Avalara
Tax compliance done right

European e-invoicing update

What's new and what's next

Alex Baulf,
Senior Director,
Global Indirect Tax

Agenda

- **Global E-Invoicing mandate timeline**

- **European country updates**

  - *Italy*
  - *France*
  - *Spain*
  - *Poland*
  - *Romania*

  - *Serbia*
  - *Portugal*
  - *Slovakia*
  - *Luxembourg and Belgium*

- **Future of e-invoicing**

- **How to prepare for e-invoicing**

Avalara guest speakers

Renata Organek

Poland

Senior Manager

Country Manager

Warsaw

Cyril Bray

France

Director

Country Manager

Paris

Mario Bussi

Italy

Senior Manager

Senior Sales Manager

Milan

Nikole Lopez Rial

Spain

Senior Manager

Senior Product Manager

Seattle

About Avalara

Disrupting the status quo of global tax management since 2004
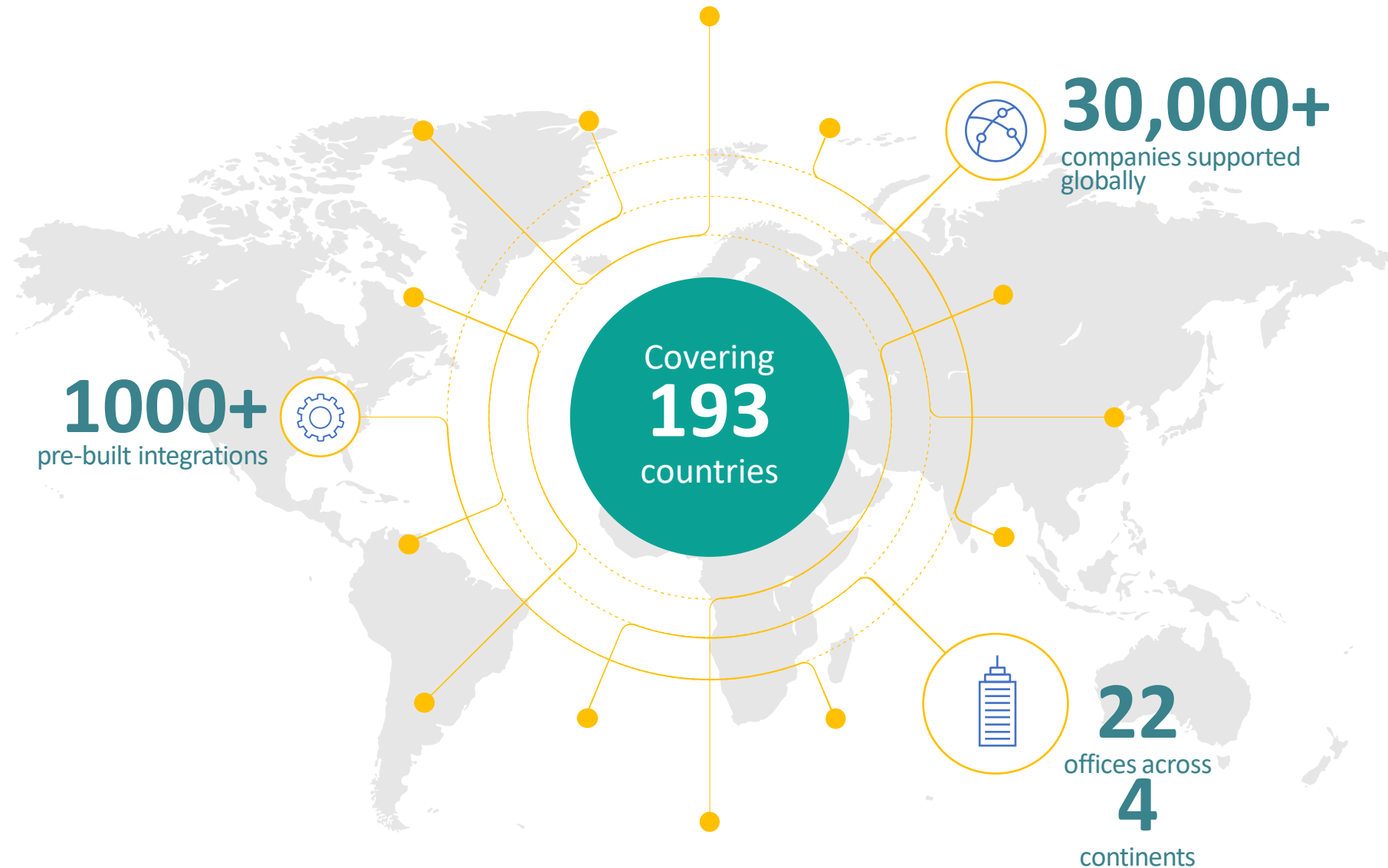
...

