

CEN/ISSS – E-INVOICING WORKSHOP CONCLUSIONS AND PROGRESS TO DATE

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Workshop on Electronic Invoices

**cen**

OVERVIEW

- PART 1: Introduction to CEN/ISSS and E-Invoice Workshop
- PART 2: Regulation of Electronic Invoices in Europe
- PART 3: Experiences and Lessons Learned so far
- PART 4: Real-Life Experience
- PART 5: Way forward for Electronic Invoices in Europe

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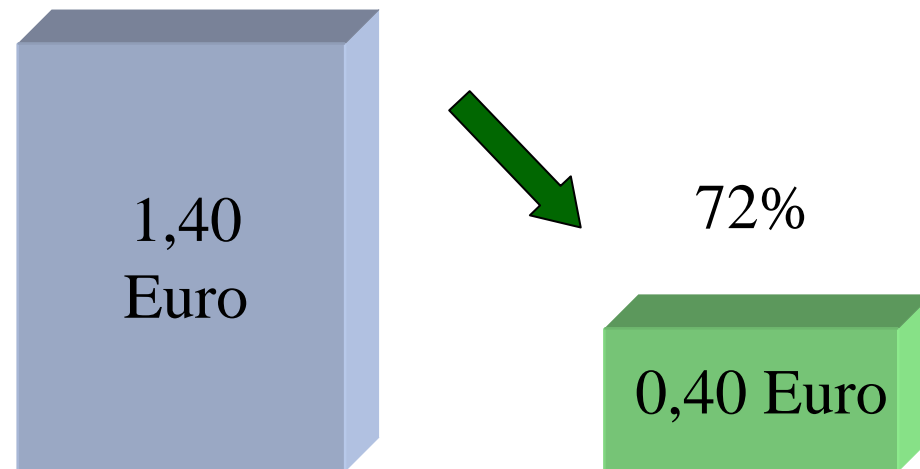
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UNECE

