

E-invoicing A catalyst for digital transformation

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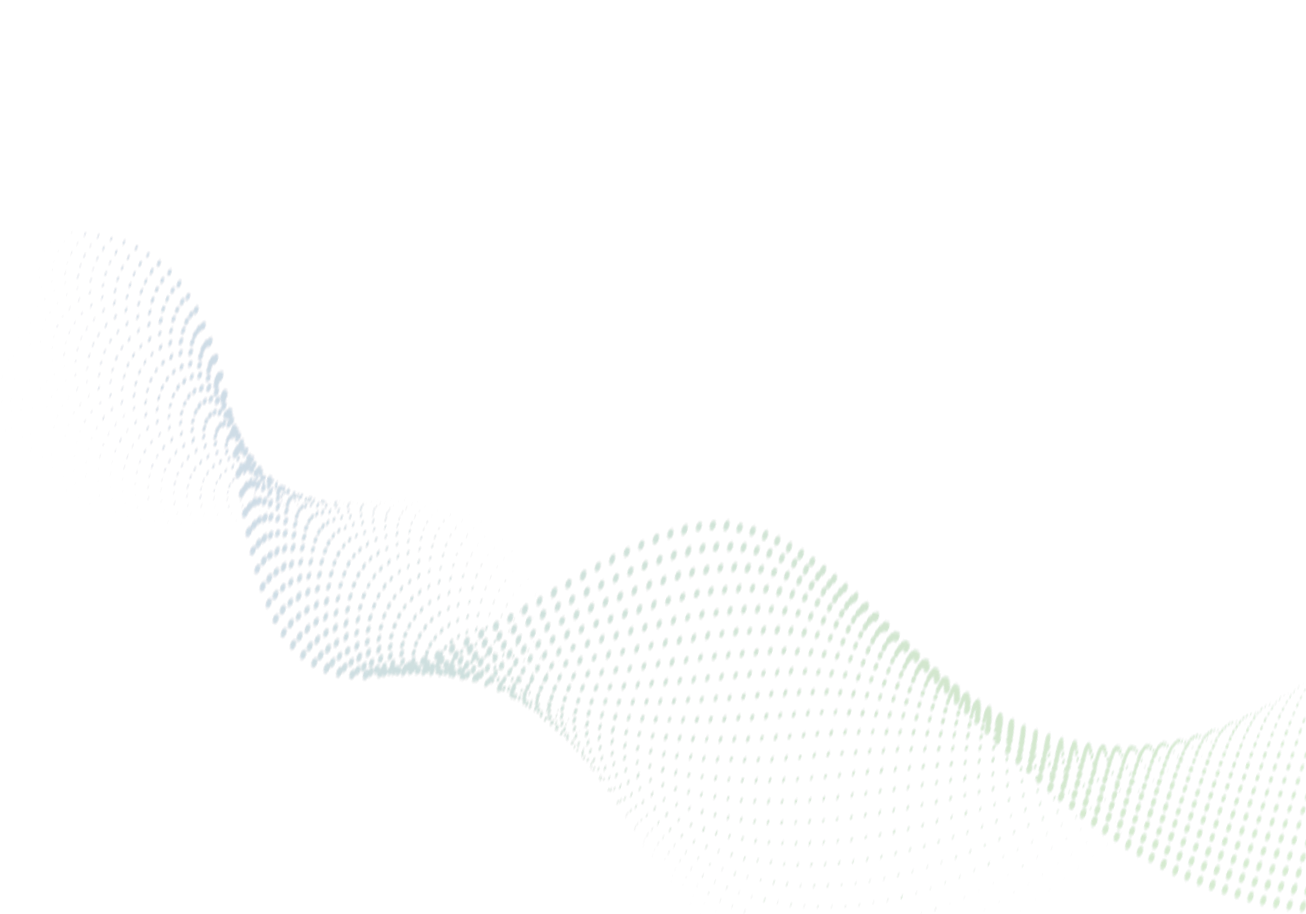
Agenda

- 01 Global developments & ViDA
- 02 Let's not wait until ViDA...
- 03 Challenges and opportunities
- 04 Impact on system landscape



Where do you see your company on the e-invoicing journey?





Global developments & ViDA



Let us know your thoughts about ViDA



Zoom in on ViDA: proposal – genesis

Discrepancy between 30-year-old VAT rules and digitalization of business leading to a two-faceted problem.

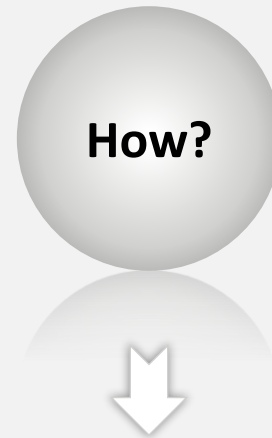
1. Potentially sub-optimal VAT collection and control for tax authorities

The EU VAT legislative framework is not fully adapted to deal with digital reality of doing business and is prone to fraud.



Objective

Improve VAT collection and control.



Deliver an updated VAT system that is more resilient against criminal VAT fraud through technology and digital advances.



2. Administrative burdens and compliance costs for businesses and tax authorities

The digital economy and new business models create new challenges and costs for tax administrations and businesses (that may have to grapple with up to 27 different national VAT systems).



Objective

Simplify, modernize and clarify certain VAT rules.

