E-INVOICING AND E-REPORTING
COMPLIANCE UPDATES

Session #7

Presented by

June 2023

Deloitte.

PAGERO

Why we do this

Why this webinar series

- ⊘ The digitalisation speed of tax administration has only been increasing over the past years

- ⊘ There is too much misunderstandings and lack of clarity as to governments' plans

- ⊘ More clarity is needed around e-invoicing/CTC and e-Reporting

Deloitte

- ⊘ Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies.

Pagero

- ⊘ Smart open business network, connecting 12M+ businesses and governments in a compliant supply chain efficient manner

- ⊘ Pagero's solution helps businesses with both supply chain automation and e-Invoicing and CTC compliance

Who we are

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Agenda

1	About this webinar series
2	Upcoming changes & timelines
3	Countries in focus
4	Intercompany invoicing
5	Wrap up

One connection
– global reach

About this webinar series

FROM 77 DIFFERENT COUNTRIES

DEEP DIVES INTO 18 DIFFERENT JURISDICTIONS

A TOTAL OF **5400+** PEOPLE HAVE SIGNED UP FOR THE WEBINAR SERIES

320+ QUESTIONS IN THE Q&A SESSIONS

1400+ COMPANIES

UPCOMING CHANGES & TIMELINES

What does the future hold?

E-invoicing/CTC

2023

Jan

Jordan **(introduction of national e-invoicing system - JoFotara)**

Ghana **(e-invocing, selected taxpayers)**

Romania **(E-transport)**

Dominican Rep. **(B2B- Large)**

India **(B2B, >5 crore)**

Serbia **(B2B)**

Portugal **(ATCUD)**

Saudi Arabia **(phase 2)**

Panama **(B2B, certain services in scope)**

EU Directive **(DAC 7)**

Feb

Colombia **(PoS, Feb-Jun)**

Mar

Luxembourg **(B2G, businesses of all size)**

Panama **(public transportation services must issue e-invoices)**

Apr

Panama **(Phase 1 for banks and financial institutions)**

Guatemala **(widen scope, small taxpayers)**

Mexico **(CFDI 4.0)**

Egypt **(B2B remaining)**

May

Belgium **(B2G, contracts >30k EUR)**

Jun

Panama **(Phase 2 for banks and financial institutions)**

Jul

South Korea **(Reduce threshold to KRW 100 million (EUR 72 000))**

Saudi Arabia **(phase 2, wave 2)**

Aug

Panama **Phase 3 for banks and financial institutions**

Sep

Greece **(B2G obligatory reception)**

Oct

Nov

Japan **(B2B)**

Saudi Arabia **(phase 2, wave 3)**

Belgium **(B2G contracts <30k EUR)**

Saudi Arabia **(phase 2, wave 4)**

Dec

Saudi Arabia **(phase 2, wave 5)**

E-reporting

E-invoicing/CTC

2024

Italy
(Widened scope <25k EUR)

Dominican Rep.
(B2B- Medium)

Malaysia
(E-invoicing system Voluntary phase)

Spain/Basque:
Bizkaia **(RTIR)**

Belgium
(B2B – reception)

Denmark
(e-Bookkeeping- Large)

VAT in the Digital Age

Oman
(Voluntary B2B/B2G)

Spain
(B2B Large taxpayers)

Malaysia
(B2B/B2G) >RM 100 M

France
(B2B domestic – reception for all and issuance for Large businesses)

France
(B2B cross boarder + B2C)

Belgium
(B2B-issuance for Large businesses)

Denmark
(e-Bookkeeping- specially developed system)

Poland
(B2B)

Oman
(Mandatory B2B/B2G)

Paraguay
(end of rollout)

Croatia
(Fiscalization 2.0 for SMB)

| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |

Norway
(Sales & Purchase Listing)

Austria (SAF-T)

France
(B2B cross border + B2C)

Portugal (SAF-T)

E-reporting

E-invoicing/CTC

2025

2026

2027

2028

Slovakia
(CTC models for B2G, B2B & B2C)

Germany
(B2B e-invoicing)

Dominican Rep.
(B2B- Small & Micro)

China
(e-fapiao countrywide implementation)

Latvia **(B2B)**

Malaysia
(B2B/B2G) >RM 50 M

Spain
(B2B All taxpayers)

Belgium
(B2B – issuance for remaining businesses)

Malaysia
(B2B/B2G) >RM 25 M

Denmark
(e-Bookkeeping- small)