United Nations Economic Commission for Europe

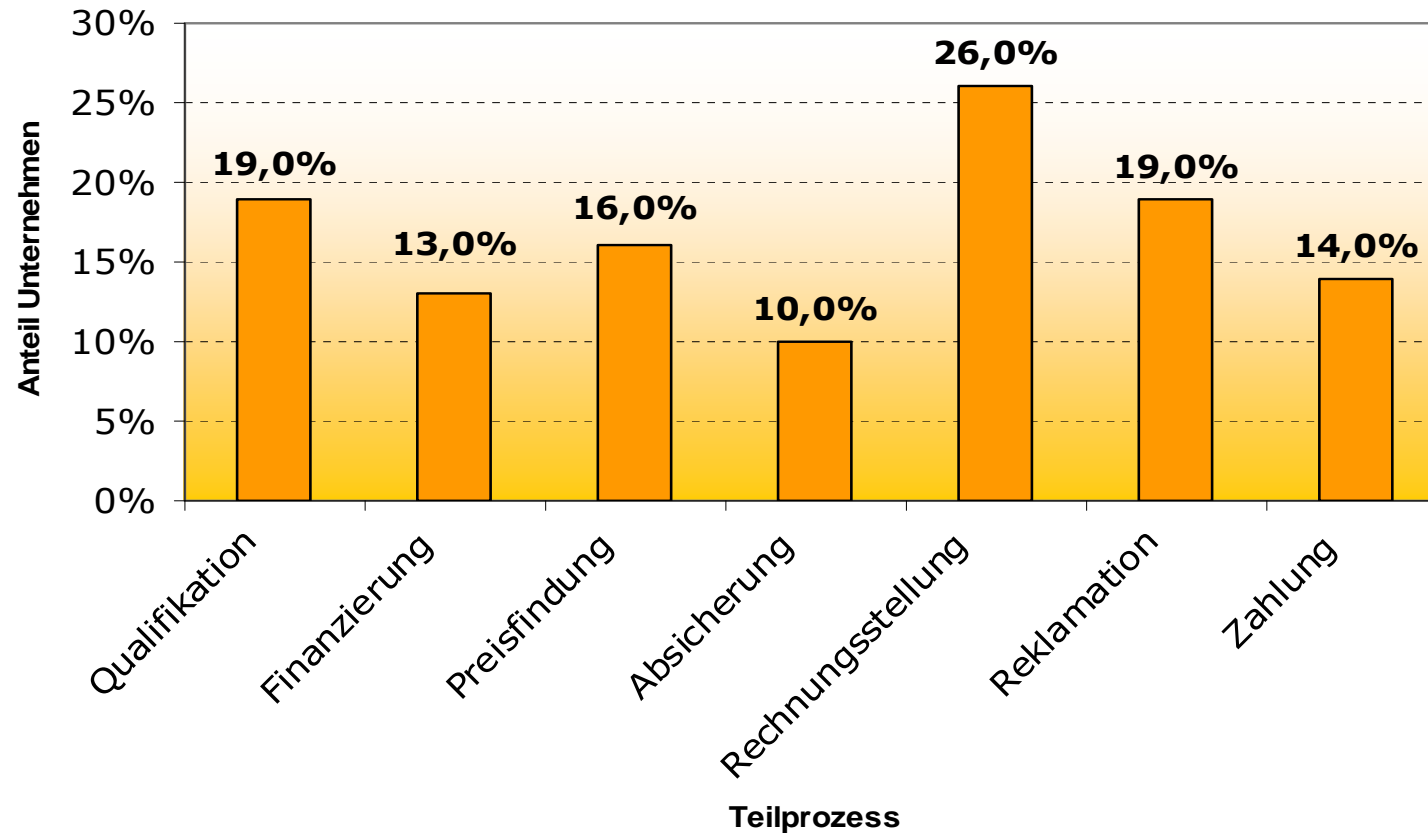
COUNCIL DIRECTIVE 2001/115/EC



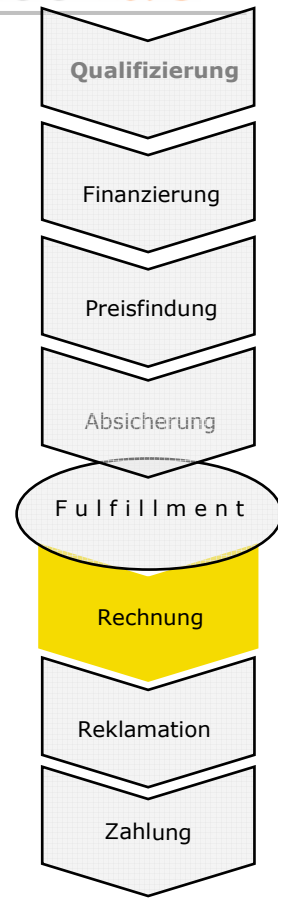
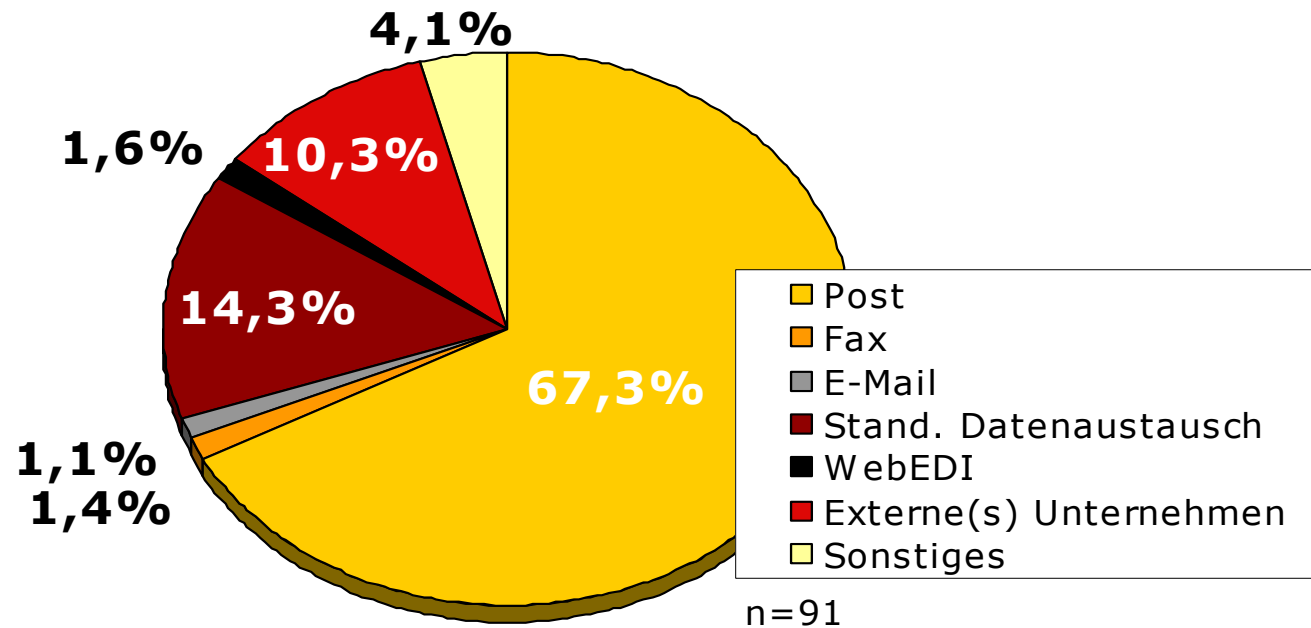
Study EU-Commission: "Study on the requirements imposed by the Member States, for the purpose of charging taxes, for invoices produced by electronic or other means", 1999

Welcher Teilprozess bietet das höchste Optimierungspotenzial?

