

# The Future of Country Mandates



Tungsten Insights | 4 March 2020



# Today's speakers



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**Director** – Heading up PwC's Global Centre of Excellence on e-invoicing & e-reporting

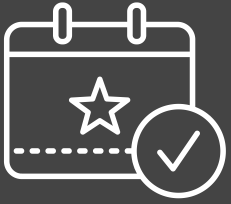
PwC Belgium



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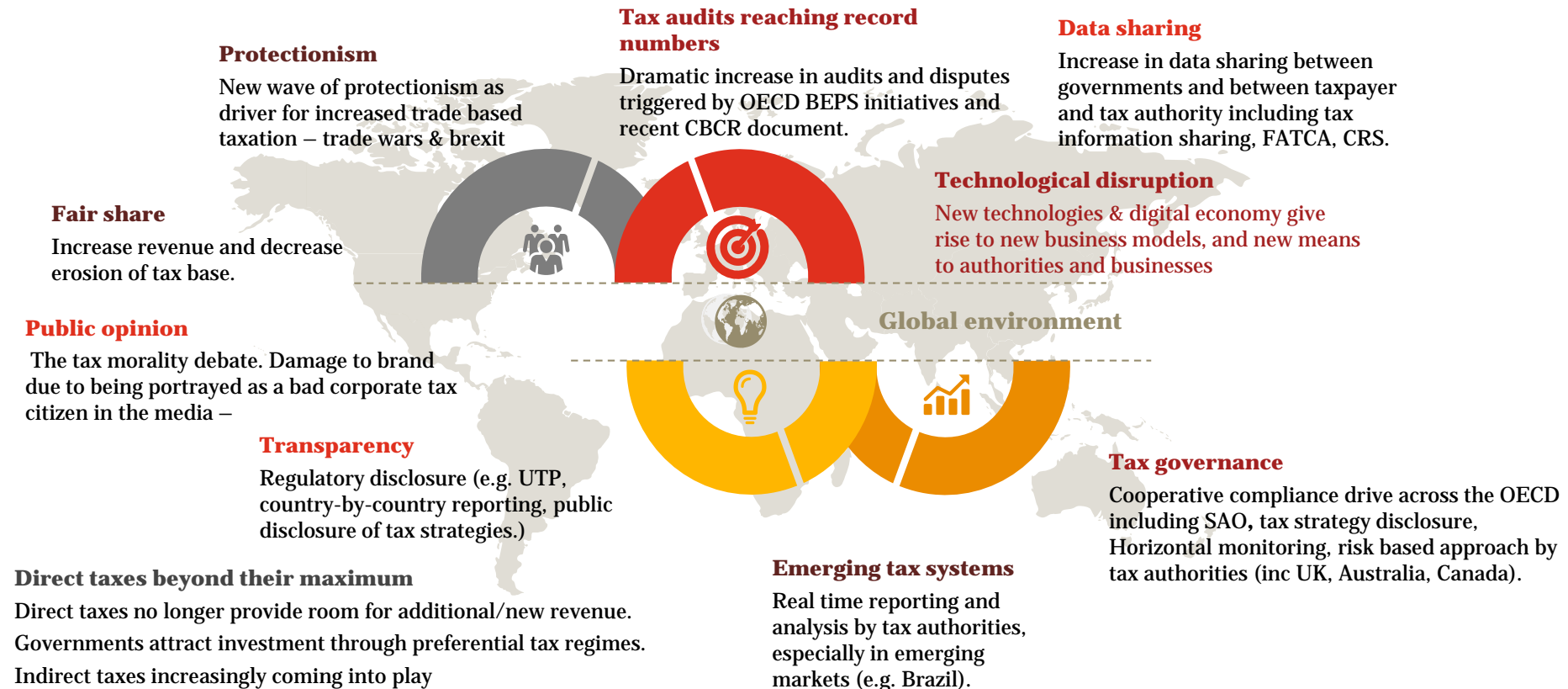