Provide a fast, easy and accurate way to manage transactional taxes

...

Our cloud-based tax automation has helped businesses of all sizes:-

> ✓ Achieve compliance

> 📉 Reduce risk

> ⬡ Streamline processes

AVALARA MAKES TAX COMPLIANCE LESS TAXING

30,000+
companies supported globally

1000+
pre-built integrations

Covering
193
countries

22
offices across
4
continents

Avalara VAT Products – across lifecycle

Registration	Classification	Determination	Invoicing	Returns

Indirect Tax Registrations	**Product Classification**	**AvaTax Global Tax Engine**	**Avalara E-Invoicing**	**Avalara VAT Reporting**

- VAT Registrations
- GST Registrations
- Fiscal Representation
- Sales & Use Tax Registrations

- Self Serve Portal/ conversational API
- Mass APIs

- Sales & Use Tax
- VAT/GST
- Customs Duties
- Insurance Premium Tax

- B2C, B2B, B2G E-invoicing
- Real Time Reporting
- Real-time clearance
- QR Codes
- PDF creation
- Peppol

- SaaS VAT Reporting
- Managed VAT Reporting service
- VAT, GST, SUT returns
- ECSLs, Intrastat
- Ledgers, SAF-T

77 countries served by Avalara VAT Registration

Avalara Item Classification offers HS code support for 180+ countries

33.9 billion AvaTax API calls made by customers in 2021

Support for e-invoicing in 60+ countries.

Avalara processed and filed more than 4.1 million returns in 2021

Global E-invoicing mandate timeline

2010 - 2021

- **Brazil -** NF-e electronic invoicing
- **Argentina** – e-facture (& QR B2C since 2021)
- **Italy** – B2B/B2C (extension of B2G)
- **India** – B2B, QR codes B2C
- **Colombia** – e-invoice CUFE
- **Mexico, Bolivia, Costa Rica, Chile, Ecuador, Peru, Paraguay**
- **South Korea, Indonesia, Taiwan, Vietnam**
- **Turkey**
- **Portugal** – use of certified invoicing software
- **EU** – B2G (optional pan-EU using Peppol or individual mandates)
- **KSA** – Fatoorah e-invoicing (Phase 1) + QR
- **Peppol** – (Norway, Iceland, Australia, New Zealand, Singapore)
- **Greece** - MyData VAT books –

2022

- **Portugal** – QR code on invoice
- **Poland** – KSeF e-invoicing voluntary phase
- **Italy**
- extension of SDI e-reporting to cross-border
- extension of SDI e-invoicing to SMEs
- **Romania** – e-Factura e-invoicing pilot
- **Belgium** – Peppol B2G e-invoicing (Sep 22)
- **EU** VAT in Digital Age proposal (Oct 22)

2023

- **Serbia** – B2B e-Faktura
- **KSA** – Fatoorah e-invoicing phase 2
- **Portugal**
- Invoice SAF-T for non-residents
- digital signatures required on non-EDI e-invoices
- ATUD pre-clearance codes
- **Australia** - "Business e-invoicing Right" for Enterprise (tbc – July 23)
- **China** – e-fapiao e-invoicing
- **Japan** – Tax Qualified e-Invoices (Peppol – tbc)
- **Philippines**
- **UAE** – B2B e-invoicing (tbc)
- **Oman** – B2B e-invoicing (tbc)
- **Australia** – Peppol B2G e-invoicing
- **New Zealand** - Peppol B2G e-invoicing

2024

- **Poland** – KSeF B2B e-invoicing mandatory
- **France** – B2B e-invoicing and e-reporting (July 24)
- **Spain** – B2B e-invoicing & invoice software certification
- **Belgium** – Peppol B2B e-invoicing (anticipated)
- **Slovakia** – IS EFA B2B/B2C e-invoicing
- **Romania** – B2B e-Factura e-invoicing (tbc)
-