Höchstes Optimierungspotenzial



Anteil der verschiedenen Kanäle an der Gesamtzahl der versendeten Rechnungen



Über 77% der im Mittel 243.000 Rechnungen werden trotz deutlich höherer Kosten bei den größten deutschen Unternehmen noch per Post versandt! Ähnliches Bild ergibt sich auch bei anderen Studien!

Quelle: Skiera, B. / König, W. / Gensler, S. / Weitzel, T. / Beimborn, D. / Blumenberg, S. / Franke, J. / Pfaff, D. (2004), "Financial Chain Management. Prozessanalyse, Effizienzpotenziale und Outsourcing", Norderstedt.

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CEN/ISSS Workshop on Electronic Invoices

- CEN = **C**omité **E**uropéen de la **N**ormalisation
- One the three recognized and accepted standardization organizations in Europe (plus: CENELEC and ETSI)
- All national standards organizations are members of CEN (DIN, BSI, AFNOR etc.)
- Financed by members and project funds
 - industry and/or European Commission

CEN/ISSS Workshop on Electronic Invoices

- 2002: mandate to CEN by the EU Commission to identify standards for electronic invoices in Europe following the Directive 2001/115 (“CEN Focus Group”)
 - Report published in 2002/2003
- New mandate based on conclusions of this report to “**CEN Workshop**”, end 2003
- **CEN Workshop on Interoperability of electronic invoices in Europe**, since mid-2003, budget from EU Commission (DG Infso)
- Group of **50 companies and organisations** from various industry areas in electronic invoicing:
 - Service provider
 - Software vendors
 - Application providers
 - National organizations (GS 1, ICC, SwissDigin, etc.)
 - Tax authority (UK)
- Final report to be delivered by **mid 2006**



e-Committees

CEN/WS eIN

Interoperability of Electronic Invoices in the European Community.

Public Information :

- ▼ [Scope](#)
- ▼ [Member List](#)
- ▼ [Work Programme](#)
- ▼ [Published Standards](#)
- ▼ [Structure and Organisation](#)
- ▼ [Public Documents](#)
- ▼ [Business Plan](#)
- ▼ [Glossary](#)
- ▼ [EEG 1 Documents](#)
- ▼ [To register](#)
- ▼ [News](#)

Restricted to members :

- ▼ [Participant List](#)
- ▼ [Meeting Calendar](#)
- ▼ [Document Register](#)
- ▼ [Work Items](#)
- ▼ [Discussion Forum](#)
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Last update : 2004-09-20 17:49

The e-committees site is designed for IE 5.5 + or similar

CEN/ISSS eInvoicing Workshop Objectives

- To take due account of the implementation of the relevant recommendations from the report produced by the eInvoicing Focus Group
- To take due account to the provisions of the relevant EU legislation, decisions and recommendations such as the Directive on Electronic signatures and the EDI Model Agreement recommendation
- To integrate already existing standardisation, where necessary and appropriate, especially as regards electronic signatures and electronic archiving/storage, and formats as regards EDI and XML

CEN/ISSS eInvoicing Workshop: Benefits

- the Interoperability of electronic invoices in the European Community
- the use of electronic invoice processes across Member States
- the different technical and practical solutions
- the development of good practices for e-invoices

CEN/ISSS eInvoicing Workshop Work Programme

- Part 1: EDI and business practices after implementation of Directive 2001/115
- Part 2: Electronic signatures (company, verification, usage)
- Part 3: Archiving of electronic invoices (best practices)
- Part 4: Modelling of electronic invoices processes
- Close cooperation: DG Taxud, UNCEFACT project, OECD, national electronic invoice fora

CEN/ISSS eInvoicing Workshop Work Programme

EDI and business standards

- Update Commission Recommendation 1994/820/EC
- Creation of the relevant UN/CEFACT Core Components
- Permit the use of organisation identifiers and product identifiers, as alternatives to the names and descriptions
- Develop codes, standardised at community level, to replace standard clauses (text)
- To list the various ways of how data elements that are described in the Directive are being applied in each member state.

CEN/ISSS eInvoicing Workshop Work Programme

Electronic signatures for eInvoices

- Guidelines specifying how to apply digital signatures to companies
- Guidelines specifying how to apply digital signatures to multi-tier communications
- Define integrity, authenticity and signature authorisation and how the result can be documented

CEN/ISSS eInvoicing Workshop Work Programme

Archiving

- Rules for storage of electronic invoices within the member states, including rules and guidelines for inspection
- Harmonised electronic invoicing processes for tax authorities in all EU Member States, in particular, for cross-border electronic invoicing.
- Rules and guidelines for service providers, such as ASP and VAN

e-Invoicing Framework Model

Main Deliverables of Workshop

- Proposal to change the EDI recommendation of 1994
- Overview on the use of code and identifiers in electronic invoices
- Description of issues for using electronic signatures
- Overview on service provider activities and solutions
- Description of archiving practices and recommendations
- Modelling of electronic invoice processes