# Global update on e-invoicing

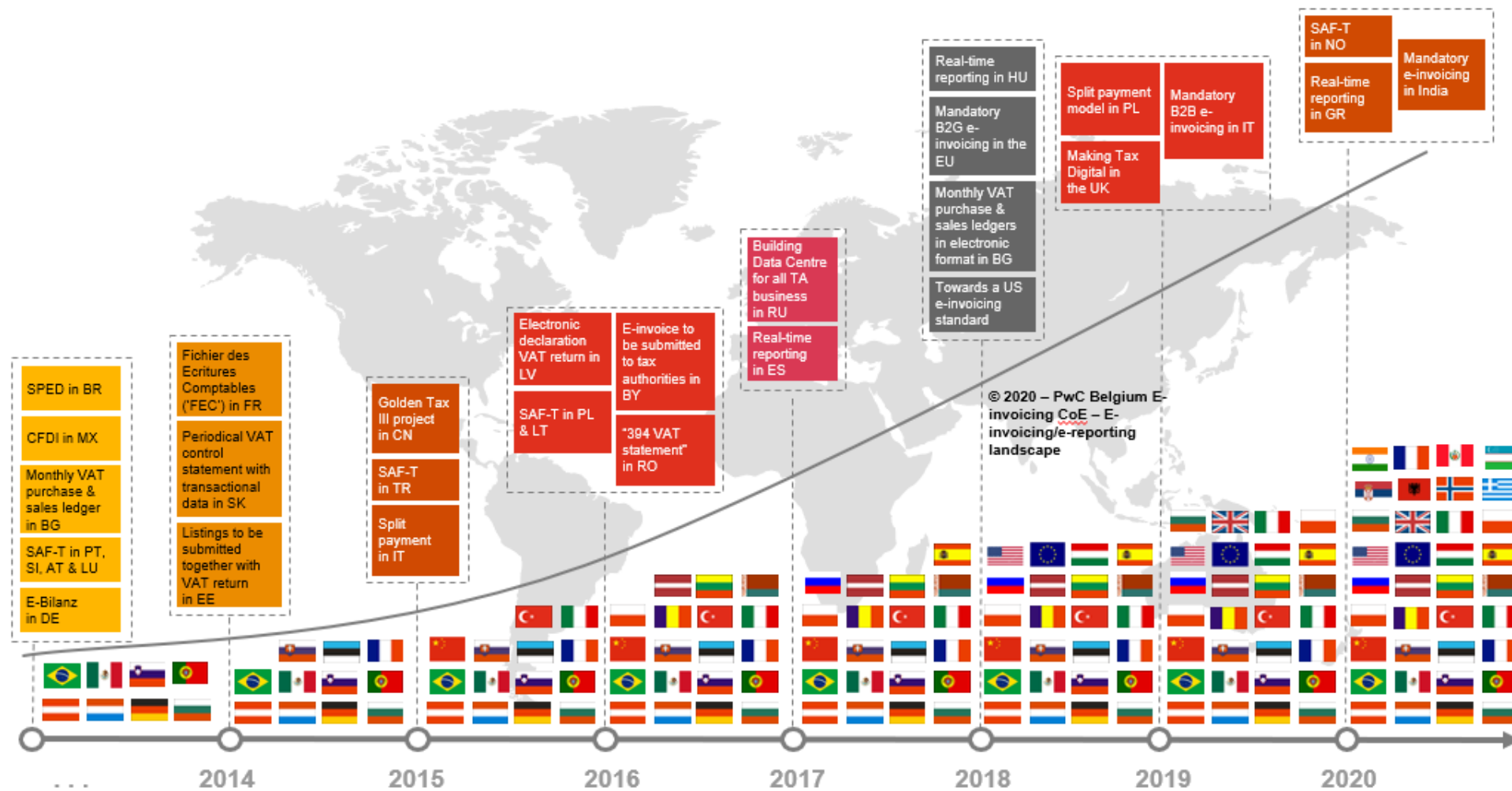
Current and future indirect tax  
reporting requirements



# A rapidly changing complex framework



# is highly impacting the global tax reporting landscape...





# Setting the scene: Indirect tax reporting requirements in EU



## EU Invoicing Directive

Council Directive 2010/45/EU of 13 July 2010 amending the EU VAT Directive established equal treatment between paper and electronic invoices with the aim to promote the uptake of e-invoicing by creating the freedom of choice in ensuring the authenticity of origin, integrity of content and legibility.