2025/6

- **EU** VAT in Digital Age – e-invoicing and e-reporting reform?
- **Germany** – B2B e-invoicing (tbc)
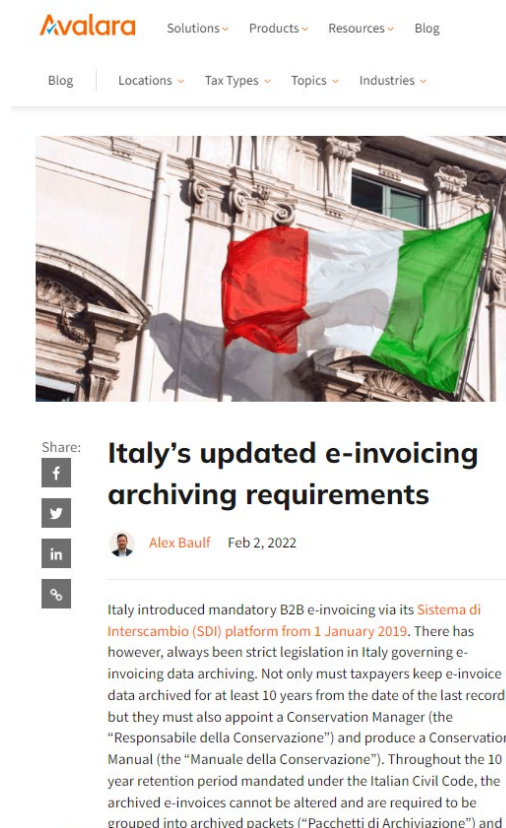- **Latvia** – B2B Peppol? (tbc)

Italy

Mario Bussi
Senior Sales Manager
Milan, Italy

Italy
Updated e-invoicing archiving requirements issued by the Agency for Digital Italy (Agid)

- strict legislation in Italy governing e-invoicing data archiving

- taxpayers keep e-invoice data archived for at least 10 years from the date of the last record

- appoint a Conservation Manager ("Responsabile della Conservazione")

- produce a Conservation Manual ("Manuale della Conservazione")

- e-invoices cannot be altered and are required to be grouped into archived packets ("Pacchetti di Archiviazione")

- digital signature and a time stamp applied

- archiving process must be completed no later than 3 months after submission deadline for Annual Income Tax Return

- with effect January 1, 2022, the drafting of the Manual can no longer be delegated to third parties and **must be drafted internally by the Conservation Manager** (responsible for archiving e-invoices within the company)

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Italy's updated e-invoicing archiving requirements

Alex Baulf   Feb 2, 2022

Italy introduced mandatory B2B e-invoicing via its Sistema di Interscambio (SDI) platform from 1 January 2019. There has however, always been strict legislation in Italy governing e-invoicing data archiving. Not only must taxpayers keep e-invoice data archived for at least 10 years from the date of the last record, but they must also appoint a Conservation Manager (the "Responsabile della Conservazione") and produce a Conservation Manual (the "Manuale della Conservazione"). Throughout the 10 year retention period mandated under the Italian Civil Code, the archived e-invoices cannot be altered and are required to be grouped into archived packets ("Pacchetti di Archiviazione") and

Italy
Reporting of cross-border invoices via SDI

- since 2019, Italian businesses have had to report sales and purchase invoices to or from foreign businesses to the Italian Tax Authority (Agenzia delle Entrate) on a quarterly basis via the Esterometro report

- from July 1, 2022, the data relating to cross-border transactions must instead be transmitted to the Italian Tax Authority via the national e-invoicing platform, Sistema di Interscambio (SDI)

- mandatory e-invoicing will continue to only apply to domestic invoicing

- no requirement to physically issue or receive e-invoices to or from non-resident customers and suppliers (despite some confusion amongst Italian businesses)

- requirement to e-report relevant invoice data via the SDI e-invoicing platform

- sales invoices within 12 days of time of supply

- purchase invoices by the 15th of the month following the time of supply

- mandated XML format (FatturaPA)

- responsibility of Italian business (not foreign supplier / customer)

Italy
Other updates / recent changes

E-invoicing between Italy and San Marino

- from July 1, 2022, e-invoicing via SDI mandatory for supplies of goods to and from San Marino

- some minor exceptions e.g. B2C transactions and distance selling to private consumers

Extension of the e-invoicing to small business
- obligation to issue e-invoices via SDI extended to all businesses, removing the current exemption for small businesses.

- two-phased approach

Date	Business size
July 1, 2022	Small business with annual turnover above €25,000
January 1, 2024	All small businesses (including below the €25,000 threshold)

France

Cyril Bray
Country Manager
Paris, France

France
Mandatory E-Invoicing

- France introducing **mandatory B2B e-invoicing** for French businesses from July 2024

- **issuing, transmission and receipt** of B2B e-invoices in a mandated format

- via an **approved third-party** commercial partner platform - a partner dematerialisation platform (PDP) or

- **the public invoicing portal** - the "Portail Public de Facturation" (PPF)

- **e-reporting** of B2C, cross-border and payment data

Mandatory e-invoicing and e-reporting in France from July 1, 2024

Alex Baulf   Mar 17, 2022

France will introduce mandatory e-invoicing and e-reporting in a phased approach starting July 1, 2024. All French businesses will need to be able to receive e-invoices from their suppliers from this date. We have set out some of the key details of this new mandate below:

What new legislation has been passed?