Malaysia
(B2B/B2G/B2C) All taxpayers

VAT in the Digital Age

Belgium
(B2B – issuance for Medium businesses)

France
(B2B domestic – issuance for Medium businesses)

France
(B2B domestic – issuance for remaining businesses)

Jan

Apr

July

Jan

Jan

Jan

France
(B2B cross border + B2C)

France
(B2B cross border + B2C)

Romania **(SAF-T)**

Ukraine **(SAF-T)**

E-reporting

Rumors

⊘ **Slovenia**
Endorsed ViDA and is working on CTC mandate, B2G platform under construction

⊘ **Sweden**
Getting more vocal (along with Belgium) on implementing Peppol CTC

⊘ **Thailand** and **South Korea**
In early discussions with Peppol for cross-border

⊘ **UAE, Qatar, Bahrain**
Early stages of exploring CTC alt. running RFP

⊘ **Israel**
Introduction of CTC model in the 2023-2024 budget
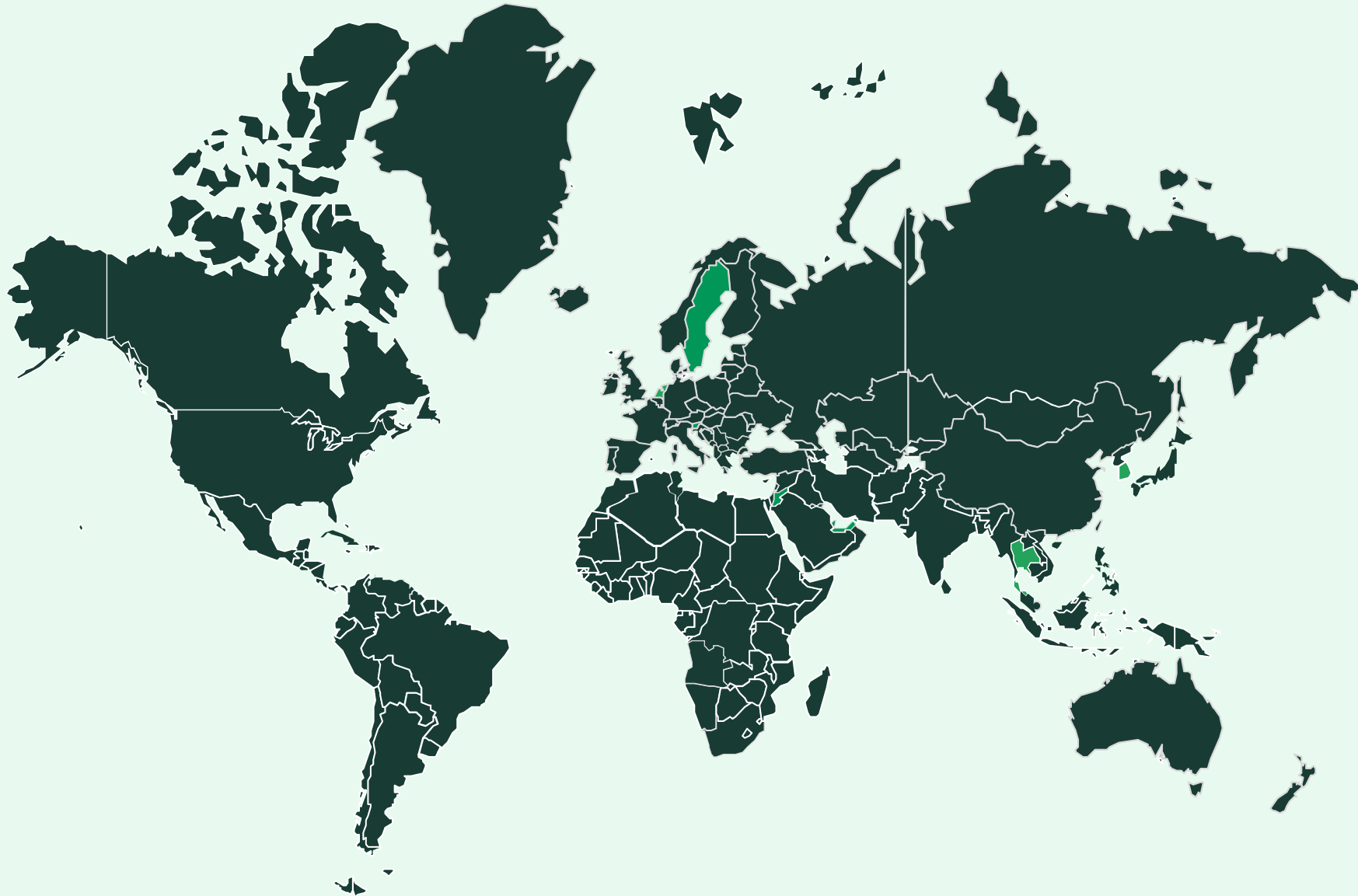
QA#1