# Setting the scene: Indirect tax reporting requirements in EU

## Public Procurement Directive

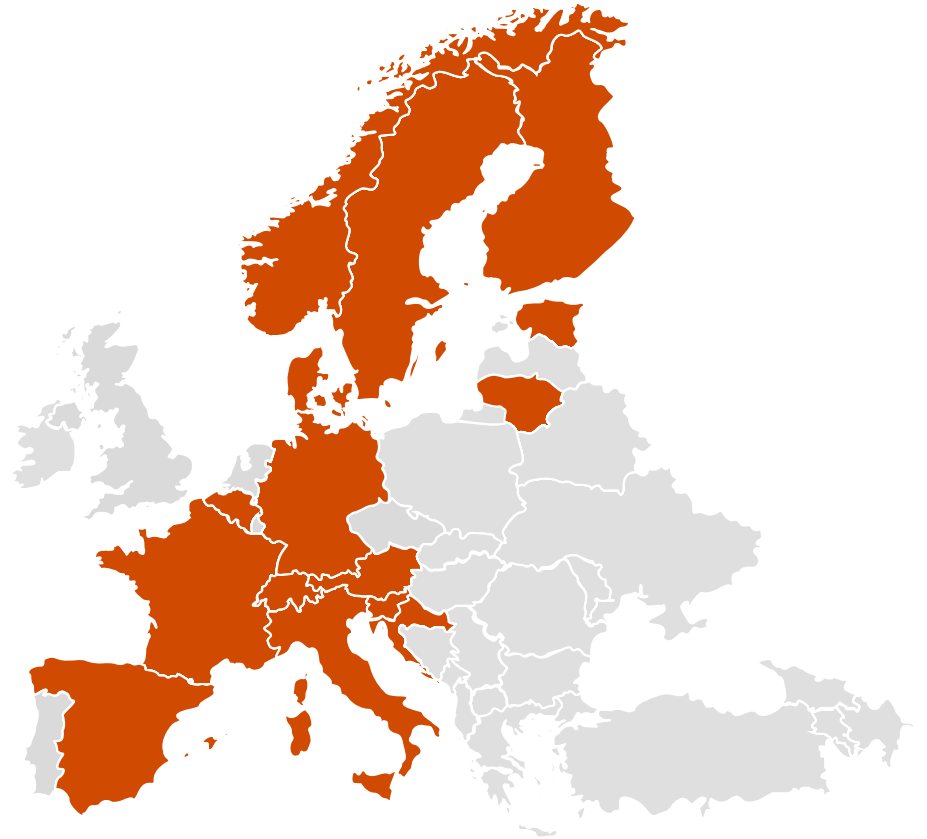
All EU Member States have the obligation to implement Council Directive 2014/55/EU in their local legislation at the latest by 18 April 2020. This means that they are obliged to accept electronic invoices.

Many governments have used this obligation as an opportunity to make electronic invoicing **mandatory for B2G supplies**, meaning that paper invoices are no longer accepted:

- Austria
- Belgium
- Croatia
- Denmark
- Estonia
- Finland
- France
- Germany
- Italy
- Lithuania
- Slovenia
- Spain
- Sweden
- And more to follow soon

Also other European (non-EU countries) have followed this example:

- Norway
- Switzerland



# Setting the scene: Indirect tax reporting requirements in EU

## European countries with (upcoming) SAF-T requirements

### Austria

SAF-T: e-filing of VAT relevant data on transaction level — introduced in 2009.

### Luxembourg

SAF-T: e-filing of VAT relevant data on transaction level — introduced in 2008.

### France

SAF-T (FEC): Compulsory electronic submission of accounting entry journal since 1 January 2014.

### Portugal

SAF-T: e-filing of VAT relevant data on transaction level — introduced in 2008.

### Lithuania

SAF-T: e-filing of VAT relevant data on transaction level — introduced in October 2016

