

# Global update on e-invoicing & e-reporting



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# Today's speaker



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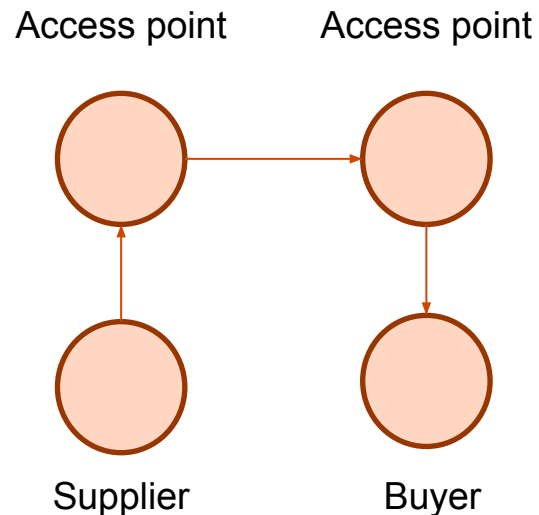
# A rapidly changing global tax reporting landscape...



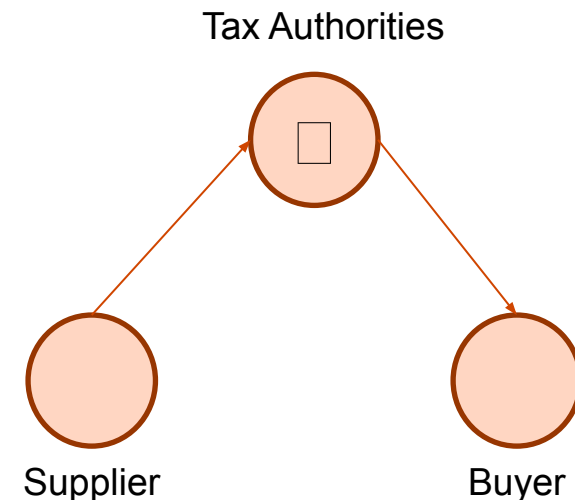
# A closer look to Europe

- Strong push towards e-invoicing by the government sector - governments “leading by example”): **Directive 2014/55/EU** requiring governments to be in a position to receive invoices electronically - many countries have implemented this as a mandate (often via PEPPOL as interconnection framework).
- This requirement also has a catalysing effect on B2B e-invoicing - e.g. implementation of mandatory B2B e-invoicing in Italy as from 2019 (“clearance model”) and France (cfr. Finance Bill for 2020).

## PEPPOL or the so-called ‘4-corner model’



## Mandated e-invoicing (clearance) with distribution



# A closer look to Europe (non-exhaustive)

## EU countries with active or planned to be implemented SAF-T requirements

### Portugal

SAF-T: e-filing of VAT relevant data on transaction level — introduced in 2008. Portugal is implementing new e-invoicing requirements on B2B and B2C e-invoices for 2019. The new requirements include:

- Threshold for resident businesses to use certified invoicing software lowers to €75.000 for 2019 and €50.000 for 2020;
- Advance application with the Portuguese Tax and Customs Authority for a unique invoice number range to be used for future sales invoices. This unique number ("UUIID") must be accompanied by a QR Code on the printed invoice.

### Norway

Introduction of SAF-T by 2020.

### Romania

Romania has expressed its intention towards the introduction of a Standard Audit File for Tax (SAF-T) by end of 2020.

### Poland

- SAF-T: e-filing of VAT relevant data on transaction level — introduced in July 2016.

- Polish taxpayers will cease to file separate VAT returns and SAT-T files, but will file one expanded SAF-T file and will be rolled out in phases:
  - Phase 1: April 2020: large taxpayers
  - Phase 2: July 2020: SME.
- New SAF-T schemas of the extended SAF-T file made available for public consultation.
- Polish tax authorities are increasingly asking taxpayers to provide SAF-T files during AEO certifications and tax audits.

### Croatia

Electronic VAT reporting similar to SAF-T.

### France

#### **Mandatory e-invoicing:**

The French Government has announced as part of its Finance Bill that it will introduce B2B mandatory e-invoicing (& real time reporting) by 2023 - 2025 at the latest.

**SAF-T:** Compulsory electronic submission of accounting entry journal since 1 January 2014.

## EU countries with real-time reporting of invoices/ transaction data

### Greece

The Greek Independent Authority of Public Revenue (IAPR) introduced the electronic accounting books (e-books). The e-books will be compulsory to maintain for all the companies that are obliged by Law to keep their Accounting Records as per the Greek Accounting Standards.

IAPR's electronic books signal the shift of the Greek Public sector to the digital area, aligns the Greek Tax Administration and taxpayers with the global tax digital transformation trend and it is expected to simplify the Greek fiscal obligations framework.

