

ICS 35.240.60

English version

## Electronic invoice processes in Europe and enablement of SMEs to use them efficiently

This CEN Workshop Agreement has been drafted and approved by a Workshop of representatives of interested parties, the constitution of which is indicated in the foreword of this Workshop Agreement.

The formal process followed by the Workshop in the development of this Workshop Agreement has been endorsed by the National Members of CEN but neither the National Members of CEN nor the CEN-CENELEC Management Centre can be held accountable for the technical content of this CEN Workshop Agreement or possible conflicts with standards or legislation.

This CEN Workshop Agreement can in no way be held as being an official standard developed by CEN and its Members.

This CEN Workshop Agreement is publicly available as a reference document from the CEN Members National Standard Bodies.

CEN members are the national standards bodies of Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and United Kingdom.



EUROPEAN COMMITTEE FOR STANDARDIZATION  
COMITÉ EUROPÉEN DE NORMALISATION  
EUROPÄISCHES KOMITEE FÜR NORMUNG

**Management Centre: Avenue Marnix 17, B-1000 Brussels**

## Table of contents

Foreword .....	4
1. Introduction .....	5
2. Scope .....	6
3. Normative References .....	6
4. Terms, Definitions and abbreviations .....	6
4.1 Terms and Definitions .....	6
4.2 Abbreviations .....	7
5 Benefits for SMEs using e-invoicing .....	7
5.1 Benefits for incoming invoices .....	8
5.2 Benefits for outgoing invoices .....	8
6 Factors influencing deployment of e-invoicing at SMEs .....	9
6.1 External factors .....	9
6.1.1 Industry sector and business processes .....	9
6.1.2 Legal environment .....	9
6.2 Internal factors .....	10
6.2.1 Size of SME .....	10
6.2.2 Maturity of SMEs in terms of Information and Communication Technology (ICT) .....	10
7 Success criteria for e-invoicing implementation by SMEs .....	11
7.1 Definition of realistic goals .....	11
7.2 Setting up a competent project team for e-invoicing .....	12
7.3 Selecting suppliers / customers committed to e-invoicing .....	12
7.4 Selecting the right e-invoicing solution provider .....	12
7.5 Securing the organizational setup for e-invoicing .....	12
8 e-invoicing scenarios applicable to SMEs and related business controls .....	12
8.1 Introduction .....	12
8.2 ICT Solutions - overview .....	13
8.3 Plain unstructured PDF invoice end-to-end .....	13
8.4 Structured data exchange .....	14
8.4.1 Web-EDI .....	14
8.4.2 Structured data exchange .....	15
8.5 Service Provider .....	16
8.6 Communications protocols .....	17
8.7 Best practices and related business controls .....	18
8.7.1 Business controls .....	19
8.7.1.1 How to create an audit trail as a customer / recipient of e-invoices .....	22
8.7.1.2 SME is supplier and issues e-invoices .....	24
8.7.2 Best practices – e-invoicing checklist .....	24
8.7.3 Agreement .....	24
9 Past and present actions conducted to foster e-invoicing .....	25
9.1 New EU Directive and its implementation into national legislation .....	25
9.2 E-business activities of governments in the European Union .....	26
9.2.1 The Peppol Project .....	27
9.2.2 e-Invoicing in Denmark – Easy trade by the Danish Government .....	28
9.2.3 e-Invoicing in Sweden .....	29
9.3 e-Business activities of selected industry and trade associations .....	30
9.3.1 Automotive Industry – the Auto-gration project .....	30
9.3.2 VDA – German Automotive Industry Association .....	30
9.3.3 The SME and electronic Steering Committee within GS1 France .....	31
9.4 eBusiness activities of LTPs to promote e-invoicing .....	31
10 Recommendations for future actions .....	32
10.1 Standards for structured e-Invoices .....	32
10.2 e-invoicing modules for Standard Software Applications and APIs .....	33
10.2.1 Integration Strategy .....	34
10.2.2 Logical layers of an e-invoicing module .....	34
10.2.3 Functional Specifications .....	35
10.3 Recommendations for the removal of e-invoicing barriers .....	36

