;
- Issuing of invoices by using qualified electronic signature: Reduction potential due to the abandonment of the qualified electronic signature: EUR 487 million;
- Retention of invoices: Reduction potential regarding the filing process of invoices due to less paper invoices: EUR 3.4 billion. This big amount derives from the great number of cases as businesses – according to the VAT law – also have to retain invoices issued to private households.

Despite the simplification of electronic invoicing the competent ministry expects that a relevant number of businesses will not use e-invoicing for different reasons (e.g. internal processes). It estimates that about 8 billion invoices will be issued and kept in paper form also in the future.

Greece

Greece has fully implemented the Directive. Stakeholders have not been involved. It is not possible to measure the savings achieved. Electronic invoicing in Greece is mainly used by large companies, but this use is expected to increase also in smaller businesses, recognizing the benefits of issuing electronic invoices and significantly reducing costs for them. A reconsideration of the use of the options provided in the Directive is likely in the process of reforming the provisions about books and records, applicable from 1 January 2014. The widespread use of electronic invoicing, that would
significantly reduce the administrative burden for businesses, could theoretically be achieved by the mandatory implementation of the measure, at least for invoices with a value over a certain amount (ex. EUR 5,000) although this would be a difficult decision to implement in practise. Alternatively, incentives could be provided to companies to modernize their IT organization, which would probably facilitate the wider use of electronic invoices.

**Hungary**

Directive 2010/45/EU was fully implemented in Hungary before the deadline and the regulations concerned entered into effect from 1 January 2013. The only option which has not been introduced in Hungary, is the amendment of Article 238 of the 2006/112/EC Council Directive (fewer details on invoices where the amount is between EUR 100 and 400 or in certain sectors). The other regulation of the 2010/45/EU Directive was transposed by laws amending and supplementing the Hungarian VAT Act (No 127 of 2007) and the Act on the Rules on Taxation (No 92 of 2003). These laws are the following:

- Act No. 178 of 2012
- Act No. 146 of 2012
- Act No. 156 of 2011
- Act No. 110 of 2009.

Meetings were organized for representatives of public administrations (tax authority, Ministry of National Development) prior to the implementation. They provided helpful information relating to the electronic invoices. Besides this, the legislative proposal was made public on the website of the Hungarian Parliament before its adoption.

Assuming the issuing of 2.5-4 million electronic invoices annually and the slow pace of digitalisation of paper invoices in Hungary in 2013, the potential saved would have been HUF 400-800 million (conservative estimate), which may increase considerably in 2014 (HUF 0.8-1.2 billion). SMEs use the services of businesses providing electronic invoices: basing calculations on a few tens of thousands of businesses, invoices issued in the magnitude of millions, direct and indirect savings resulting from the invoices issued in the segment would have amounted to approximately HUF 100-300 million in 2013 (conservative estimate), which may increase considerably in 2014.

Electronic invoicing may result in the most significant savings for mass invoice issuer and/or mass recipients. Savings are due to three main factors: savings related to office equipment, printing and postage, to the freeing of storage capacity, and labour savings resulting from simpler, more automated processing.

- Savings related to office equipment, printing and postage: savings of the average amount of HUF 100 per invoice (as opposed to the costs of paper, printing and postage electronic invoices can cost far less than HUF 10, or without the addition of value added services the cost of e-invoices is maximum HUF 50);
• Freeing of data storage: savings of the average amount of HUF 20 per invoice at a conservative estimate (the cost of storage of an invoice for 8 years is HUF 80-150, digital archiving of a paper invoice is HUF 60);

• Labour savings due to simpler, more automated processing: savings of the average amount of HUF 50 per invoice may be attained primarily in the case of mass electronic invoicing. Difficult to quantify, conservative estimate.

Simplification of rules on electronic invoicing (qualified electronic signature and timestamp are not necessarily required) result in the following savings as well: HUF 10 000-16 000 per year (approximately EUR 40-63 per year), which covers the cost of an acceptable accredited security certificate and HUF 10-15 per item (approximately EUR 0.03-0.06/item), which is the cost of time stamping. A preliminary survey in 2012 showed that enterprises engaged in customer relations with self-employed persons and licensed traditional small-scale producers were not planning to introduce electronic invoicing due to their clients being unable to receive or issue electronic invoices. State enterprises however, set a good example in the application of electronic invoicing, and given that they are in contact with medium and large enterprises, they seek to use electronic invoicing extensively. Approximately 10% of the enterprises (70,000) will introduce electronic invoicing in the following two years. Primarily large enterprises will take advantage of this opportunity, as well as SMEs dealing with large quantities of documents (numerous customer relations, many suppliers, many depots, and large numbers of employees). Exact information is currently not available.