France passed Ordinance No. 2021-1190 on September 15, 2021 and this was published in the French Official Journal on

France

Mandatory e-invoicing - phased approach

Business size	Date	Requirement
All companies and businesses	July 1, 2024	Receive e-invoices
Large Companies	July 1, 2024	Issue e-invoices and e-reporting
Small and Medium-sized Enterprises (SMEs) with workforce of less than 5,000 people and annual sales of less than €1.5 billion or a balance sheet total of less than €2 billion	January 1, 2025	Issue e-invoices and e-reporting
SMEs and Very Small Enterprises (VSEs) with fewer than 250 employees and annual sales of less than €50 million or a balance sheet total of less than €43 million	January 1, 2026	Issue e-invoices and e-reporting

France

How e-invoicing platforms used to send & receive invoices

- French businesses will no longer send invoices direct to customers

- instead - the PDP partner platform or public invoicing portal will send the e-invoice to the customer's platform

- choice of platform to receive the e-invoice from suppliers (vendors) is commercial choice and decision

- French Government announced that PPF will only have basic core functionality and that this will likely only be used by the very smallest companies in France.

France
What formats/structures can be used?

- multiple acceptable formats for e-invoices (so some choice and flexibility)

- all partner platforms will offer a minimum number of common formats to guarantee the interoperability

- customer informs supplier what format it wants to receive e-invoice in

- e-invoices can be created in structured or mixed format in one of the 3 base formats compatible with the EN16931 standard (EU's e-invoicing standard)
  - UBL
  - CII
  - Factur-X
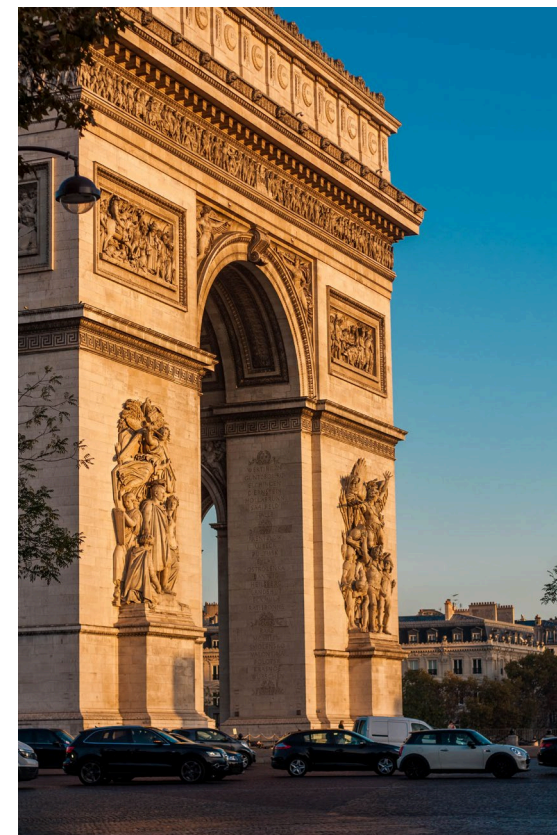
France

Decree No. 2022-1299 and associated Order on e-invoicing.

New invoice content requirements

- delivery address for goods where different from the customer's address on the invoice

- customer's SIREN number on the invoice

- narrative "Option for payment of tax on basis of debits" ("Option pour le paiement de la taxe d'après les débits") on the invoice where supplier has opted to account for VAT on an accrual basis under the régime des debits

Published guidance and specifications

- latest (v.2.1) technical specifications ("Dossier de spécifications externes de la Facturation Électronique") released
- updated FAQs

PDP requirements

- formal certification process
- SecNumCloud cybersecurity certification is mandatory
- ISO 27001 certification
- ensure no data is transferred outside EU
- mandatory audit report from third-party
- use of the central directory (Annuaire) to send e-invoices to customer's PDPs

Spain

Nikole Lopez Rial
Senior Product Manager
Seattle, USA

Spain
Mandatory E-Invoicing

- Spanish Gazette has officially published the Law Crea y Crece

- mandates companies and professionals in Spain to issue and receive e-invoices from 2024