11	Conclusions / Summary.....	40
12	Annexes.....	41
12.1	Matrix of documents that can be used to create audit trails .....	41
12.2	Checklist of e-invoicing Readiness.....	42
12.3	Agreement on e-invoicing.....	48
12.4	Example of a Web Service specification for data transmission.....	50

This document is a preview generated by EVS

## **Foreword**

This CEN Workshop Agreement has been drafted and approved by a Workshop of representatives of interested parties on 2012-02-15, the constitution of which was supported by CEN following the public call for participation made on 2010-02-26.

A list of the individuals and organizations which supported the technical consensus represented by the CEN Workshop Agreement is available to purchasers from the CEN-CENELEC Management Centre. The following organizations endorsed this document:

- AITI, Italy
- Hilti Corporation, Liechtenstein
- Hub2Hub, Italy
- ID Cyber-Identity Ltd, Switzerland
- Legal Counsel, Stefan Engel-Flechsigg, Germany
- OFS Portal LLC, USA
- Orange – France Telecom Group, France
- STS Group, Belgium
- Voxel Group, Spain
- xft GmbH, Germany

The formal process followed by the Workshop in the development of the CEN Workshop Agreement has been endorsed by the National Members of CEN but neither the National Members of CEN nor the CEN-CENELEC Management Centre can be held accountable for the technical content of the CEN Workshop Agreement or possible conflict with standards or legislation. This CEN Workshop Agreement can in no way be held as being an official standard developed by CEN and its members.

The draft CWA was presented and discussed with industry representatives during two Open meetings, the first on September 22 and the other on December 12, 2011, both held in Brussels. The public comments period run from November 23, 2011 until January 23, 2012.

The final review/endorsement round for this CWA was started on 2012-04-04 and was successfully closed on 2012-04-16. The final text of this CWA was submitted to CEN for publication on 2012-04-18.

This CWA is part of a set of CWAs that has been prepared by Phase II and Phase III of CEN/WS e-Invoicing.

This CEN Workshop Agreement is publicly available as a reference document from the National Members of CEN: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

Comments or suggestions from the users of the CEN Workshop Agreement are welcome and should be addressed to the CEN-CENELEC Management Centre.

## 1. Introduction

The European Commission and the governments of the European Union Member States put a great emphasis on electronic invoicing. They anticipate considerable savings to be achievable through the application of this technology.

Today e-invoicing processes are established in many large companies and are a vital part of their business processes, but for small and medium sized enterprises (SME) the picture is quite different. Despite all efforts so far the uptake of e-invoicing in this environment is still very limited.

Invoicing, as such, is a key process that is common to all enterprises, large and small. Invoices have an important function in the relationship between trading partners and they are governed by several constraints such as business requirements, trade and commercial law and fiscal rules including and especially the EU Value Added Tax (VAT) Directive. In order to ensure the authenticity and integrity of electronic invoicing documents and to prevent fraud, many Member States of the EU have to date established specific national technical requirements for electronic invoices. This has not made it easier for SMEs to adopt the electronic way of invoicing.

With the VAT Directive 2010/45/EU the Commission leads the way to e-invoicing processes that are less dependent on mastering a specific technology but which introduces a freedom of choice, which for instance allows also appropriate business controls to be applied to prove the authenticity and integrity of electronic documents in a similar way to that used for paper invoices. This Directive has to be transposed into national law by all Member States by December, 31<sup>st</sup> 2012 after which a harmonised legal environment across the EU covering VAT and e-invoicing will be established from 1<sup>st</sup> January 2013.