NEXT STEPS CEN/ISSS – ROADMAP 2006

- Draft deliverables have been agreed between the workshop participants (approx. 45 companies)
- Public review of all draft deliverables will start end of March 2006
- 30th March 2006: Phase 2 brainstorming in Graz/Austria
- 31st March 2006: Public Seminar in Graz/Austria (Austrian EU Council Presidency)
- 11th April 2006: Public Hearing in Brussels, Centre Diamant
- 11th May 2006: Final Meeting Workshop in Brussels
- June 2006: report back to EU Commission in final deliverables

OVERVIEW

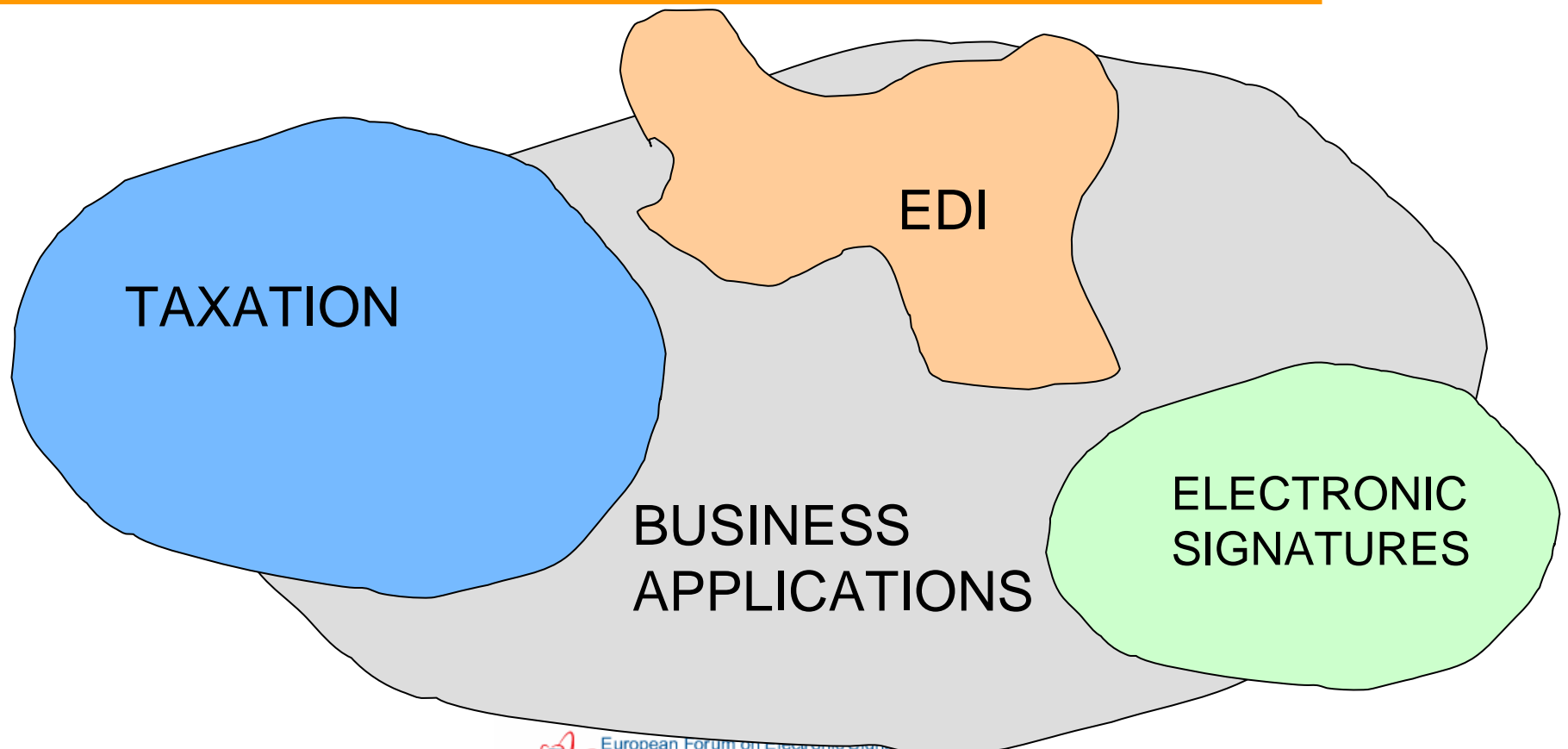
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Regulation has too many layers and is complex

- Details in all countries different
- Requirements for invoices from different perspectives:
 - Supplier/buyer relationship - perspective
 - Supplier/tax authorities and buyer/tax authorities relationship
 - Service provider
- Requirements from national jurisdictions
 - Taxation
 - Electronic signatures
 - Corporate or company legislation
- Administration of tax authorities:
 - Third party invoicing
 - Country of supplier/origin
 - Outsourcing



A perfect match ?