- phased approach starting with large businesses (EUR 8 million revenue) – Q1/2024 (1 year after final legislation approved – likely January 1, 2024)

- awaiting the full technical requirements of the new e-invoicing regime as these are currently in draft subject to approval and change

Spain
Draft software and invoice requirements for 2024

- systems must be able to generate a "registration billing record" at the time of or immediately prior to the issue of an invoice

- fingerprint or hash add to billing records

- inclusion of an alphanumeric identification code

- inclusion of a QR code (meeting technical and functional specifications)

- narrative "VERI*FACTU" (where the system sends all the invoicing records to the AEAT)

- digital signatures will be required but won't be mandatory where the system sends all billing records to AEAT
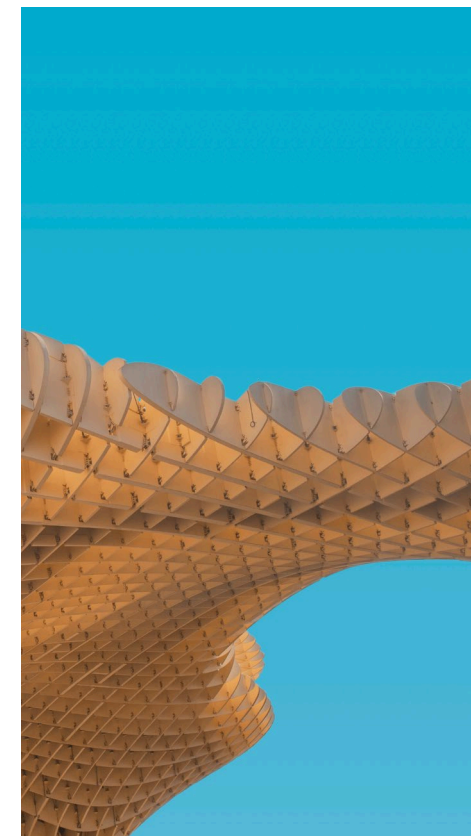
Poland

Renata Organek
Country Manager
Warsaw, Poland

Poland
Mandatory E-Invoicing

- Poland has launched a National System of e-invoices (Krajowy System E-Factur / "KSeF")

- allow Polish taxpayers to issue and receive structured e-invoices

- transition period started with effect January 1, 2022, where the use of KSeF is voluntary and e-invoicing can be used in parallel with paper invoices and non-structured e-invoices

- confirmed moving ahead with mandatory B2B e-invoicing from January 1, 2024

- permission to proceed was recently received from the European Commission (in the form of a derogation)

Poland
Mandatory E-Invoicing

- structured invoice under KSeF is an XML format that follows a logical structure (FA_VAT)

- draft version of the structure has been released by the Ministry of Finance

- anticipated that e-invoicing will eventually replace the existing SAF-T (JPK) monthly reporting requirement

- under voluntary phase, the supplier and the customer will both have to agree on issuing and receiving e-invoices under KSeF

- early voluntary adopters of KsEF e-invoicing will enjoy a reduced standard VAT refund period – 40 days instead of 60

Romania

Romania

New e-invoicing platform and phased approach

- new RO e-Factura system for businesses to issue and receive e-invoices

- B2G e-invoicing mandatory from July 1, 2022

- B2B e-invoicing mandatory from July 1, 2022 for supplies of **high fiscal risk goods**

- B2B e-invoicing mandate **TBC – likely 2024** (awaiting derogation from the European Commission)

- Romanian Tax Authority (ANAF) to issue an order 30 days following any derogation decision to establish the scope and the timeline for full B2B e-invoicing

Romania

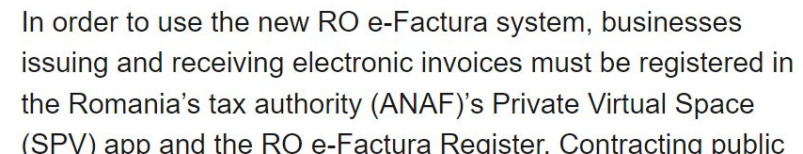New e-invoicing platform and phased approach

- e-invoices must be generated in a **pre-defined XML format** meeting the new "RO_CIUS" invoice standard

- meets the EN 16931-1 European standard for e-invoicing

- following the transmission of the invoice to the RO e-Factura system via either an API or App, a **unique identification number** will automatically be assigned.