### Poland

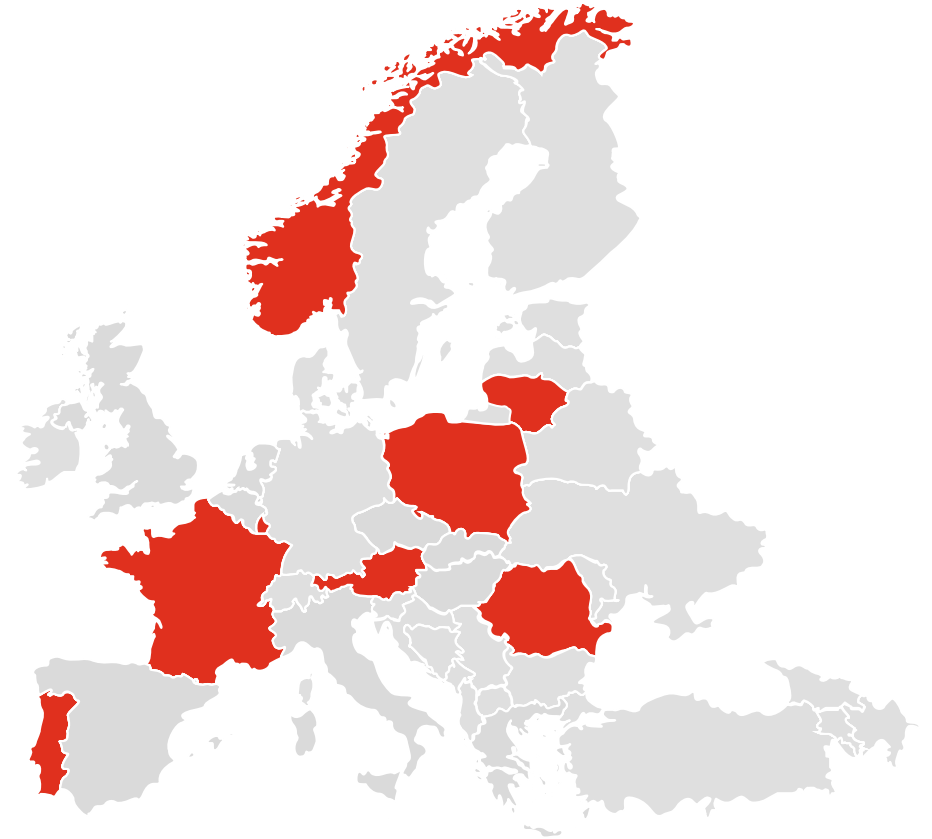
SAF-T: e-filing of VAT relevant data on transaction level — introduced in July 2016.

### Norway

SAF-T: e-filing of VAT relevant data on transaction level — introduced in January 2020

### Romania

SAF-T: e-filing of VAT relevant data on transaction level — envisaged to be introduced at the end of 2020 or in 2021





# Setting the scene: Indirect tax reporting requirements in EU

## EU countries with real-time reporting of invoices/transaction data

### Hungary

Real-time reporting as from July 2018.

Data supply to the tax authorities in a predefined format for tax auditing is already required since 1 July 2017.

### Spain

Real-time reporting of tax data (“SII”) is introduced as from July 2017.

### Greece

Real-time submission of electronic invoices and the electronic maintenance of statutory books to be introduced in the coming months (work in progress).



# Setting the scene: Indirect tax reporting requirements in EU

## EU countries with mandatory B2B e-invoicing

### Italy

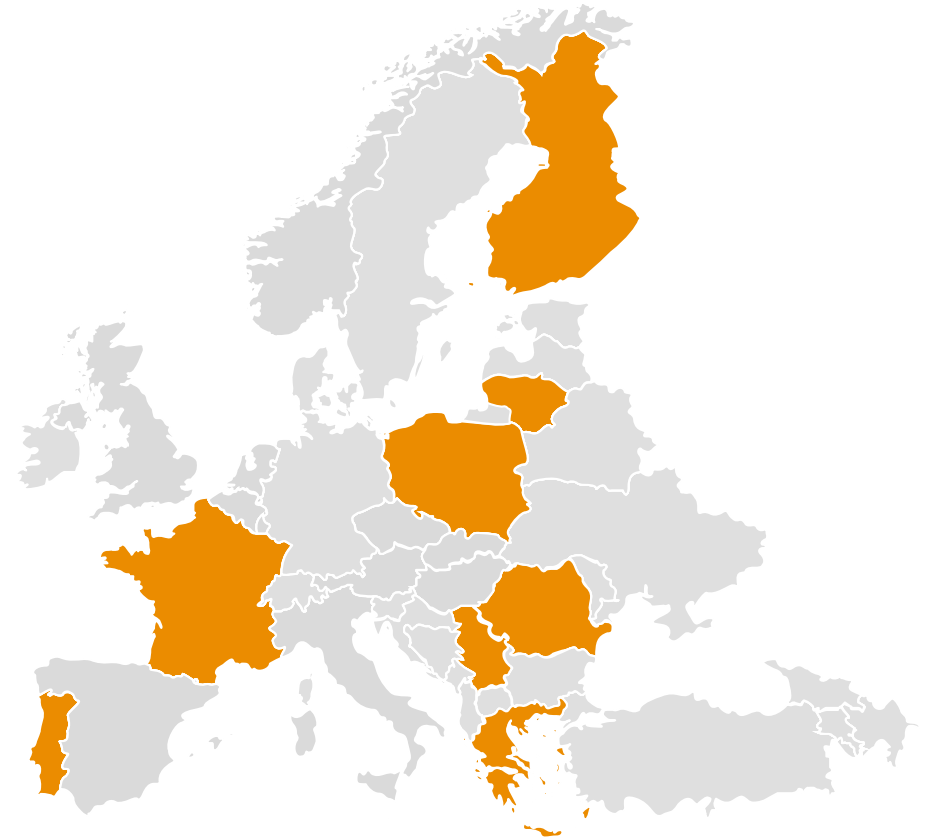
Mandatory B2B e-invoicing as from January 2019  
(July '18 for certain sectors)