POLLING QUESTION

COUNTRIES OF FOCUS

UPDATES SINCE
THE PREVIOUS SESSION

France

When:

- July 2024 – mandatory (i) reception for all taxpayers and (ii) issuance for large taxpayers
- January 2025 – mandatory issuance for medium taxpayers
- January 2026 – mandatory issuance for small and micro taxpayers

What:

- E-invoicing for all transactions between two taxable persons established in France when the French e-invoicing rules are applicable.
- E-reporting for transactions with foreign operators and B2C transactions.
  NB: foreign operators can also be subject to e-reporting in France.

How/impact:

- **E-reporting obligations** consists of the transmission of (i) transaction data and (ii) "life cycle" data (including payment data for specific transactions).
- **E-reporting frequencies** (for companies that file monthly VAT returns):
  - Transaction data: at least 3 e-reporting/month (within 10 days of the decade)
  - Payment data: monthly e-reporting (within the 10 days following the month)
- Process: For e-invoicing/reporting purposes, taxpayers will have to go through either the public invoicing portal (Chorus) or registered private platform ("PDP").
- Only e-invoice EN-compliant will be able to go through Chorus Portal (UBL, CII, Factur-X)
- Chorus will propose electronic archiving.
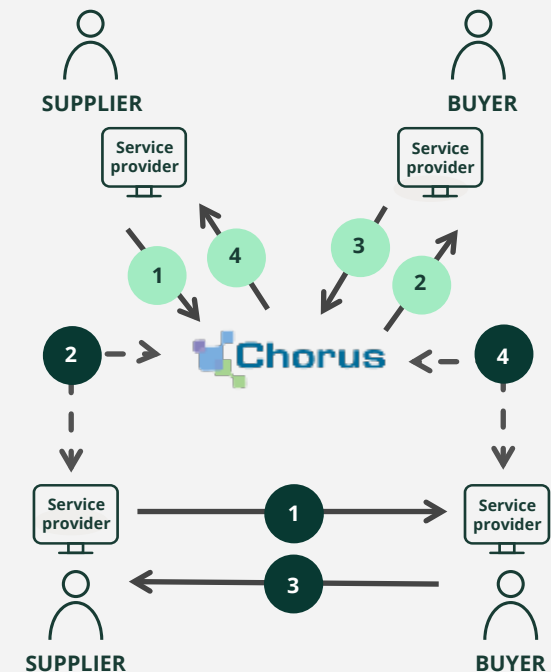
Portugal

When:

- ⊘ B2G: Mandatory – For Large Entities as of January 2021
  - January 2023: Non-Established Businesses
  - TBD: SME's and Micro-Enterprises – Recently Postponed

What:

- ⊘ B2G E-invoicing through ESPAP
- ⊘ Mandatory QR codes as of January 2022
- ⊘ Mandatory ATCUD no. on invoices from January 2023
- ⊘ Non-EDI invoices (PDFs, etc.) will be accepted as e-invoices (structured formats), in the B2G sector, until 31 December 2023
- ⊘ In the B2B and B2C sectors, **e-signature** will be required on Non-EDI invoices from January 2024

How/Impact:

- ⊘ **Format**: CIUS-PT
- ⊘ Coexistence of centralized exchange via ESPAP and Interoperability via contracted service providers
- ⊘ Imposed on all taxpayers, incl. foreign entities registered in Portugal, companies are required to have and use a certified software solution for issuing electronic invoices.
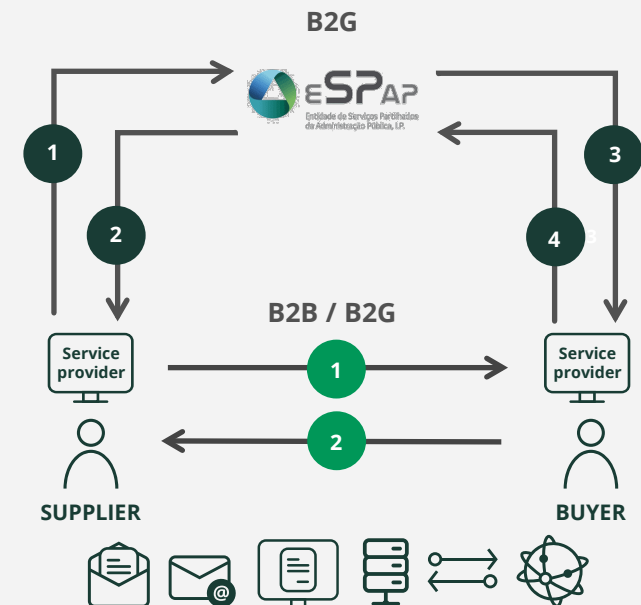
Japan

When:

- Qualified Invoice System Starting from October 2023, which will replace the current Japanese invoice system.

What:

- Digital Agency (JP PA) advocates adopting Peppol as the preferred format
- e-Documents for the operation in Peppol Japan:
  - Invoice (production version released on 28 Oct 2022)
  - Summary Invoice
  - Delivery Note
  - Purchase Order
- The Japanese Digital Agency has become Peppol Authority since September 2021
- Pagero becomes an acknowledged Peppol SP in Japan in August 2022

Future:

- New Peppol JP specifications based on PINT
- Preliminary time-plan:
  - Fall 2022: enable operators to use software supporting electronic invoices
  - October 2023: Qualified Invoice System launch
- Peppol allows for good AR and AP automation
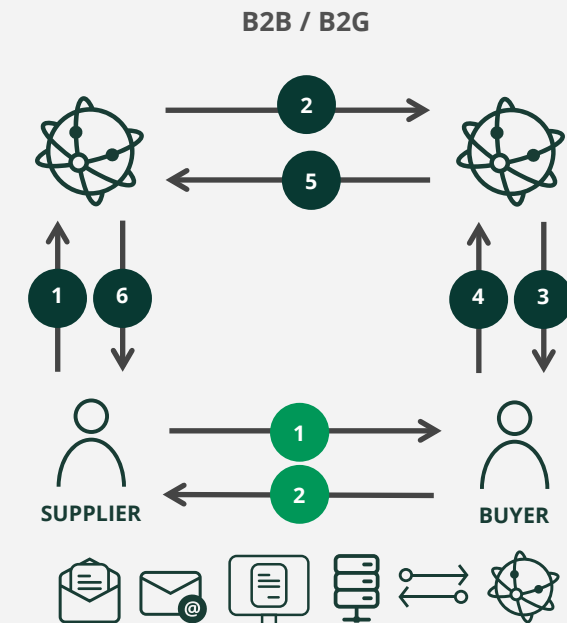
ViDA

Post publication developments

- ✓ Several Member States endorsed the initiative, even though raising some concerns

- ✓ The Commission is currently evaluating Directive 2014/55/EU (E-invoicing Directive for Procurement) to assess its impact on the single market and the adoption of eInvoicing.

