TUNGSTEN NETWORK
Trusted connections. Streamlined transactions.

A guide to navigating the

Italian e-invoicing mandate for AR 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 Tungsten can help as your intermediary.

You're in pole position...

Because you're a Supplier on the Tungsten Network you already benefit from our wealth of expertise in compliant e-invoicing to improve your customer relationships and streamline the P2P process – but did you know we've also become an intermediary for the Italian Government mandate on preclearance e-invoicing?

In practice this means we take your invoice data in any format, transform it into the Sistema di Interscambio's (SdI) chosen format (Futtura XML) and punch out the e-invoice to the SdI portal before retrieving and delivering it on to your customer, safe in the knowledge that you and your customer will remain 100% compliant. Let us collect and transform 100% of your domestic invoices, whether your customer is on the Tungsten Network.

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. 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 too.

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 relationship with us.
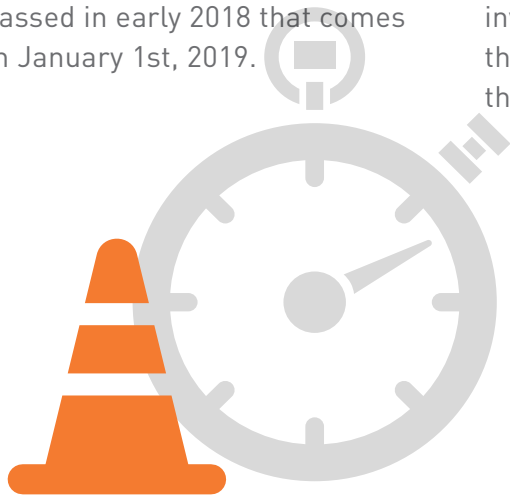
A summary of the history & the mandate in Italy

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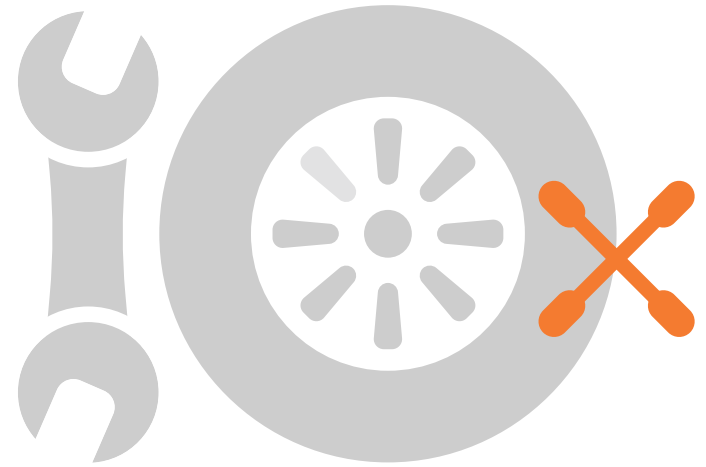
This process is mandatory for B2B Suppliers and B2C Suppliers for those taxpayers with entities in Italy (typically with VAT numbers), but not to cross border invoices, although we will be developing this functionality post January to save you the obligation of monthly reporting.

Tungsten Network and Italian Compliance

- 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 the 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.
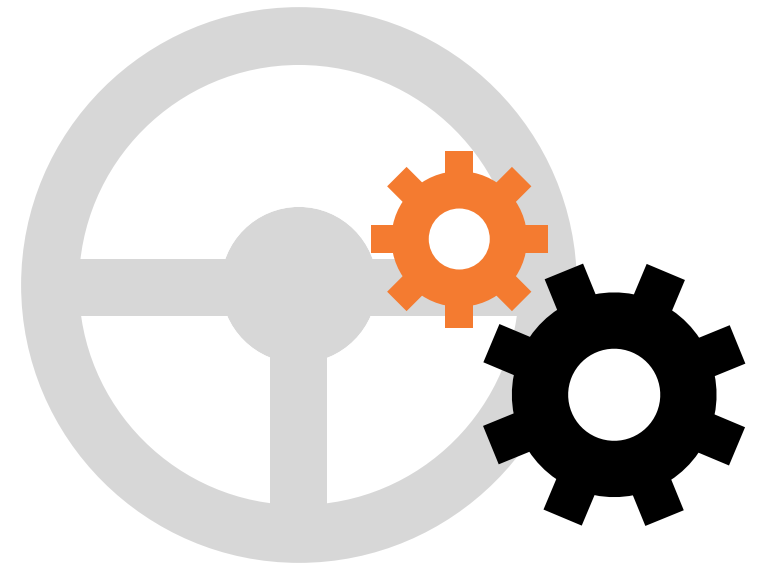
A "pit stop" of your AR Issues and how we help