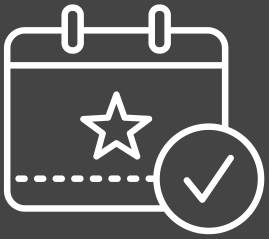


# Setting the scene: Indirect tax reporting requirements in EU

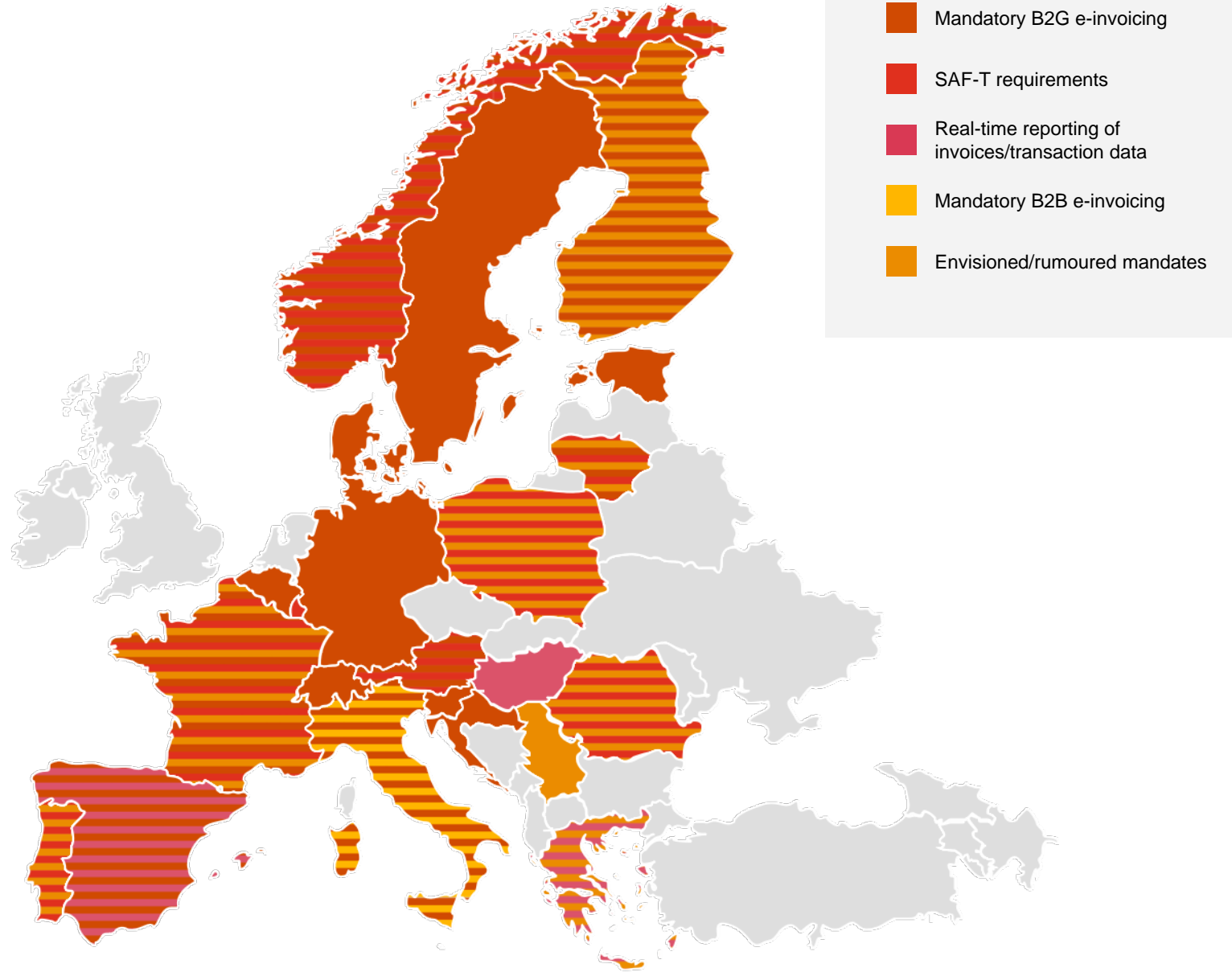
## EU countries that plan/envision/are rumored to introduce mandatory B2G/B2B e-invoicing:

- Portugal (envisaged by April '20)
- Poland (envisaged by Nov '20)
- Greece
- France
- Romania
- Lithuania
- Serbia
- Finland
- etc... ?



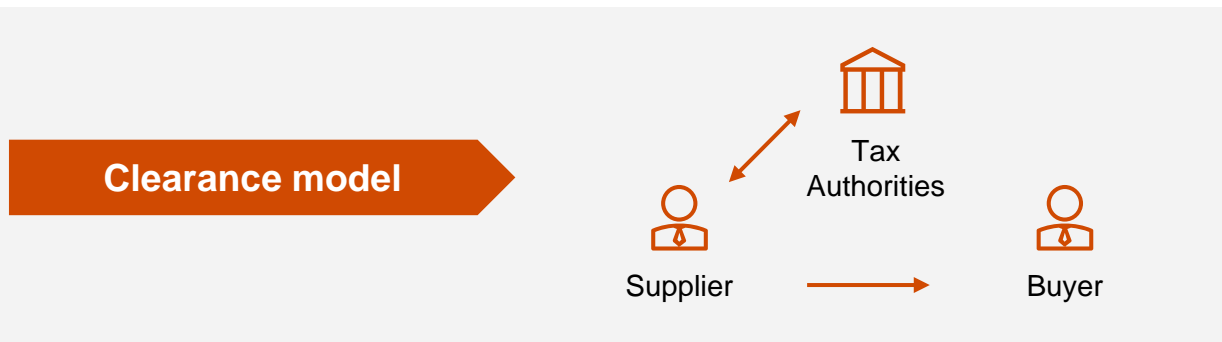


# Summary Indirect tax reporting requirements in EU



# Inspired by the Latin American model

- Launch of country-wide projects with the aim of reducing tax evasion
- Suppliers and buyers have to mandatorily send either invoice data or reports in e-format to the tax authorities for real-time validation & auditing (“**clearance models**”), prior to sending or making available to the buyers
- Huge impact on the invoice processing automation possibilities, cost of compliance and reporting requirements
- Implemented in Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Peru,...
- Mexico is the leading country worldwide, having digitised almost all processes that are relevant for taxation



# With impact to the Asia Pacific region

## Diverse and scattered e-invoicing landscape:

- Clearance models (e.g. Turkey, Taiwan, Russia and India as from April 2020)
- Open e-invoicing framework (e.g. Singapore, Hong Kong, Japan, Australia, New Zealand)
- Existing but evolving e-invoicing legislation (e.g. China, Japan, ...)
- Kazakhstan, Turkey, Taiwan, South Korea (having implemented e-invoicing mandates) and Singapore and Hong Kong (having a very open e-invoicing framework) are the most advanced countries in this region.
- A strong push towards e-invoicing by Australia and New Zealand to increase the adoption rate via the establishment of an e-invoicing interoperability framework (based on OpenPEPPOL)