- ✓ Based on provided feedback to the Commission, we anticipate the following as the most discussed items:
  - Delay of requirements and changes envisaged for 2024 until 2025 or even 2028
  - The possibility for Member States that already have models that require prior validation for domestic invoices to easier maintain such model
  - The option to use the so-called hybrid format for e-invoicing, but not DRR data flows
  - The obligation to issue intra-Community invoices within 2 days to be increased, to potentially 10 days
  - The make the obligation to state IBAN detail more nuanced
  - More aligned definition of "taxable event"
  - Introduction of a common default or fall-back transmission protocol that everyone should adhere to
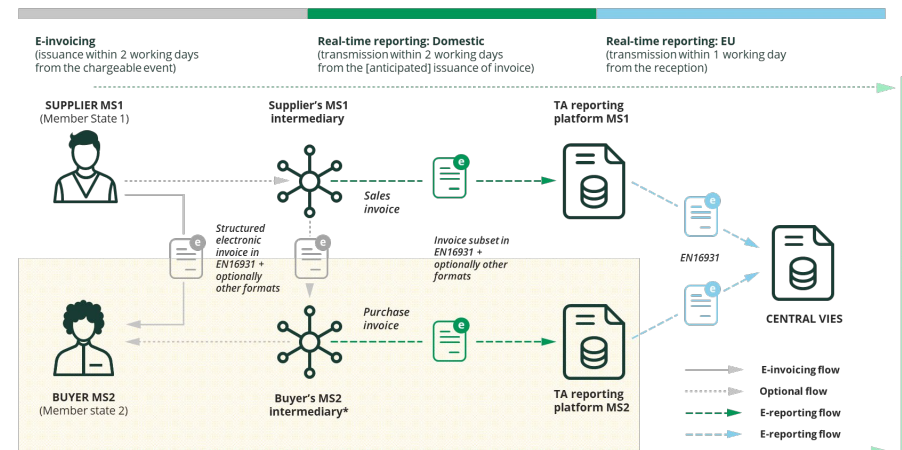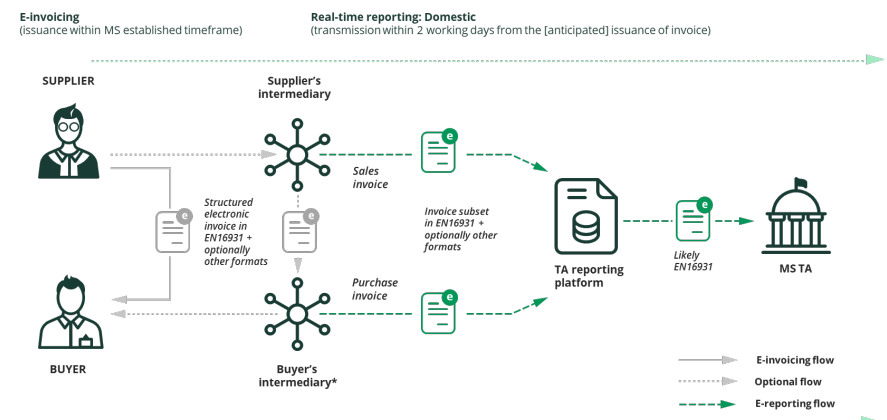
QA#2

POLLING QUESTION

NEW DEVELOPMENTS

Germany (B2G): As-Is

When:

- ⊘ Already in place since 27 November 2020 for suppliers of contracting Federal administrative agencies and entities
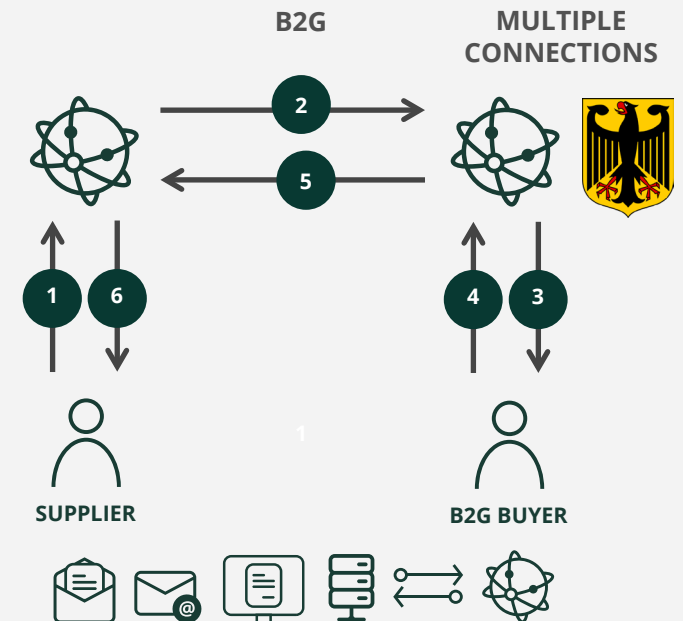
What:

- ⊘ B2G: mandatory for selling to certain Government entities
- ⊘ Centralised/Peppol

How/Impact:

- ⊘ Complex due to the federal structure of Germany:
  - 18 different connections/platforms for each state (*de., Bundesland*), sub-central and central levels
- ⊘ Mandatory Format: B2G "XRechnung", Peppol BIS
  - Various gov. connections support different XRechnung versions

Future:

- ⊘ German public entities might adopt countrywide Peppol in October 2023

Germany (B2B): To-Be

What:

- Germany requested EU permission to mandate countrywide B2B e-invoicing: draft by ministry of Finance published on April 17 requesting feedback by business/organizations/stakeholders by May 8
- Plan: B2B e-invoicing from 1 January 2025

How/Impact:

- Restricted to domestic transactions and companies established in Germany
- "eRechnung" = E-invoice definition based on EN16931
- "Other invoice" = paper-based invoices and all other electronic invoices not fulfilling standard of "eRechnung"
- Elimination of priority for paper invoices

Future: Clarifications of details ongoing

- Big bang vs. phased introduction (by company size, invoice amount, reception vs. issuance, etc.)?
- Exceptions (micro businesses, micro invoices, receipts, etc.)?
- E-invoice exchange via central platform or accredited private platforms?
- DRR planned for both domestic and intra-community e-invoices as of January 2028: until then the periodic VAT return process via ELSTER continues
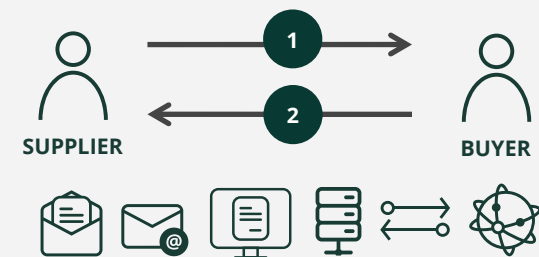
Malaysia

When:

- Sales and Service Tax (SST) re-introduced in 2018

- National e-invoicing program introduction
    - January 2024: Voluntary
    - June 2024: sales >RM 100M (ca EUR 21M) per year
    - January 2025: sales >RM 50M (ca EUR 10M) per year
    - January 2026: sales >RM 25M (ca EUR 5M) per year
    - January 2027: Mandatory for all business

What:

- Obligation includes **domestic and cross-border** transactions; B2B, B2G and B2C

- Centralized **Pre-clearance** model with preferred exchange post clearance over the **Peppol Network** as preferred method

- **MyTax** free portal will be provided for issuing e-invoices manually for small and micro businesses

- **From 2027 B2C** transactions will likely follow **RTR** model for receipts

- Pagero participates in the LHDNM Focus Group of the e-invoicing initiative discussion, establishing the e-invoicing framework.

* the Inland Revenue Board of Malaysia
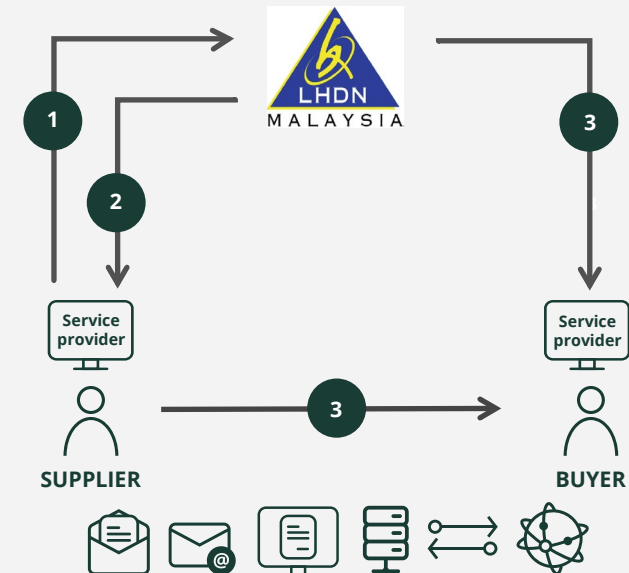
Belgium

When:

- March 2023 – Proposal for broader tax reform published – *TBA by the government.*