Taxation layer

- COUNCIL DIRECTIVE 2001/115/EC
- simplification, modernisation and harmonisation of the conditions laid down for invoicing in respect of VAT.
 - 17th November 2000: 1st Commission proposal (TAXUD)
 - 13th June 2001: European Parliament
 - 20th December 2001: Council agreement
 - OJ L 15/24, 17 January 2002
- Transposition in national legislation, 1st January 2004
- August 2005: all EU members states have implemented national legislation

Electronic signatures layer

- EU Directive 1999/93/EC on a Community Framework for Electronic Signatures
 - 13th December 1999; L 13/12, 19.01.2000
 - Facilitate the use of electronic signatures and to contribute to their legal recognition
 - Main legal issue: legal effects of electronic signatures
 - Evaluation of implementation in 2003: variety of solutions, more interoperability needed
- National Implementations and Standards:
 - All members have implemented the framework,
 - Standards have been developed by ETSI/CEN and approved by the Art. 9 Group...

EDI - layer

- EU Recommendation 1994 on legal aspects of exchange of electronic data
 - OJ L 338/98, 28th December 1994
 - European model agreement to support standardized cooperation between parties, business transaction
 - Content: EDI, Data, receipt of EDI data, security of messages (integrity and authenticity, non-repudiation, confidentiality)
- Standards and model contracts
 - UN/EDIFACT (UN/ECE)
 - National EDI model contracts

Applications layer

- National legislation, not harmonized or regulated on EU level:
 - Archiving
 - Accounting
 - Tax supervision
 - Administration and procedures
 - Tax legislation
 -

Conclusions for Regulation of electronic invoices in Europe

- Not only a matter of VAT and taxation
- Other legislation is applying as well
- Existing legislation is not yet adapted to IT processes
- Cross-border transmission (mainly by service providers today) not following the same rules
- Archiving rules not adapted
 - Freedom of free flow not guaranteed

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Expected impact of the Directive 2001/115

- win-win nature for all partners
- saving costs and increasing competitiveness
- easier control for tax auditors
- support for computer auditing
- e-invoicing on the same footing and under the same conditions as paper invoicing
- no prior authorisation nor notification procedure for e-invoicing

Main features of Directive are milestones

- “Invoice”:
 - Paper based
 - Electronic format
 - No handwritten signature required
- Harmonisation of the details on an invoice
 - 12 general mandatory details
 - simplification schemes (up to MS)
 - e.g. : small traders, small amounts...

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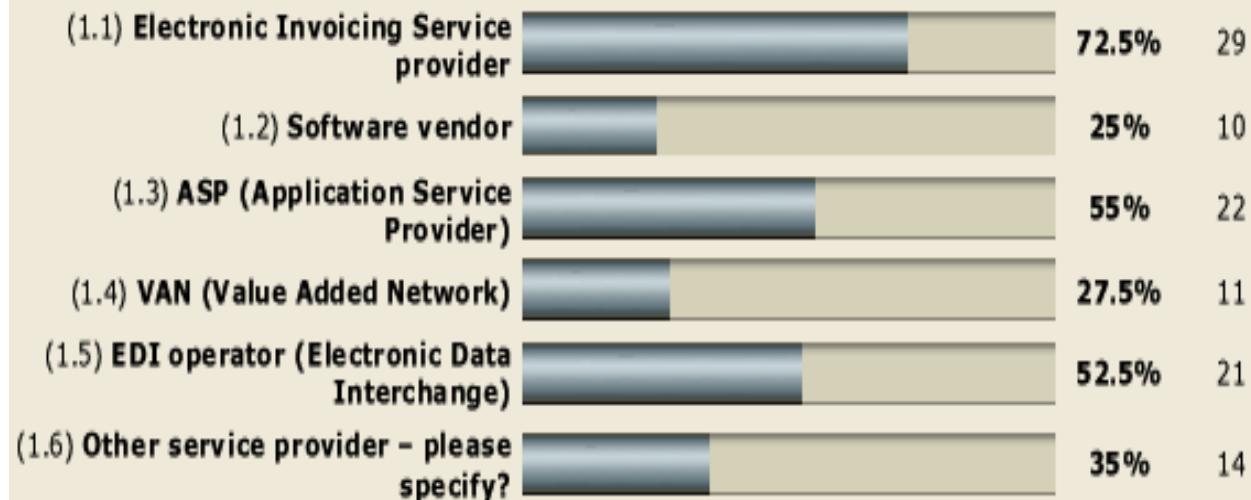
CEN/ISSS Service Provider Questionnaire