# Africa

## The African e-invoicing market, beside some specific exceptions, has a more limited adoption rate

- South Africa is the only African country having a robust market for e-invoicing with a specific legal framework in place for many years now
- Angola, with the implementation of a new VAT system, is also requiring companies to produce SAF-T files and is implementing specific requirements for e-invoicing software (copying the Portuguese software certification model)
- Morocco is gradually implementing more technical requirements applying to invoicing software, which needs to be accredited by the authorities (no technical specifications have been issued yet)
- Kenia has announced they will issue a regulation on invoice issuance via Continuous transaction controls



# And finally, the US & the Middle East

## United States:

- Open framework – Possibility of e-invoicing without major requirements/obstacles imposed by law
- Notwithstanding this, the uptake of electronic invoicing is still rather low
- For that reason, the Federal Reserve launched an initiative under the “Business Payments Coalition”, a volunteer group of organizations and individuals working together to promote the greater adoption of electronic B2B payments and remittance data, to define an invoicing technical standard and interoperability framework fit for the US market
- This could be the starting point to accelerate adoption and increase the number of invoices exchanged in the US



## Middle East:

- Currently exploring the introduction of clearance based invoicing models after the implementation of a VAT system in the GCC region



# Roadmap future country mandates



## India

### Mandatory e-invoicing – April 2020

The intention of the Indian government is to register each business invoice to be a valid document. Therefore it has introduced the so-called **Invoice Registration Portal (IRP)**. This means that (if the threshold is exceeded) **all invoices** between businesses must pass through this government e-invoicing platform in order to be considered valid.



## Vietnam

**E-invoicing** will become mandatory as from 1. November 2020.



## Portugal

Mandatory **B2G e-invoicing** as from April 2020.



## Greece

### MyData – As from June 2020

The Greek Independent Authority of Public Revenue (IAPR) will introduce the electronic accounting books (**e-books**), which will be compulsory for all businesses obliged by law to keep their accounting records as per the Greek Accounting Standards.

Based on unofficial information we understand that **e-invoicing** seems to be optional for 2020. However, several guidelines have been published (including information on the certification process for e-invoicing providers)



## Poland

Mandatory **B2G e-invoicing** envisaged by November 2020.



## France

### Mandatory e-invoicing: 2023 – 2025

The French Government has announced as part of its Finance Bill that it will introduce **B2B mandatory e-invoicing** (& real time reporting) by 2023 – 2025 at the latest.

# Impact on businesses



Ability to keep up to speed with changes and implement system changes and submission protocols



Requirement to have good systems, processes and/or partners (end to end) and ensure the quality of your data “in real time”



Digital links and API capabilities with (government) platforms



Closer collaboration with customers and suppliers to resolve issues  
Closer collaboration x-tax internally for reporting



# More government insight calls for a proactive control framework

Proposed by government



Custom design depending on culture, geographical focus and mkt



Tailoring a minimum set of controls and testing to assess suitability



Invoicing Business controls

SOX controls



Imposed by government



Sufficiently formalised controls that can be audited



Documenting processes and controls that meet their objective

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Business need for own control environment



Transparency and bulk data to process in short notice requires controls



Reliable tax technology environment & tax technology strategy



Government controlled e-invoicing/ Real-time reporting

Tax Control Framework



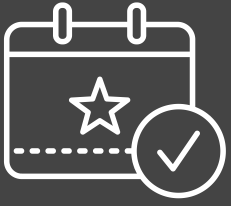
Described by government (OECD)



Horizontal monitoring approach



Verifiable assurance that information submitted is accurate & complete



# Tungsten compliant invoicing

How is Tungsten Network  
complying with the latest local  
requirements?





# How PwC supports Tungsten Network

**We help Tungsten Network to remain a front-runner on compliant e-invoicing**



Compliance Guides and advanced invoice content templates (>50 countries validated to dated)



Support with country expansion, updates & upcoming mandates (E.g. Italy, India, etc)



Weekly catch-up calls to discuss compliance questions and ongoing developments



Ad hoc support with compliance questions, involving our local country experts when needed



Informal compliance updates via our weekly e-invoicing & e-reporting updates and PwC's Global VAT Online



Formalised compliance update cycle with involvement of local country experts



And more



# Contact



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[www.pwc.be](http://www.pwc.be)

A **leading global Network** in more than 158 countries, with over 2.000 ITX experts and more than 12.000 technology consulting experts.



To date, the PwC e-invoicing Network has worked on e-invoicing and e-archiving related assignments in more than 158 countries around the world.



Questions?



# Thank you!



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