**Ireland**

Ireland fully implemented the Directive from 1 January 2013, no implementation problems were identified. Consultation was done via the National e-Invoicing forum which consisted of business representative groups and state bodies. Also a targeted consultation with tax practitioners was conducted. There is no reconsideration of the use of any of the options provided in the Directive planned in the foreseeable future. No data as to savings potential is available; no quantitative assessment has been carried out but anecdotal evidence indicates that the new rules are less onerous on business.

**Italy**

Directive 2010/45/EC was implemented in Italy on 24 December 2012. Under the new rules, as from 6 December 2013, public authorities may start receiving electronic invoices. From 6 June 2014 electronic invoicing will become compulsory as Ministries, Tax Agencies and Social Security Agencies will no longer be able to accept paper invoices. From 6 June 2015 this obligation will apply to all public authorities, with the exception of local authorities, for which the switchover date will be
established separately. A portal dedicated to electronic invoicing in public administration has been implemented\textsuperscript{16}.

At the moment, a new legislative measure is drafted designed to simplify certain requirements and to promote the uptake of the electronic issue and storage of invoices and other fiscal documents. At the same time, a new guidance document is being prepared to provide additional guidelines on the novelties introduced by the Directive on electronic invoicing.

During implementation of Directive 2010/45/EC, the most significant problems were experienced in respect of Article 232, under which the issue of electronic invoices is subject to acceptance by the recipient. Specifically, a scenario was raised where an electronic invoice is issued, in compliance with all legal requirements and sent to the recipient by electronic means, but the recipient decides to consider it as a paper invoice. The doubt is whether in this case the invoice should be considered to be a paper invoice by the taxable person that issued it. In other words, the question is whether the invoice recipient should give his consent expressly or implicitly, and whether the recipient’s subsequent conduct has any relevance. Italian law provides that SMEs which are authorised to operate on the electronic market of the public administration and which supply goods and services to public authorities will be able to rely on an IT system to produce invoices in the format required by the Data Interchange System (i.e. the infrastructure operated by the Revenue Agency allowing transmission of electronic invoices). A government agency assists SMEs, free of charge, for the development of open-source IT tools for electronic invoicing.

Despite the implementation of the electronic invoice in national legislation, its uptake by operators is still to come about, not least due to the lack of a Ministerial Decree overcoming the current problems concerning the electronic storage of fiscal documents. The greatest problem is the storage of electronic invoices: the trade associations believe that this method of issuing and transmitting invoices should not be made compulsory, and that recipients should not be required to store invoices in electronic forms, as the electronic management of electronic invoices involves costs for the installation and use of specific software and IT tools and could therefore increase costs instead of bringing about a simplification, especially for small businesses. Thus, the formula chosen by the national legislator was welcomed, in particular by the trade associations. This approach leaves broad autonomy to both issuer and recipient, by making use of the electronic invoice subject to acceptance by the recipient, even though this in practice limits the uptake of electronic invoices.

There is no quantitative information available on administrative burden reductions. It is not possible to provide a quantitative estimate of the possible savings, because the database originally used by the Commission for the measurement of administrative burdens (essential to make any estimate) has not been shared and made available to the Member States. Due to the lack of uptake of the electronic invoice by Italian operators, the simplification introduced by Directive 2010/45/EU has yet to generate actual savings: Electronic invoicing has become mandatory only since 6 June 2014. Therefore it is not yet possible to provide input on the impact of the same. There is no gold-plating.

The electronic invoice is not yet applied in practice in Italy. Several solutions have been put forward to overcome this. One initial solution could be to give the electronic invoice a “double” nature, i.e. to

\textsuperscript{16} http://www.fatturapa.gov.it/export/invoicing/it/index.htm
permit its paper storage even when it is received in electronic form. A second option would be to introduce practical simplifications in favour of operators who adopt this type of invoicing, for instance, lifting the requirement to make periodic communications or allowing a higher threshold for tax offsetting.