Service Provider questionnaire

Total number of respondents: 40

L. Which of the following describes your business (you can choose many)?

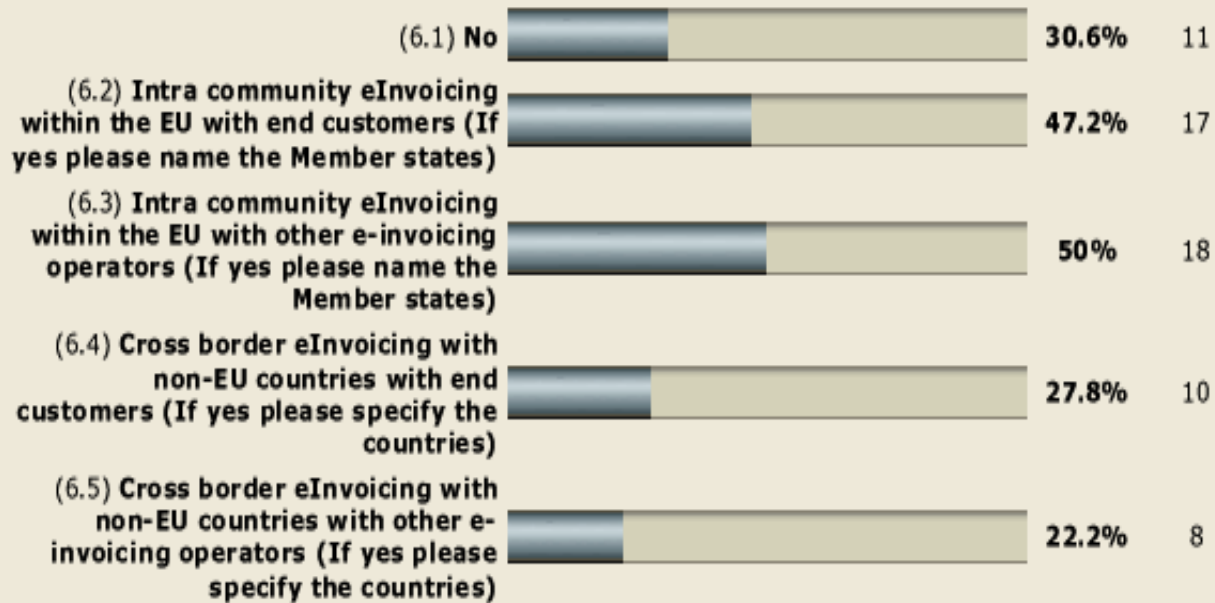
Number of question respondents: 40 (avg: 8.7)



Emerging e-invoice business

6. Are you planning to expand your operations to the following areas?

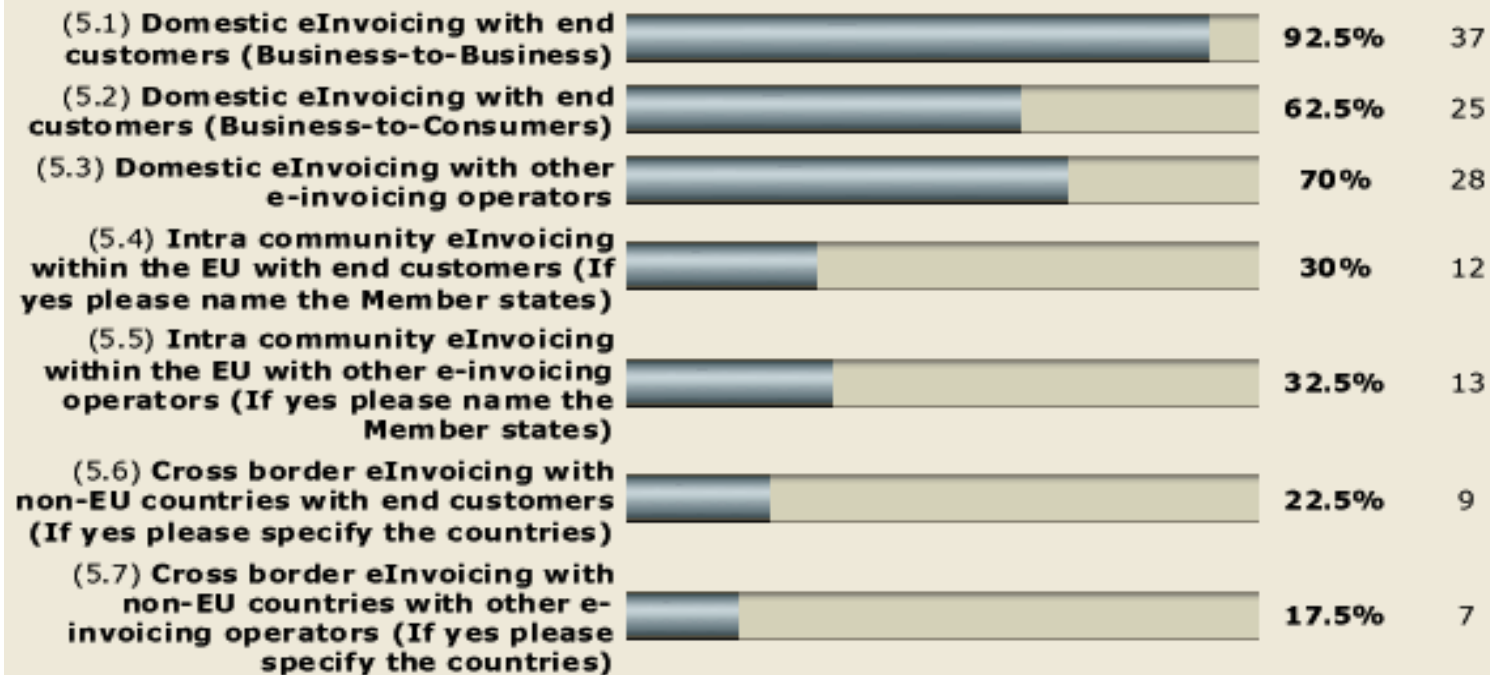
Number of question respondents: 36 (avg: 5)



