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English version

## Recommendation to allow coded identifiers as an alternative to the current unstructured clear text identifications

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## Foreword

This CWA is part of a set of CWAs which has been prepared by the CEN/ISSS Workshop on Interoperability of Electronic Invoices in the European Community, with the view to supporting the effective implementation of the related Council Directive 2001/115/EC of 20 December 2001, with a view to simplifying, modernising and harmonising the conditions laid down for invoicing in respect of Value Added Tax, as well as regulations on electronic signatures and EDI. The set of CWA is as follows:

- Commission Recommendation 1994/820/EC October 1994, proposed revision with the requirements of Directive 2001/115/EC, present day e-Commerce practices and revised definition of EDI Electronic Data Interchange
- The list of invoice content details expressed as UN/CEFACT Core Components
- Recommendation to allow coded identifiers as an alternative to the current unstructured clear text identifications.
- A standardised set of codes with definitions to replace plain text clauses in eInvoice messages.
- Survey of VAT Data Element usage in the Member States and the use of codes for VAT Exemptions.
- eInvoices and digital signatures.
- Storage of Electronic Invoices.
- Guidelines for e-Invoicing service providers.
- eInvoice Reference Model for EU VAT purposes specification

An executive summary of these CWAs is available at:

[ftp://ftp.cenorm.be/PUBLIC/e-Invoicing/CWA/Executive\\_Summary.pdf](ftp://ftp.cenorm.be/PUBLIC/e-Invoicing/CWA/Executive_Summary.pdf)

This document relates to the use of coded identification of Parties, Goods and Services in electronic invoices.

The final review/endorsement round for this CWA was successfully closed on 12 June 2006.

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## Introduction

The eInvoicing Focus Group report indicated that a problem of interoperability could arise in relation to certain sections dealing with the data content required for VAT, namely that relating to the identification of Parties, Goods and Services. The relevant part of the texts taken from the Directive, are given below;

- the **full name and address of the taxable person and of his customer**
- the quantity and **nature of the goods supplied** or the **extent and nature of the services rendered**

The text of the Directive is specific; it requires that these identifiers be provided in a descriptive form, whilst eBusiness principles, including EDI, recommend the use of coded identifiers coupled with the use of associated code look-up tables, to provide the descriptive information.

On this particular issue, information received from the survey of the Member States (see CWA: Survey of VAT Data Element usage in the Member States and the use of codes for VAT Exemptions) places the Member States in one of two groups:

- Several Member States permit the use of coded identifiers, provided that look up tables are available when required for inspection - these are countries where eBusiness has been in widespread use since the 1980's
- Member States that have not had such a long experience in eBusiness have responded that they do not permit the use of coded identifiers in place of clear text

In the supply chain, electronic data exchanges (e.g. order to invoice, data exchanged between trading partners and service providers...etc) use coded identifiers and efficient data processing in the related application systems, to avoid the need for manual intervention. Clear text may be used to complement coded identifiers, but this requires manual intervention in order to process.

With regard to the uniqueness of coded identifiers, this is achieved within their context, through the agencies that are responsible for the code sets themselves -

e.g. the use of Dun and Bradstreet (DUNS) coded identifiers for parties,

GS1 GLN (Global Location Number) for parties, and

GTIN (Global Trade Item Number) for products (goods)

Individual identifiers used in these coding conventions are unique. The document date also ensures that the unique identifier referred to is appropriate to the document, for a period in excess of that required by EU Member States.

The differences between the situations in countries which allow the use of coded identifiers in place of textual values and those which do not may cause interoperability problems in cross border invoicing. For example, an invoice provided by a trading party from a Member State which allows the use of coded identifiers will cause difficulties for a trading party in a Member State which does not allow the use of coded identifiers, because the invoice will not comply with the requirements of a Member State's which does not allow the use of coded identifiers.

To address this situation, the CEN eInvoice Workshop Agreement is proposing two recommendations:

a) An extension to the relevant clauses in the existing Directive, given below in bold, to be anticipated and taken into account at the next revision of the 6<sup>th</sup> VAT Directive.

- The full name and address **and / or a unique coded identification** of the taxable person and of his customer;

- The quantity and nature, **as a coded identifier and / or description**, of the goods supplied or the extent and nature, **as a coded identifier and / or description**, of the services rendered; provided that both parties to the exchange of tax documents are aware of the significance of the coded values and translations of the coded values are available at both ends of the exchange for audit/tax inspection purposes.

b) That 'Best practice procedures' be made available to assist in developing applications, both for business and for VAT administrations, that reflect the requirements of the VAT Directive and the eBusiness applications of today, taking the issue of coded identifiers into consideration, especially for cross border trade.

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# 1 Scope

The scope of the current document is limited to the recommendation brought forward from the eInvoicing Focus Group report relating to the use of coded identifiers, as an alternative to the current unstructured clear text identifications of parties and the identification of goods or services description, as stated in the EU Directive on invoicing 2001/115/EC.

The present document establishes the reasoning for the use of coded identifiers and gives guidance on how it may be implemented with good practice in Member States where this concept may not have yet been introduced.

The current CWA takes into account the responses generated and processed in the CWA Survey of VAT Data Element usage in the Member States and the use of codes for VAT Exemptions..

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## 2 References

The following international definition and implementation documents developed by international eBusiness user groups for the implementation of electronic invoice messages demonstrate the importance of using Coded Identifiers in the eBusiness supply chain:

- Report and recommendations of CEN/ISSS e-Invoicing Focus Group on Standards and Developments on invoicing relating to the VAT Directive 2001/115/EC
- Automotive industry global invoice message
- EAN International EANCOM Standard (GS1)
- IDA e-Procurement protocol XML schemas initiative e-Ordering and e-Invoicing Working document Version 2.0 October 2004 <http://xml.coverpages.org/IDA-OrderInvoice18083.pdf>
- EDIFICE Billing definition and procedures <http://repository.edifice.org/billing-bim.aspx>
- CEN/ISSS CWA Survey of VAT Data Element usage in the Member States and the use of codes for VAT Exemptions