**Latvia**

The law On Value Added Taxes entered into force on 1 January 2013. Potential savings: EUR 2,172,403.95: The amendments to the VAT law enacted on 1 January 2013 enabling electronic invoicing of VAT should provide for saving 10 minutes of time. As no information is available regarding the taxpayers who are using the electronic form of VAT invoicing, an assumption can be made that the electronic form is used by all taxpayers with net turnover exceeding 500,000 Latvian Lats.

Latvian VAT law as of 1 January 2013:

- the manner, in which the authenticity of the origin of a tax invoice (certification of the identity of the issuer of the tax invoice), constant content and legibility are ensured, shall be determined by a taxable person, guaranteeing the traceability of transactions, when interrelating a tax invoice and the transaction performed;
- an established taxable person is entitled to issue (draw up) and deliver a tax invoice by electronic means only in case when a recipient of such tax invoice recognises such form of the tax invoice;
- the authenticity of the electronic form (certification of the identity of the issuer of the tax invoice) and constant content of a tax invoice may be ensured, if the tax invoice has a secure electronic signature within the meaning of the Electronic Documents Law or if the tax invoice is sent using electronic data exchange or another form selected by a taxable person himself or herself in conformity with the conditions mentioned in point one;
- when several tax invoices are sent or made available together to the same addressee by electronic means, the details common to the individual invoices may be mentioned only once if, for each tax invoice, all the information is accessible;
- storage of tax invoices received in electronic form shall be the storage of data that is carried out using electronic equipment for processing (including digital compression) and storage, as well as employing wire, radio, optical or other electromagnetic means;
- a taxable person has a duty to store all the issued and received tax invoices inland, except the cases when storage of tax invoices is performed by electronic means and full online access to the relevant data is ensured;

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17 http://www.likumi.lv/doc.php?id=253451
18 Calculation: According to the information available by 11 December 2013, 7,547 VAT-payers with turnover exceeding 500,000 Latvian lats in 10 months of 2013, had issued 2,153,473 invoices on goods supplied and services provided. The average time saved by one enterprise by issuing the invoices on supplies of goods and services was 47.5 hours. Total saving = 7,547 * 47.5 *6.06 EUR = 2,172,403.95 EUR

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If a taxable person keeps tax invoices in electronic form, and ensures online access for the competent authorities, then in cases when the tax is to be paid in another Member State a taxable person has a responsibility to ensure the right to access to such tax invoices, to download and use them for the control purposes and also for the competent authorities of such another Member State.

**Lithuania**

Since 1 January 2013, the implementing law of VAT establishes that authenticity of the origin, integrity of the content and the legibility of the VAT invoice, whether paper or electronic invoices, by taxable persons may be achieved by any business controls (advanced electronic signatures and electronic data inter-change (EDI) are only examples how the authenticity of origin and integrity of the content can be ensured) and sets the requirements related to those VAT invoices. No information on the realized savings potential is available. Interested associated structures, state institutions and community were consulted during the process of drafting law. The stakeholders also have a possibility to get a consultation on whether their measures ensuring the origin, the integrity and the legibility are sufficient.

**Luxembourg**

Most of Luxembourg companies are not yet using electronic invoices. SME companies are generally not concerned by this topic.

**Malta**

Malta fully implemented the Directive. No relevant statistical information about savings is available. Stakeholders were informed by means of seminars, information sessions and information on the website. No assessment of implementation is planned at the moment. Implementation could have required changes in the systems of certain registered persons. Malta used the options and derogations as follows:

- Article 221 (1) – invoice to be issued in cases other than those referred to in article 220(1) – Option used (fiscal receipt to be issued to non taxable persons)
- Article 221(2) – invoice to be issued for supplies under points (a) to (g) of article 135(1) and other derogations – Option not used
- Article 221(3) – taxable persons are only released from obligation to issue invoice where supply is exempt without deductibility – Option used
- Article 222 – time limit for the issue of invoice for supplies other than those referred to in articles 138 and 196 – Option used
- Article 223 – summary invoices for a period longer than one month – Option not used
- Article 224 – self-invoicing by customer – Option used
- Article 225 – special conditions for persons established in third country – Option not used
- Article 227 – requirement to indicate VAT number of customer on invoice – Option used
- Article 235 - Specific conditions for Electronic Invoices Supplied from a country with which no legal instrument exists – Option not used

**The Netherlands**

The measure was fully implemented by 2013. The proposed changes were discussed with the Dutch central business organisations.