- 2024 – 2028 Phased approach for mandatory B2B e-invoicing:
  - **July 2024**: acceptance of e-invoices mandatory for all Belgian established taxpayers + mandatory issuance of e-invoices for large taxpayers with annual turnover during calendar year 2023 > 9 Mio EUR (excl. VAT).
  - **January 2025**: issuance of e-invoices mandatory for Belgian established taxpayers with annual turnover during calendar year 2023 > 700k EUR - ≤ 9 Mio EUR (excl. VAT).
  - **July 2025**: issuance of e-invoices mandatory for all Belgian established taxpayers.
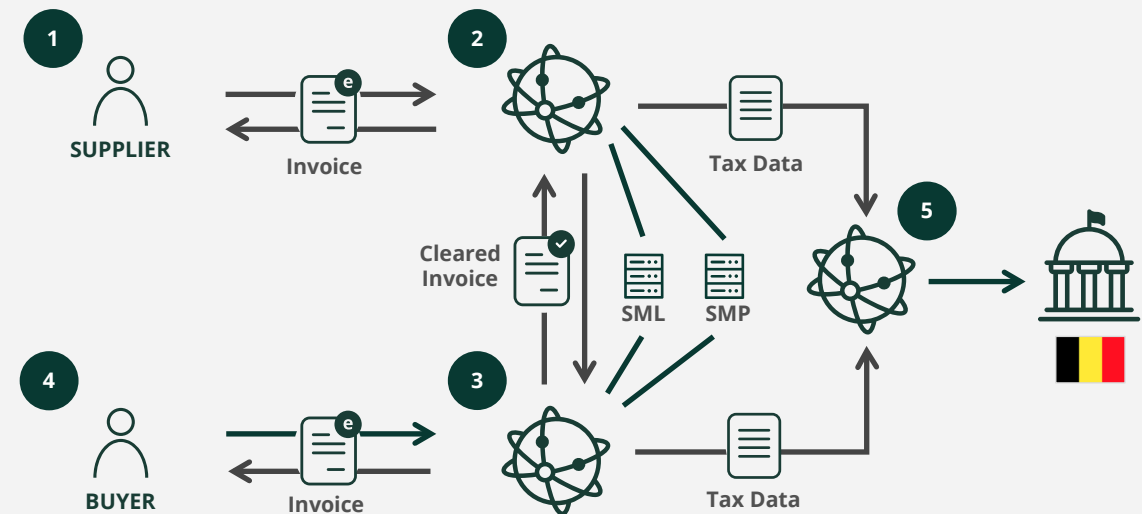 - **January 2028**: entry into force foreseen for small enterprises and agricultural companies. *******

What:

- B2B e-invoicing will be applicable to domestic transactions.

Who/How:

- Apply to all taxable persons established in Belgium and Belgium branches
- Peppol 5 Corner Model
- Peppol-BIS format or EU Standard (upon agreement between parties)*******

***Expected

Jordan

What:

- ⊘ Post-Audit Model
- ⊘ January 2023: Introduction of National E-Invoice System – *Jofotara*

Who / Scope:

- ⊘ **Voluntary Use:** Taxpayers with the desire to automate invoicing processes

How / Impact:

- ⊘ Pre-Clearance Model – Taxpayers can validate invoices in JoFotara
- ⊘ Structured e-invoice in UBL 2.1 format – enveloped in JSON
- ⊘ Document transported via ISTD/JoFotara specific API
- ⊘ JoFotara applies QR string and e-signature upon validation
- ⊘ Exchange mechanism post validation <u>is not</u> regulated
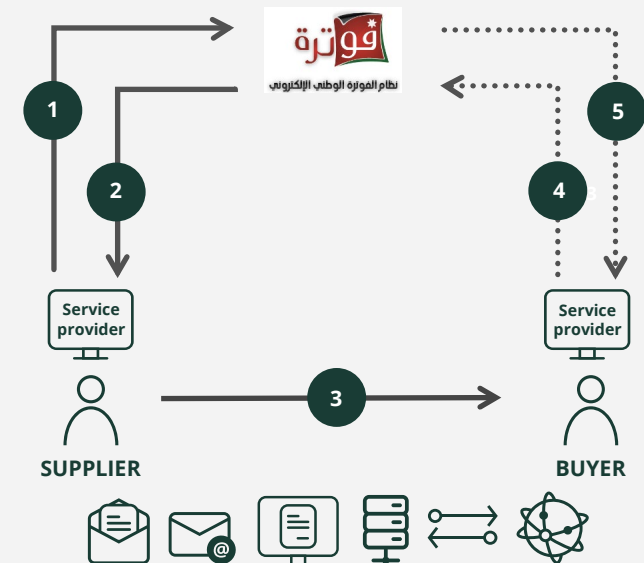
Intercompany invoicing

Context:

- In light of CTC e-invoicing, we often see that the focus is given on the e-invoicing process between the typical vendor – buyer relations, however also **intercompany and intracompany** invoicing deserves attention.

- Inter- and intracompany invoicing often involve other tooling and specific internal processes that are not always considered when transitioning to e-invoicing. While regular invoicing processes are more commonly understood and standardized, inter- and intracompany transactions are often managed separately within large organization. They are often also automated to a larger extent than external transactions.

General Rule and Current practice:

- **General Rule:** As per most national legislation, intercompany transactions involving affiliated companies are expected to be documented through the issuance of formal invoices just like any other transactions, adhering to the invoicing regulations specific to the respective jurisdiction.