## Split payment model

### Poland

As from 1 November 2019 transactions between taxpayers(B2B) which are subject to VAT in Poland are obliged to apply the split payment model:

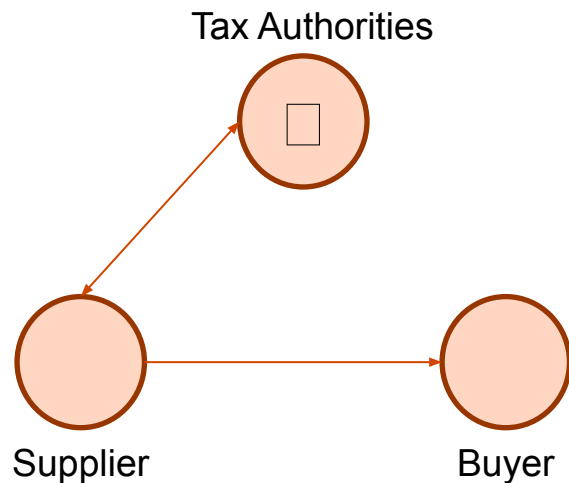
- Only applies to certain goods and services;
- A polish bank account is required;
- Specific invoice fields should be mentioned on the invoice.



# Inspired by the Latin American model

- Launch of country-wide projects with the aim of reducing tax evasion
- Suppliers and buyers have to mandatorily send either invoice data or reports in e-format to the tax authorities for real-time validation & auditing (“**clearance models**”), prior to sending or making available to the buyers
- Huge impact on the invoice processing automation possibilities, cost of compliance and reporting requirements
- Implemented in Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Peru,...
- Mexico is the leading country worldwide, having digitised almost all processes that are relevant for taxation