- validation checks on e-invoices

Validation checks under e-Factura

RO e-Factura system will carry out several verification and validation procedures on the
e-invoice including:

> structure and syntax checks

> semantic and logic checks

> identity of issuer (authenticity of origin)

> integrity of the invoice content

> no VAT checks initially – although these will be added

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Romania launches new e-invoicing system – "RO e-Factura"

Alex Baulf   Dec 22, 2021

The official Gazette on November 8, 2021 published the Minister of Finance's Order approving the procedure for the use and operation of a new national system of electronic invoicing – the RO e-Factura.

In order to use the new RO e-Factura system, businesses issuing and receiving electronic invoices must be registered in the Romania's tax authority (ANAF)'s Private Virtual Space (SPV) app and the RO e-Factura Register. Contracting public

Other European updates

Serbia
Mandatory e-invoicing

- Serbia is mandating **B2B e-invoicing from January 1, 2023** using the System E-Faktura (following B2G mandate from May 1, 2022)

- **UBL 2.1 standard** is being used and sample files are available for download

- Serbia's Core Invoice Usage Specification (CIUS) is also identical to the European standard

- Businesses will need to register on the Electronic identification Portal and have a Qualified Electronic Certificate or two-factor authentication using ConsentID (via mobile phone)

- E-invoices must be archived for a period of ten years from date the invoice was issued

- E-Invoicing solution providers who carry out **"information intermediary activities"** for businesses must be approved by the Ministry of Finance.

Portugal
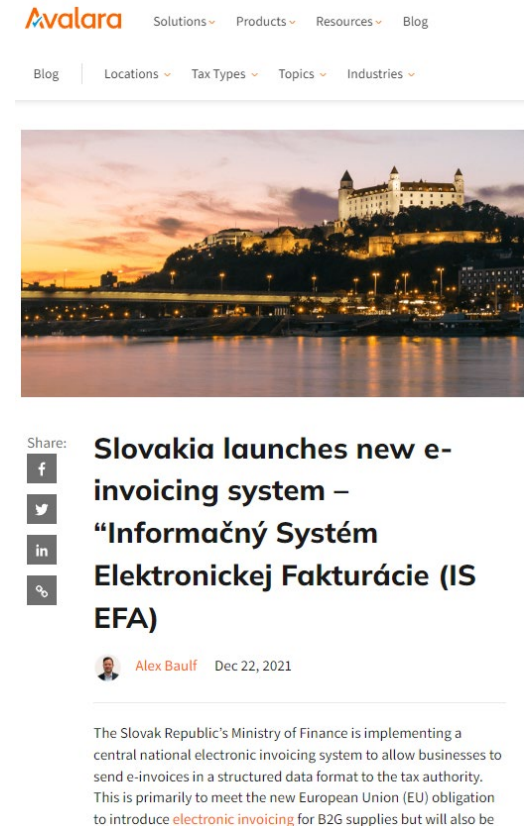## New invoicing requirements

Invoicing requirements

- No mandatory B2B e-invoicing yet (just B2G)

- Strict invoice requirements and equally apply to non-resident PT VAT registered businesses (1 January 2023)

- Mandatory to apply a Qualified Electronic Signature to PDFs and all other non-EDI e-invoices

- ATCUD code (unique document number) that identifies tax invoices and confirms their validity

- QR code

- Certified Invoicing Software

- Invoice SAF-T PT

Slovakia

New e-invoicing system – "Informačný Systém Elektronickej Fakturácie

- Slovakia is launching new e-invoicing system – "Informačný Systém Elektronickej Fakturácie (IS EFA)

- primarily to meet new EU obligation for B2G supplies but will also be scaled for B2B use in the future

- Slovakian businesses will be able to connect to the IS EFA via ERP or through an OpenAPI webservice that has been developed.

- Non-resident businesses will need to send and receive invoices to and from the Slovakian public bodies via a dedicated email address.

- Initially slated to mandate use for B2G (2022) and B2B (2023), however timeline has been delayed

- Government entities will have access to test environment in April 2023 – B2G and B2B mandates tbc

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Slovakia launches new e-invoicing system – "Informačný Systém Elektronickej Fakturácie (IS EFA)

Alex Baulf   Dec 22, 2021

The Slovak Republic's Ministry of Finance is implementing a central national electronic invoicing system to allow businesses to send e-invoices in a structured data format to the tax authority. This is primarily to meet the new European Union (EU) obligation to introduce electronic invoicing for B2G supplies but will also be

