# A guide to navigating the

# Italian e-invoicing mandate for AP customers

Country compliance and e-invoicing mandates can be tricky for organisations to understand what's expected of them and how to navigate the wealth of information available on the subject. In this guide we cut through the complexity, addressing the most common issues related to the Italian B2B mandate and how we help.

# You're in pole position...

Because you're a customer on the Tungsten Network you already benefit from our wealth of expertise in removing friction from your AP processes – whether that's improving Days Sales Outstanding (DSO), Days Payable Outstanding (DPO), Straight Through Processing (STP) KPIs or simply improving relationships with your Suppliers.

But, as recognised experts in compliance did you know we've also become an intermediary for the Italian Government mandate on preclearance e-invoicing?

In practice this means we simply 'punch out' the e-invoice information (no paper, PDFs or EDI) from your Supplier to the Sistema di Interscambio (SdI) first, in their chosen format (Futtura XML) and deliver it back to you, safe in the knowledge that you and your Supplier will remain 100% compliant (whether they're a Supplier on the Tungsten Network or not.) Let us collect and transform 100% of your domestic invoices.

That's not all – choosing Tungsten Network as your intermediary in Italy means your existing contract will remain and we'll simply issue an addendum.  Existing integrations will also stay the same but we've built upon this to enable any of your non Tungsten Network Suppliers' invoices to flow for Italy too.  Because we operate globally you'll also benefit from rapid platform deployment as other countries or markets move to preclearance mandates rather than post audit.

Sounds simple, right? There's a lot of intelligence around how that happens but read on to understand more about the mandate and guidance on typical e-invoicing topics in relation to Italy and your existing relationship with us.

## Tungsten Network Stats

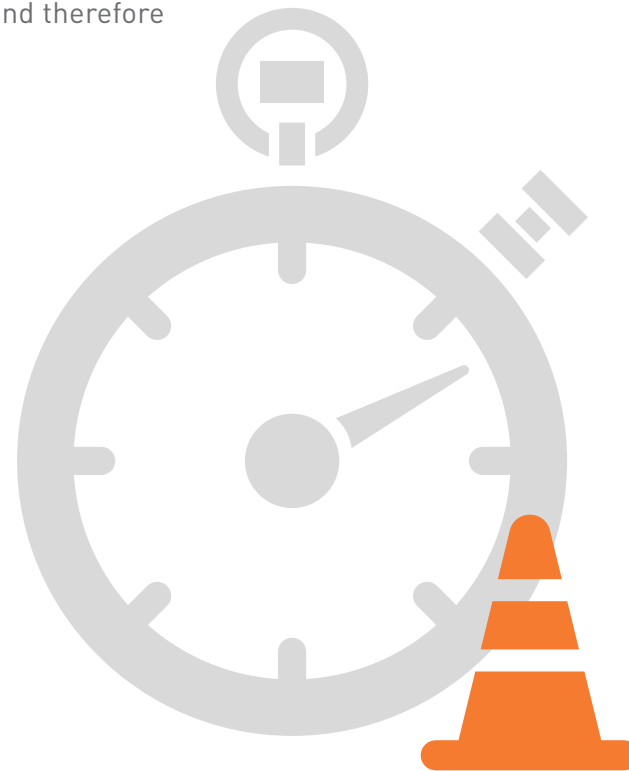Compliant in Italy since 2005 for invoice processing and archiving

- 100% localised for the Italian market– portal, support staff, literature, and website
- 2018 back end development changes to support B2B mandate and Fattura XML format
- Registered intermediary to Sistema di Interscambio (SdI) for both AP and AR
- Our proven technology validates against your business and legal SdI requirements, enriching and transforming the data, and allowing you to boost your automation and STP for 100% compliance.
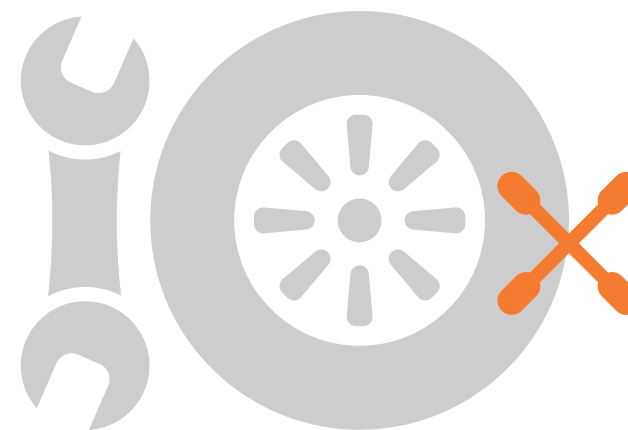
# The history & mandate in summary