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 deadline.
Invoice submission	You must connect and submit domestic invoices to SdI.	Tungsten manages all aspects of delivery to/from SdI. Suppliers that are already connected to Tungsten can use their existing connectivity.
	100% of domestic invoices needs to be in Faturra XML format.	When we act as your intermediary, you submit invoice data in any structured format and we convert this into a Faturra XML after we confirm that it meets the SdI requirements.
	You may need to provide attachments in support of your invoice to you customer.	When you use Tungsten as your intermediary, attachments such as timesheets are delivered to your Buyer as agreed with the Buyer and the SdI limitation.

Topic	Issue	How we help
Invoice submission	Either all invoices are submitted via the Sdi or you need to provide a monthly submission of export invoices to the tax authorities. There are fines for non-submission.	Export invoices can be submitted to the SdI and Tungsten e-Billing services can be used to deliver to your customer.
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 (SdI SLA is up to five days).	Pre-SdI validations by Tungsten are completed within four hours and minimise the potential for invoice rejection by SdI. If Tungsten rejects the invoice, the Supplier can make the required corrections and resubmit the same day therefore minimising the impact DSO.
Management of invoice registration/rejections by SdI	Suppliers need to systemically know that that the invoice has been registered with SdI.	Tungsten provides an acceptance/rejection file that the Supplier can import into its credit control/AR system.
Invoice progress to payment	You want to know that your invoice has been approved and when it will be paid.	Tungsten 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 you.
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 and DSO reports	Because Tungsten carries 100% of your invoices the Tungsten Spend Analytics service is fully primed with line level insights.
Early payment	Cash flow management	Tungsten provides a number of services which enable you to get paid in advance of your agreed payment date.

Your customers,
oiled and ready to go

Topic	Issue	How we help
Invoice collection	Your customer must collect all invoices registered with SdI.	If Tungsten is acting as their intermediary, we will collect 100% of invoices from SdI. If we are not their intermediary, then we can deliver independent pdfs under our e-billing service.
Invoice receipt Dispute resolution	Your customer cannot reject invoices registered with SdI.	If Tungsten is acting as their intermediary, we can validate your invoice submissions against Buyer specific rules before accepting and submitting to the SdI, thereby limiting the number of invoice disputes and helping secure on time payment.
Invoice receipt	Invoices will contain varying amounts of data and therefore cannot be accepted in a single process without significant development.	Tungsten can segment invoices depending on quality of data and deliver as agreed with you. For example: i. Tungsten-created Supplier invoices ii. Non-Tungsten-created Supplier invoices with PO numbers in data iii. Everything else

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Topic	Issue	How we help
Invoice processing Dispute resolution	No human readable invoice. Compliant invoice is only available as Fattura XML.	We convert 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 in your customers' workflow approvals and dispute resolution.
Invoice processing	SdI does not validate against your customers' business requirements. PO numbers, vendor codes etc. are not mandatory fields.	Our validations and augmentations against their specific requirements will reduce the level of dispute as we will reject bad data before the invoice is created and registered with SdI.
Invoice processing	Attachments supporting the invoice	When your customers use Tungsten as your intermediary, attachments, such as timesheets, are delivered to your Buyer as agreed with the Buyer and the SdI limitation.
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 customers 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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