B-to-B Invoices

5. What kind of invoicing do you offer your clients?

Number of question respondents: 40 (avg: 9.7)



Questions in detail

1. Content of invoices is not the same in all countries - what are the differences ?
2. Summary invoices in some countries yes, in others no ?
3. What is the meaning of a "summary invoice" ? Recapitulative statement, Sales list, Sammelabrechnung, Journal ?
4. Tax audit - how will it work in the sending and the receiving country ? What data does the service have to provide to support the smooth performance ?
5. Compliance - can I have an approval or something similar by the tax authorities? Not just by one authority but by all tax authorities ?
6. Security measures - many differences in EDI and in electronic signatures level ? What will be accepted?
7. Notifications necessary for using electronic invoice systems ?
8. Storage and archiving tends to follow more general legislation on storage and archiving of business data - what are these ?
9. Liability of service providers? Any special rules ?
10. Storage outside the country of origin ? what are the rules exactly in all countries ?
11. Country of origin principle - how can that be enforced in the receiving country ?
12. Will electronic invoices be accepted in the form EDI etc as the country of origin is asking for ?

Integrity and authenticity are central

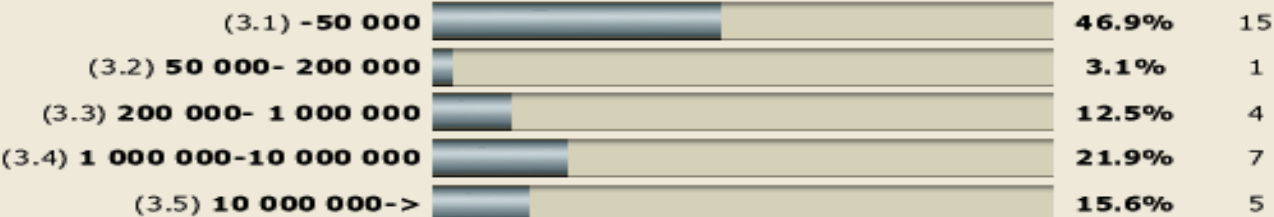
- Advanced electronic signature
 - With or without qualified certificates
 - Not an obstacle in deployed projects
- Electronic Data Interchange (EDI)
 - no mandatory standard
 - agreement provides for use of **procedures** guaranteeing authenticity and integrity, i.e. “Sammelabrechnung” (in some countries, paper or electronically – only Germany)
 - This will change with AS 2 – open as Internet
- in other way (on MS territory) to be accepted by Member States



Amount of Invoices EDI/non-EDI

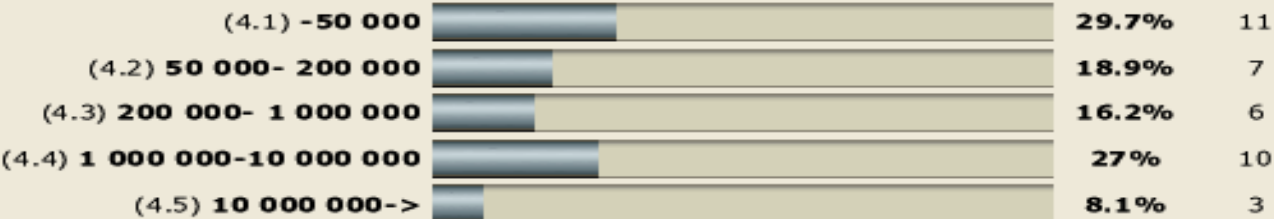
3. What is the yearly volume of EDI-invoices processed through your service?