In Italy, Business-to-Government (B2G) e-invoicing has been mandatory for almost three years. Invoices to public bodies must be issued using the Fattura XML format and transmitted through a government portal, the Sistema di Interscambio (SdI). Failure to invoice in this way means that Suppliers to the government will not get paid. In July 2016, the government also made the SdI available for B2B e-invoices with the incentive to not have to submit a quarterly e-report on a subset of invoice data. But adoption was limited. In 2017 the government announced its plan to make B2B e-invoicing mandatory too, with the legislation passed in early 2018 that comes into effect on January 1st, 2019.

This clearance model (rather than post audit previously) is driven by tax collection improvement and fraud reduction, and legislation is very clear about the consequences of non-compliance with the mandate: That is, an invoice that is issued in any other way than electronically via the SdI in the Fattura XML format, is not considered as issued, and therefore subject to penalties.

This process is mandatory for B2B Suppliers and B2C Suppliers for those taxpayers with entities in Italy (typically with VAT numbers), but not to cross border invoices, although we will be developing this functionality post January to save you the obligation of monthly reporting.

# A "pit stop" of your AP Issues and how we help

| Topic | Issue | How we help |
|---|---|---|
| **Risk management** | The movement from a direct to a clearance model within a short timeframe creates risk in compliance and business readiness. | As your intermediary, we will ensure that you are ready for the January 1st deadline. |
| **Invoice collection** | You must collect all invoices registered with the SdI. | As your intermediary, we will collect 100% of invoices from the SdI. You already have connectivity to Tungsten Network and therefore do not need to create and maintain a new connection. |
| **Invoice receipt Dispute resolution** | You cannot reject invoices registered with the SdI. | Migrate your Suppliers to invoice through Tungsten. Our validations and augmentations against your specific requirements will reduce the level of dispute as we will reject bad data before the invoice is created and registered with SdI. If you need to annul an invoice after SdI submission the Supplier will have to issue a credit note. |

| Topic | Issue | How we help |
|---|---|---|
| **Invoice receipt** | Rejection of paper, pdf and anything else from domestic Suppliers | We will collect all invoices from the SdI so you can close down all channels for receipting domestic invoices. |
| | Continued acceptance of invoices and credit notes from Suppliers located outside of Italy | Migrate Suppliers outside of Italy to invoice through Tungsten Network. We will deliver data that you can import straight into your ERP and workflow. |
| | Invoices will contain varying amounts of data and therefore cannot be accepted in a single process without significant development. | Tungsten Network can segment invoices depending on the quality of data and deliver as agreed with you. For example:<br><br>i.  Tungsten-created Supplier invoices<br><br>ii.  Non-Tungsten-created Supplier invoices with PO numbers in data<br><br>iii.  Everything else |
| **Invoice processing Dispute resolution** | No human readable invoice. Compliant invoice is only available as Fattura XML. | We convert the SdI's Fattura XML into a human readable PDF which is in the same format as the PDFs that we create for you today. This can be used for workflow approvals and dispute resolution and allows you to maintain a global process if required. |
| **Invoice processing** | The SdI does not validate against your business requirements. PO numbers, vendor codes etc. are not mandatory fields. | Migrate your Suppliers to invoice through Tungsten. Our validations and augmentations against your specific requirements will reduce the level of dispute as we will reject bad data before the invoice is created and registered with SdI.<br><br>When Tungsten is not the intermediary for the Supplier, we will improve the data registered with SdI by including the data that you need to process the invoice – such as vendor codes, site codes, units of measure and tax code translations. |