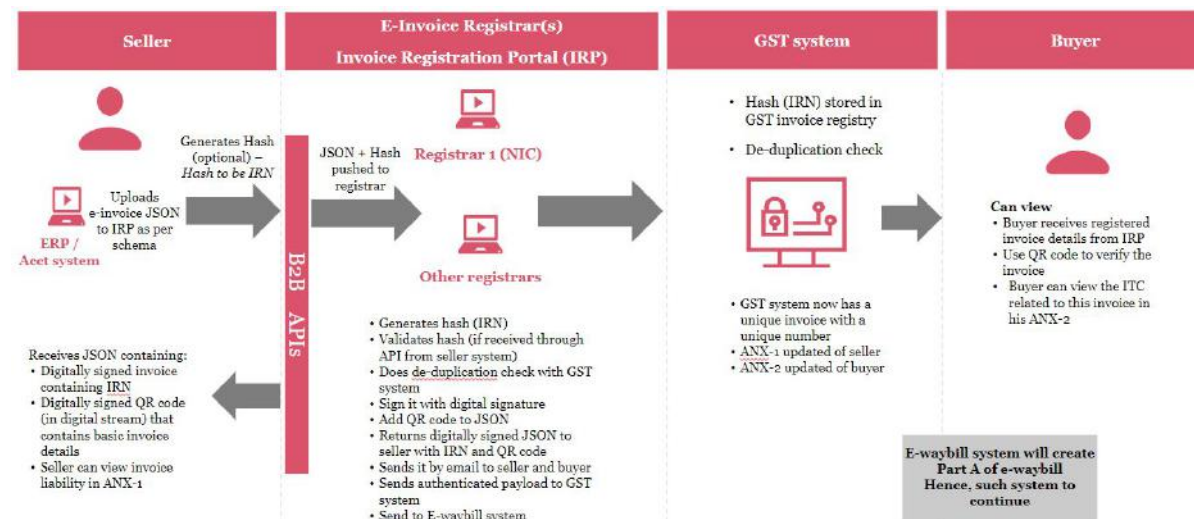
## Clearance model

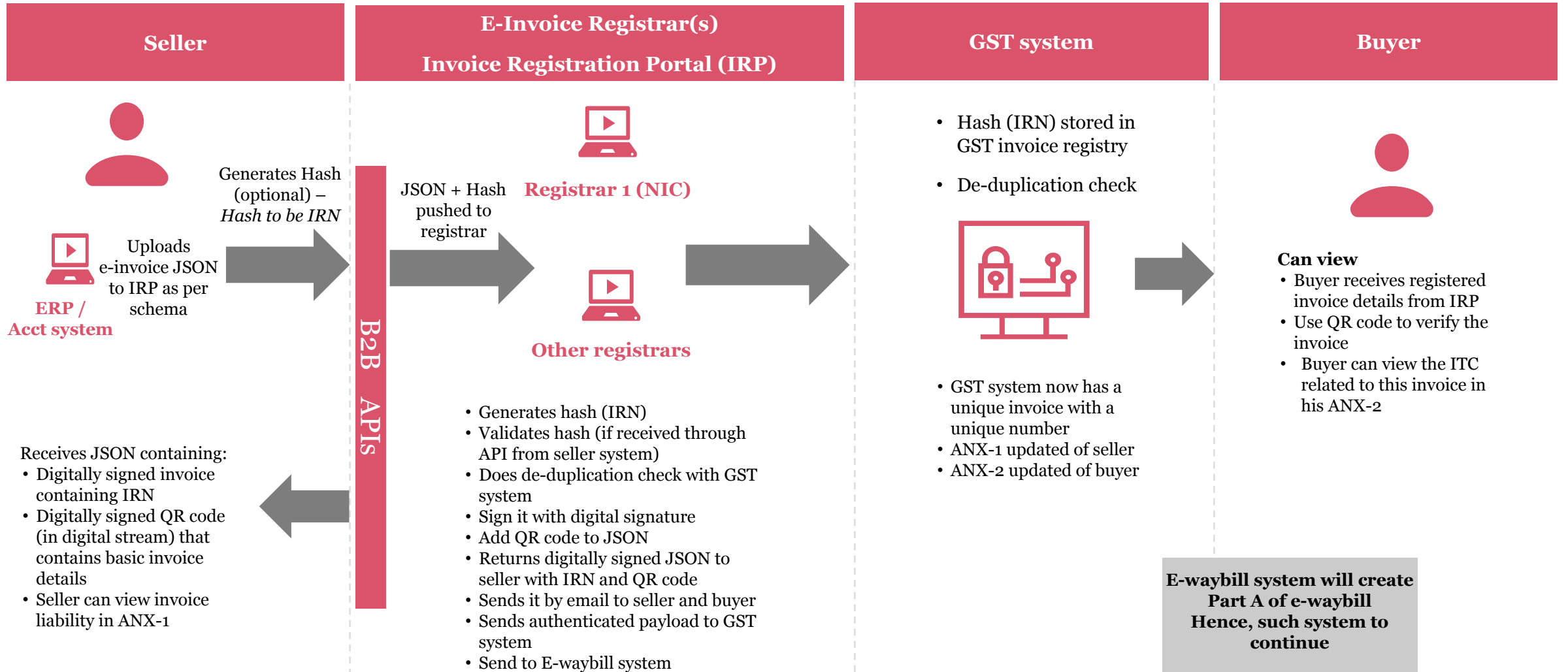


# With impact to the Asia Pacific region

## Diverse and scattered e-invoicing landscape:

- Clearance models (e.g. Turkey, Taiwan, Russia and recently India)
- Open e-invoicing framework (e.g. Singapore, Hong Kong, Japan, Australia, New Zealand)
- Existing but evolving e-invoicing legislation (e.g. China, Japan, ...)
- Kazakhstan, Turkey, Taiwan, South Korea (having implemented e-invoicing mandates) and Singapore and Hong Kong (having a very open e-invoicing framework) are the most advanced countries in this region.
- A strong push towards e-invoicing by Australia and New Zealand to increase the adoption rate via the establishment of an e-invoicing interoperability framework (based on OpenPEPPOL)







# And finally, the US & the Middle East

## **United States:**

- Open framework – Possibility of e-invoicing without major requirements/obstacles imposed by law
- Notwithstanding this, the uptake of electronic invoicing is still rather low
- For that reason, the Federal Reserve launched an initiative under the “Business Payments Coalition”, a volunteer group of organizations and individuals working together to promote the greater adoption of electronic B2B payments and remittance data, to define an invoicing technical standard and interoperability framework fit for the US market
- This could be the starting point to accelerate adoption and increase the number of invoices exchanged in the US

## **Middle East:**

- Currently exploring the introduction of clearance based invoicing models after the implementation of a VAT system in the GCC region

# Impact on businesses



Ability to keep up to speed with changes and implement system changes and submission protocols



Requirement to have good systems and processes (end to end) and ensure the quality of your data “in real time”



Digital links and API capabilities



Closer collaboration with customers and suppliers to resolve issues  
Closer collaboration x-tax internally for reporting



# More government insight calls for a proactive control framework

Proposed by government



Custom design depending on culture, geographical focus and market



Tailoring a minimum set of controls and testing to assess suitability



Invoicing Business controls

SOX controls

Imposed by government



Sufficiently formalised controls that can be audited



Documenting processes and controls that meet their objective



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Business need for own control environment



Transparency and bulk data to process in short notice requires controls



Reliable tax technology environment & tax technology strategy



Government controlled e-invoicing/ Real-time reporting

Tax Control Framework

Described by government (OECD)



Horizontal monitoring approach



Verifiable assurance that information submitted is accurate & complete



# Conclusions

## Key trends that are shaping the global ITX landscape:

- Growing importance of indirect taxes
- Additional taxation of the digital economy
- Increased emphasis on VAT/GST compliance and reporting
- Ensure to keep up with the pace of change - continuously monitor legislative changes

## How to control the ITX environment more effectively:

- Evaluate how to respond and update your various systems and processes in a timely manner to ensure these remain compliant, whilst ensuring
  - Secure and zero interruption in the flow of goods & services to customers
  - Mitigate the risk of legal repercussions due to non-compliance
  - Towards a “holistic” solution to meet current and future requirements.
- Prioritize strategic planning and optimise the use of technology

# Contact



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A **leading global Network** in more than 158 countries, with over 2.000 ITX experts and more than 12.000 technology consulting experts.



To date, the PwC e-invoicing Network has worked on e-invoicing and e-archiving related assignments in more than 158 countries around the world.