- **Current practice:** It is common for intercompany transactions to be recorded through automated journal entries rather than formal invoice processes to some extent.

Attention points:

- Alignment of your total invoicing so your future e-invoicing project include both external as well as internal invoicing
- Compliance considerations for all invoicing
- Also be mindful of self-billing invoicing processes

QA#3

POLLING QUESTION

WRAP-UP
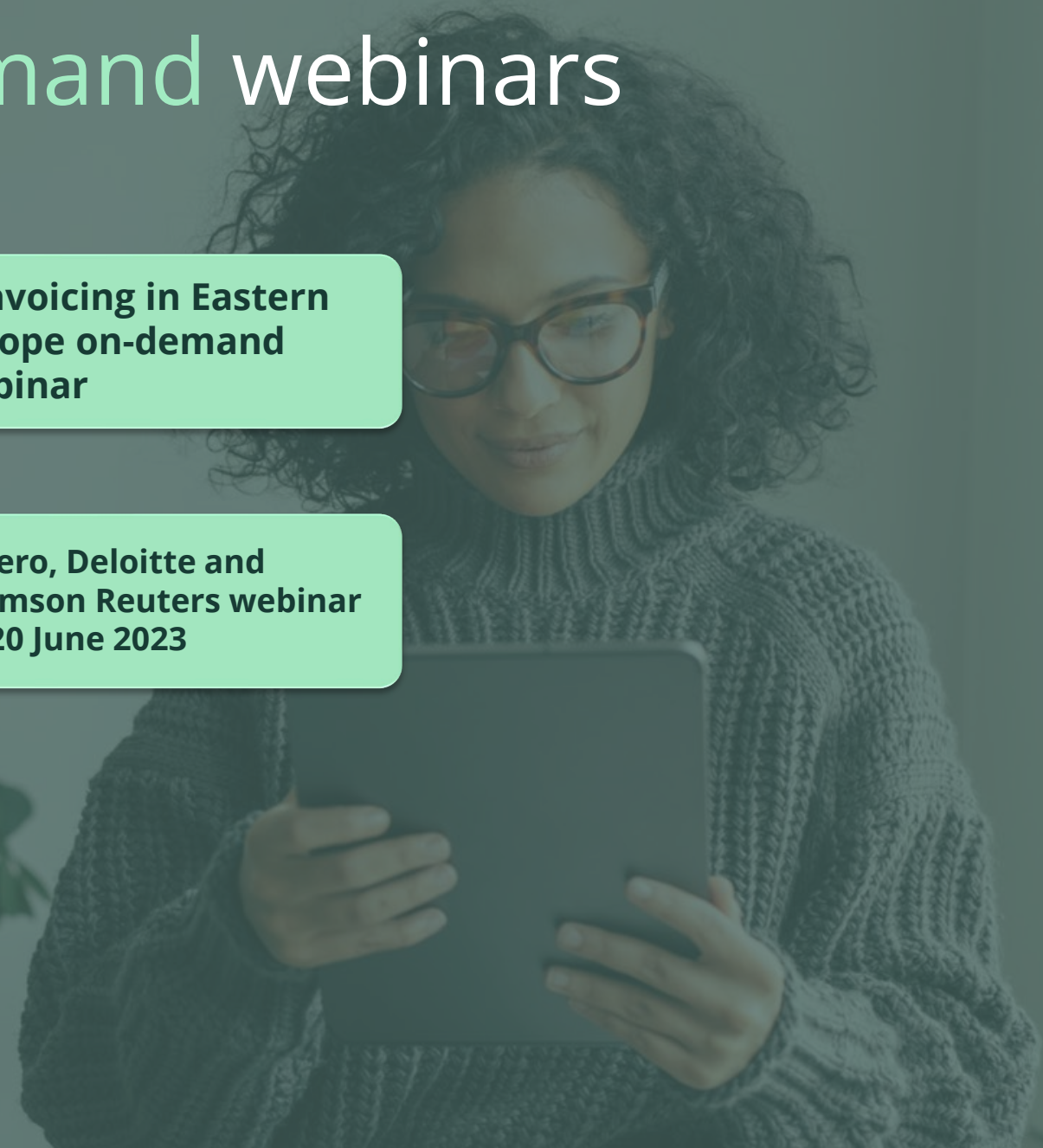
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Thank you!