Luxembourg and Belgium

B2G e-invoicing requirements

Luxembourg

- phased mandate for e-invoicing within public procurement May 2022 to March 2023
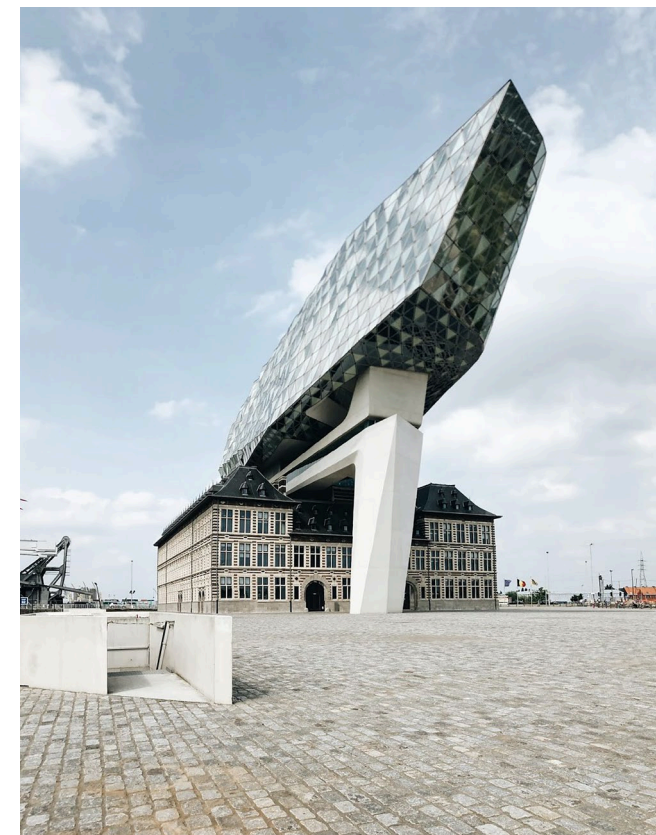
- European standard compliant (e.g. Peppol / UBL 2.1)

Phase 1	Large	May-22
Phase 2	Medium	October-22
Phase 3	Small	March-23

Belgium

- phased mandate for e-invoicing within public procurement November 2022 to November 2023 based on size of contract.

- Peppol

Phase 1		€ 214,000	November-22
Phase 2		€ 30,000	May-23
Phase 3	less than €30,000		November-23

The future of
e-invoicing

Future of e-invoicing

Peppol expansion
More countries will jump on the Peppol train

VAT in the Digital Age
Removal of barriers for e-invoicing mandates, promotion of EU e-invoicing standard, new pan-EU Digital Reporting Requirements, mandatory e-invoicing?

Increased use of QR codes
Following Switzerland, Portugal, KSA .. Spain in 2024

Mandatory e-invoicing – pre-clearance models
Apply Continuous Transaction Controls in every country

Harmonization
New Peppol International document model (PINT)c
EU standard (EN 16931), c
Factur-X

E-reporting for B2C and cross-border

How to prepare for e-invoicing
Strategy and overarching principles

Awareness

Advanced knowledge is key and allows more time to prepare

Horizon planning

How are you keeping on top of new mandates or changes in scope, format, standards etc.

Synergies

Look for synergies between requirements and then identify the differences e.g.

Model, Invoice Format, QR Codes

Single, scalable, global

Invest in a single, scalable, global e-invoicing system. Think strategically and global not tactically and local.

How to prepare for e-invoicing

› Form cross-functional project team and create project plan

› Learn lessons from other e-invoicing implementations e.g. Italy

› Create roadmap for e-invoicing mandates, look for synergies and develop strategy

› Get IT awareness, support and buy-in early

› C-Suite / Leadership – awareness and budget approval

Full implementation lifecycle

› Awareness and discovery

› Identify all billing and procurement use cases (and systems / platforms)

› Define requirements – tax and broader business requirements

› Procurement (and RFP if required)

› Implementation

› Testing

› Go-Live and supplier/customer support

Avalara e-Invoicing solution

Key features

- **Invoice Data Conversion**

  - From & to many e-invoicing formats, communication protocols, and standards (EDIFACT, XML, PDF, VDA, IDOc, Factur-X, PEPPOL, and others)

- **Encryption of Invoice Data** for highest security

- **Transmission of Invoice Data**

  - Transmission to business partners, short-term data storage

- **Long-term Digital Archiving**

  - Invoice archiving in compliant 'audit-proof' manner

- **Digital Signature** for invoice authentication

- **QR code generation**

- **Portal and Monitor**

  - Easy invoice management via own E-Invoicing Portal and Monitor to view e-invoices in readable format. for upload, download, storage, and notifications