The reduction of administrative burden for businesses in the Netherlands is calculated at almost EUR 300 million, due to an increased use of electronic factoring. This is 25% of the relevant administrative burden for businesses. The obligation is not different after implementation, but the obligations can be carried out at lower costs. In total, it concerns almost 1 billion outgoing and incoming invoices, each costing around EUR 1. Cost reduction when using e-invoicing is estimated at 50% of the original administrative burden. Estimation is that the use of e-invoicing will rise to 50% of all invoices in 2013 and next years.

**Poland**

The implementing law entered into force on 1 January 2013, modifications of the national VAT legislation will come into force on 1 January 2014. No information for achieved savings is available. The introduction of these regulations has liberalized the standards for transmission and storage of invoices in electronic form. Entrepreneurs no longer have to bear the financial costs of verification of an electronic signature.

**Portugal**

The Directive is fully implemented in Portugal. No information about savings is available. At the moment there is no intention to reconsider the use made of the options provided in the Directive. The use of electronic invoicing has been growing steadily. One particular sector where e-invoicing has spread rapidly is gross retail, which has a multiplying effect because once a gross retailer adopts it he tends to demand its use from all his suppliers\(^19\).

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\(^{19}\) Study by the National Forum on Electronic Invoice:
Romania

No information available

Slovakia

The directive was transposed with effect as of 1 January 2013. Slovakia has transposed also a majority of facultative provisions into the national act (e.g. art. 221, 222, 223, 224, 227, 235) and these have been implemented in practice, which represents simplification for SMEs. Since a majority of facultative provisions of the Directive have been transposed, only minimal gold plating can be assumed. It is not possible to quantify the achieved savings - neither as concerns financial administration nor taxable persons.

Slovenia

The implementing law was adopted 6 November 2012, entering into force on 1 January 2013. The effect on SMEs was positive: E-invoices have reduced costs and increased efficiency, which has resulted in higher competitiveness of SMEs. The savings potential in Slovenia was calculated at EUR 63,500,000.00 per year, assuming that all invoices are in electronic format. According to the assessment there are 120 million invoices issued per year. Calculation of savings encompasses costs of paper, envelope and stamping. Stakeholder consultation was effected in the form of public participation in the preparation of the amended VAT Act. The proposed text was on the website of the Ministry of Finance (the applicant), The proposal was posted on the web site, e-democracy (on the national portal of the Republic of Slovenia). We received comments from tax advisers, Commerce and the Chamber of Craft of Slovenia, the Association of Accountants and Auditors of Slovenia and the Bank Association of Slovenia.

Spain

Implementation took effect from 1 January 2013. The realized savings potential in Spain was calculated at EUR 12,455,062 due to elimination of the requirement for self-invoicing. The second measure does not have any estimated potential savings. In the public inquiry of policy implementation projects of the EU Directive the main observations affected stakeholders, which were weighted and taken into account were received. No problems were observed in its implementation. It is considered that they have not adopted internal measures involving additional to those laid down in Community legislation requirements.

Sweden

The Directive has been implemented in national legislation as of 1 January 2013. There is no information on the savings potential available. There was a one-month-public consultation with
involved stakeholders. Furthermore, a memorandum, with the implementation proposal of national legislation, was publicly consulted during a 2-month period.

**UK**

The changes were implemented in UK law on 1 January 2013. However, the changes to rules for VAT invoicing largely reflect the current position in existing UK legislation as the UK had largely already adopted the e-invoicing approach required by the Directive. The changes are tentatively estimated to reduce administrative cost burdens of UK businesses by EUR 5.9 - 11.8 million annually. These figures are the current best estimates, there is no information on the actual savings achieved. However, while there are significant potential cost savings for business in meeting their VAT invoice obligations, in terms of invoice creation, sending and storage obligations, businesses were required to familiarise themselves with the changes. The familiarisation is on average estimated to cost each business about EUR 17 - and all affected businesses would incur one-off familiarisation costs totalling about EUR 5.9 million. The impact of changes to the invoicing rules will be monitored by engaging with those businesses and organisations affected by the changes. Approaches that could help assess the extent to which the electronic invoice policy change is achieving its objectives might include comparing the number of businesses adopting electronic invoicing for intra-Community transactions after the policy changes and seeking input from UK businesses on the drivers and the benefits of moving to electronic invoicing. Potential benefits for business include

- reduced handling and storage costs;
- rapid access and retrieval of invoices;
- simpler record keeping, payment processing and dispute handling;
- improved traceability of orders;
- structured and secure business data.