One can expect that business controls will play a more significant role in e-invoicing processes adopted by SMEs in the future. One of their purposes is to ensure VAT compliance of the invoice content. Since the necessity of VAT compliance applies to paper and e-invoices, these business controls are likely to be in place already. The following document assumes that customer and supplier are both aware of the specific requirements of their business relationship and the consequences relating to information provided for VAT purposes. All invoice business control processes should not only include the validation of the business transaction itself (e.g. order, proof of delivery etc.) but they should also include the completeness and validity of the VAT relevant information (e.g. VAT identification number, references to tax exemptions etc.).

Although this document puts a certain emphasis on business controls as means for ensuring that a reliable audit trail e.g. from the order to the final payment exists and can be used to prove the authenticity and integrity of an e-invoice during the whole period of storage, it does by no means suggest or limit the freedom of choice. There are other options, valid to be used. These options have been available already in the VAT Directive 2006/112 EC and compliance criteria are explained for instance in CWA 16047 and CWA # (replace by correct number of WG1 Phase 3). Since the business controls represent the new provision in the Directive 2010/45 EC, it seemed appropriate to give them more attention in this document,

The target audience for this section of this CWA are:

- Stakeholders of the SME communities such as trade associations and SME associations to:
  - Promote e-invoicing between SMEs and Large Trading Partners (LTP) and amongst SMEs through their memberships;
  - Establish harmonised requirements;
  - Establish quality guidelines for third party service providers based on normalised (harmonised and standardised) processes and technical solutions that service providers can adhere to, either by self-assessment or by certification. Thereby making the selection of suitable service providers by SMEs easier.
- e-invoicing service and software solution providers to assist them to prepare new solutions suitable for SMEs for e-invoicing including storage solutions.
- SMEs: whereas this CWA is targeted primarily towards SMEs, it also considers the LTPs including governments who can exert great influence on SMEs.
- The European Commission in order to use its influence to ensure that it takes SME considerations into account when it endorses e-invoicing standards throughout Europe; This is an important opportunity to give a positive example regarding cross border interoperability of e-invoicing standards suitable for all sizes of organisation.

## **2. Scope**

The scope of the working group is to propose best practices and recommendations and to use the current e-invoicing political and technical opportunities to extend the adoption of e-invoicing by SMEs.

The following recommendations are at conceptual level and it is recommended that they should be used as a basis for further elaboration by national e-invoicing fora or by sectoral associations.

The current CWA addresses primarily those SMEs that have not yet adopted e-invoicing. However, it is also addressing the needs of SMEs which have already started with e-invoicing but aim to increase their levels of benefit derived from their e-invoicing activities.

## **3. Normative References**

The following documents, in whole or in part, are normatively referenced in this document and are indispensable for its application. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

*Not applicable*

## **4. Terms, Definitions and abbreviations**

### **4.1 Terms and Definitions**

For the purposes of this document, the following terms and definitions apply:

#### **4.1.1 Invoice portal**

A web portal of an E-Invoice service provider to which trading partners can log on with a username and password (or other means of secure access) in order to manage, receive or input e-invoice data. This should be a secured environment.

#### **4.1.2 Web EDI**

Web EDI covers the techniques used to facilitate structured data exchange via the Internet which may include web forms to capture business content and to convert it into structured data. In these cases typically one trading partner is capable of exchanging structured data but the other partner is expected to type their data in manually into a web form, or, in the opposite direction, structured data are converted into human readable documents which then have to be downloaded and processed manually.

#### **4.1.3 e-invoicing**

The issuing and receipt of VAT compliant invoices in an electronic format. According to Article 217 of VAT Directive No. 2010/45/EU, an electronic invoice is ... "an invoice that contains the information required in the Directive, and which has been issued and received in any electronic format".

#### **4.1.4 ERP**

Enterprise Resource Planning (ERP) systems integrate internal and external management information across an entire organization, embracing finance/accounting, manufacturing, sales and service, customer relationship management, etc.

#### **4.1.5 Value Added Network (VAN)**

Third-party private network service provider that offers data exchange related services to their subscribers.