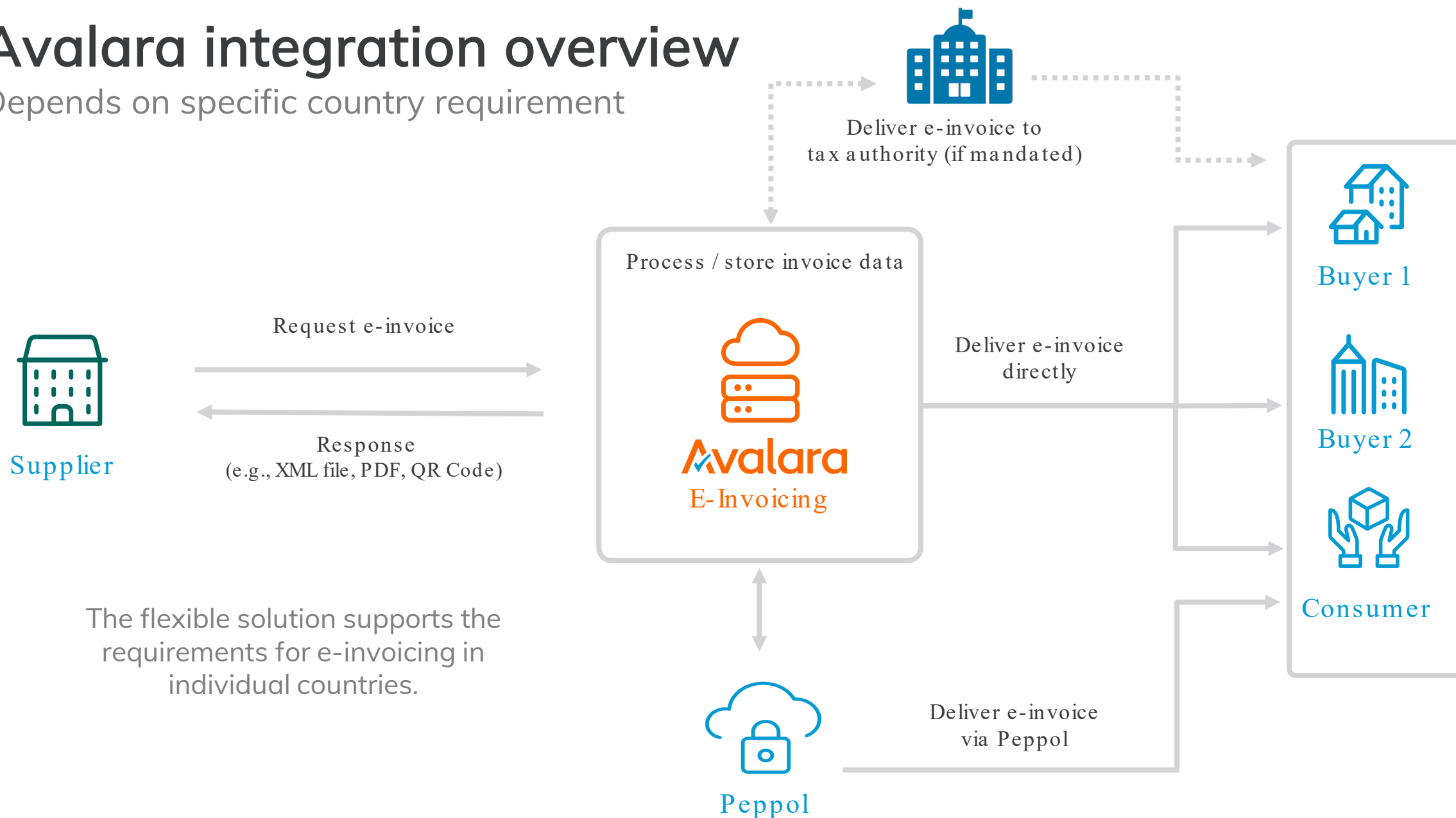- **Seamless integration** via WebServices, sFTP, HTTP, API, etc.

Avalara

E-Invoicing

Adhering to
e-invoicing rules
in 60+ countries.

- List of countries continuously expanded

- Updates based on new specifications and tax authority changes

- Single, scalable and global

Avalara integration overview

Depends on specific country requirement

Deliver e-invoice to
tax authority (if mandated)

Process / store invoice data

Request e-invoice

Response
(e.g., XML file, PDF, QR Code)

Supplier

Avalara
E-Invoicing

Deliver e-invoice
directly

Buyer 1

Buyer 2

Consumer

The flexible solution supports the
requirements for e-invoicing in
individual countries.

Peppol

Deliver e-invoice
via Peppol

Avalara

Tax compliance done right

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