| Topic | Issue | How we help |
|---|---|---|
| **Invoice processing** | Attachments supporting the invoice | When the Supplier uses Tungsten as their intermediary, attachments, such as timesheets, are delivered to the Buyer as agreed with the Buyer. |
| | | When Tungsten is not the intermediary for the Supplier, we will embed the PDF attachments in the XML. |
| **Invoice compliance** | Reporting requirements for cross border invoices | Migrate your Suppliers to invoice through Tungsten. You can then use our reporting tools to extract data needed for your monthly submission. |
| **Invoice payment** | Impact on payment dates – SdI reserves up to five days to register the invoice. | Tungsten trawls the SdI at 15-minute intervals. Our delivery cycle can be configured to your requirements. |
| **Archiving compliance** | Existing archiving requirements continue to apply – time/date stamping, location etc. | Tungsten provides compliant archiving in Italy and will continue to do so. |
| **Spend analytics** | Visibility into invoices processed through Italy | Because Tungsten carries 100% of Supplier invoices to Italian Buying organisations, the Tungsten Spend Analytics service is fully primed with line level insights. |
| **Continuous improvement** | SdI does not validate against your business requirements, which will limit invoice automation | Tungsten will continue to work with you to improve your invoice automation. |
| **Intercompany invoices Self-billed invoices** | Does the SdI accept these types of invoices? | For intercompany invoices issued via Tungsten Network the same principals and mechanism will apply as today as for January 1st and will be submitted to the SdI on your behalf. |
| | | The same for self-billing, if the Supplier has agreed to accounting in this way. |

# Your Suppliers,
## oiled and ready to go

| Topic | Issue | How we help |
|---|---|---|
| **Invoice submission** | The Supplier must connect and submit invoices to SdI. | Tungsten Network manages all aspects of delivery to/from SdI. Suppliers that are already connected to the network can usee their existing connectivity. |
| | 100% of invoices need to be in Faturra XML format. | When we act as the Supplier's intermediary, the Supplier submits invoice data in any structured format and we convert this into a FaturraXML after we confirm that it meets the SdI requirements and your requirements |
| | The Supplier may be required to provide attachments in support of the invoice to the customer. | When the Supplier uses Tungsten Network as their intermediary, attachments, such as timesheets, are delivered to the Buyer as agreed with the Buyer. |

| Topic | Issue | How we help |
|---|---|---|
| **Management of invoice registration/rejections by SdI** | SdI will reject invoices that do not meet their validation rules. This rejection can take up to five days as per their own SLA. | Pre-SdI validations by Tungsten Network are completed within four hours and minimise the potential for invoice rejection by SdI. If the network rejects the invoice, the Supplier can make the required corrections and resubmit the same day, therefore, minimising the impact on DSO. |
| | Suppliers need to systemically know that the invoice has been registered with SdI. | Tungsten provides an acceptance/rejection status. |
| **Invoice progress to payment** | Suppliers want to know that their invoice has been approved and when it will be paid | Tungsten Network Buyers participating in Invoice Status Service automatically update the status of the invoice in the approval cycle. This information is displayed in the Tungsten online portal and if required is delivered by file exchange to the Supplier. |
| **Archiving compliance** | Existing archiving requirements continue to apply – time/date stamping, location etc. | Tungsten provides compliant archiving in Italy and will continue to do so. |

## The countdown starts now...

With Tungsten Network as your Italian e-invoicing intermediary, you can rest assured that you'll be compliant for the January 1st deadline. We'll remove any risk to you or your Supplier both on or off the Tungsten Network, whether your processes are local or global. Because we pride ourselves on compliance and our technology platform is agile, you're in the best position for adoption as further markets move to make e-invoicing compliant.

## Just think of us as a 'pit crew'...

If you have any questions about the mandate or would like a meeting to discuss this or any of Tungsten Network products or services, please do not hesitate to get in touch.

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