Number of question respondents: 32 (avg: 2.6)



4. What is the yearly volume of eInvoices processed through your service?

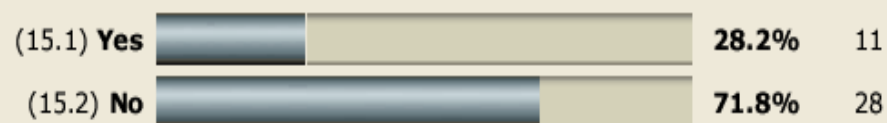
Number of question respondents: 37 (avg: 2.6)



Use of Electronic Signatures

15. Does your Member State require electronic signatures for eInvoices?

Number of question respondents: 39 (avg: 1.7)



16. Have you been requested by customers to apply electronic signatures?

Number of question respondents: 39 (avg: 1.6)



Cross-border Invoicing



- Different scenarios:
 - Company sending invoices from one country to other countries (1)
 - Service provider providing services to all countries (2)
 - Service provider roaming (3)
- Main Principles:
 - Country of origin (need to be clarified !)
 - Archiving and storage
 - Accessibility for tax inspection
 - Third party invoicing

Support identified from company perspective

- Mostly driven from IT departments or IT service providers
- Verify that the proposed solution (IT systems and processes) is compliant with current member state regulations and list any deviations or uncertainties
- Complexity of legislation can be handled, although difficult and time consuming
- Keeping the solution compliant to member state regulations turns out to be most difficult

Compliance

- Tax authorities:
 - Case by case by advanced ruling (e.g. Siemens)
 - Offer to test solutions (e.g. UK HMCE)
 - Will stick to their own procedures
- Standardization:
 - CEN/ISSS: restricted mandate for CWAs, i.e. no compliance
 - UN project: EDIFACT and Annex to Recommendation 6
- EU Council: report on implementation not before 2008

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Conclusions

- E-Invoicing is still a moving target
 - Invoice is just one function, need to tie into other electronic business requirements
 - Emerging market needs and emerging market players
 - Emerging tax administration practice
- Gap between industry and tax authorities
 - Competition rather than cooperation
 - No recognized solutions across borders
 - Bottom-up approach needed - “advanced ruling”
 - Accumulate experience case by case
- European eInvoice Forum

European eInvoice Forum

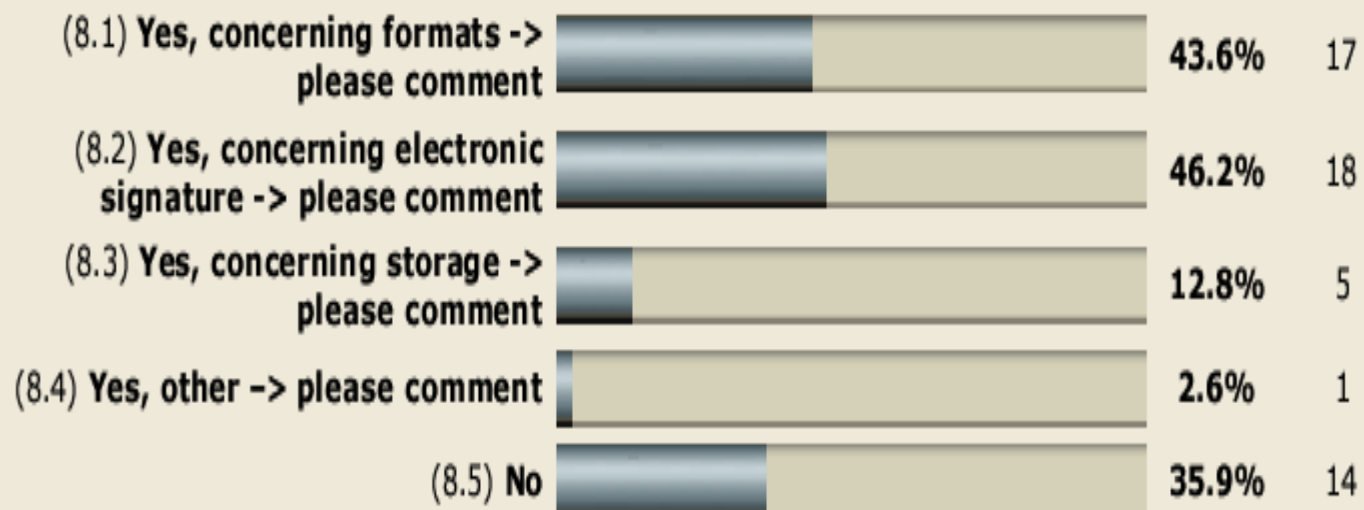


- Facilitate cooperation between tax authorities and industry
- Foster compliance requirements for cross-border electronic invoicing
- Develop industry requirements, supported by CEN, UN, OASIS and other standards organizations
- Cooperate with national electronic invoice forums

European Standards Needed ?

8. Should there be more EU level standards available?

Number of question respondents: 39 (avg: 3.6)



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