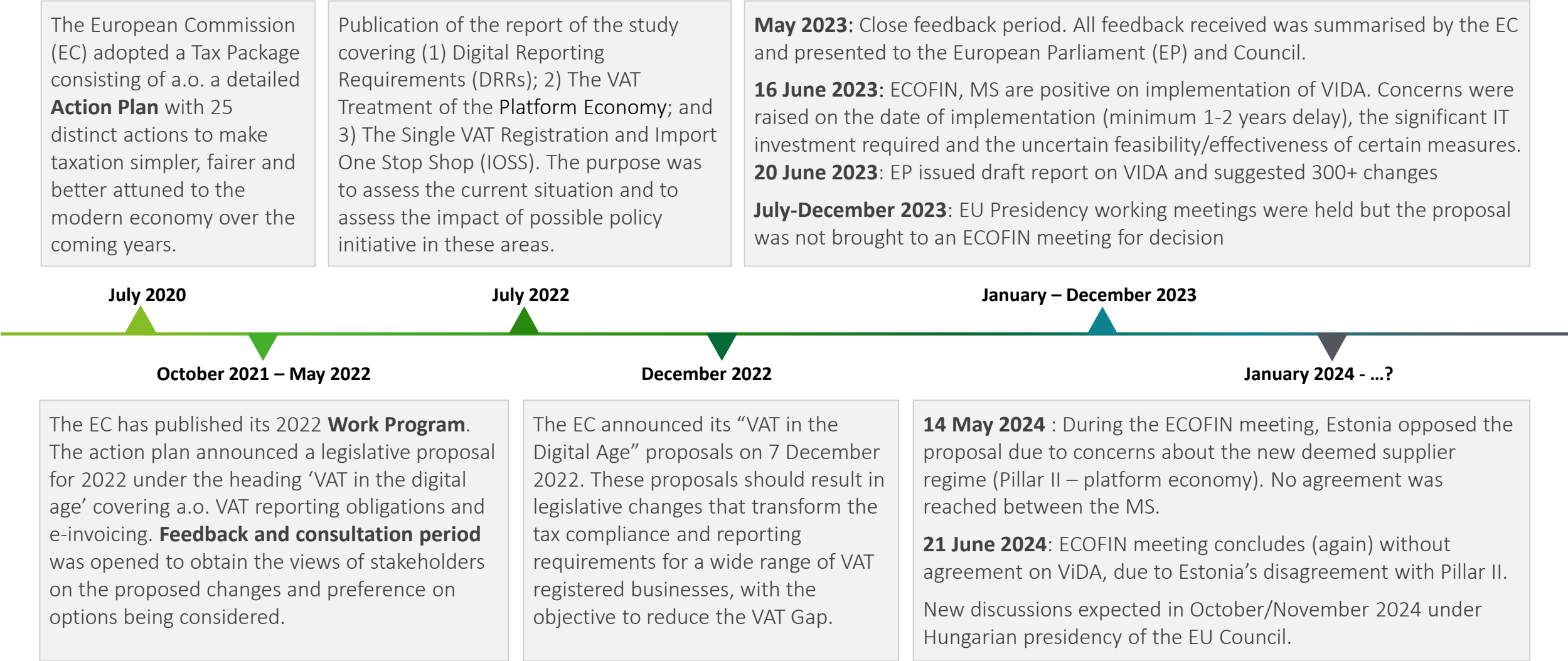
Zoom in on ViDA: Core areas

Core areas of ViDA			
Problem statement	<p>Uncoordinated digital reporting requirements (DRR) landscape across EU Member States, with some states having introduced their own unilateral versions and some having no DRR in place.</p>	<p>Number of instances where businesses need to register in more than one Member State can still be simplified, being particularly burdensome for cross-border operations and SMEs.</p>	<p>Traditional and digital businesses are not treated equally, creating VAT inequality and distortion of competition.</p>
Proposed solution	<p>I. DRR</p> <p>A proposal to introduce real-time digital reporting based on structured e-invoicing for businesses that operate cross-border in the EU, feeding into a central tax data warehouse, and a harmonized e-invoicing and DRR framework for domestic transactions.</p>	<p>II. SVR</p> <p>A proposal to improve and extend the already existing schemes to reduce registration burden for businesses carrying out transactions in Member States in which they are not established, namely the One Stop Shop (OSS), Import One Stop Shop (IOSS) and the reverse charge mechanism.</p>	<p>III. Platform economy</p> <p>New liabilities for VAT collection imposed on platforms facilitating short-term accommodation rentals and passenger transport as well as on e-commerce marketplaces (extending the 2021 deemed supplier rule to all marketplace goods transactions).</p>



ViDA is part of the overall ecosystem for digitalizing VAT in the EU that includes reporting obligations for digital platforms (DAC7), payment service providers (CESOP), and crypto-asset service providers (DAC8).

Zoom in on ViDA: Timeline – where are we today?



Zoom in on ViDA: Roadmap in the proposal | Digital reporting requirements

- As of the date of entry into force of the directive (i.e. 20th day after it's official publication), a **derogation request** is no longer needed to implement a domestic B2B/B2C e-invoicing obligation
- As of the date of entry into force of the directive (i.e. 20th day after it's official publication), MS can decide that the acceptance by the established recipient of invoices issued according to the EU standard is not required in case of mandatory domestic e-invoicing.

- EU MS that already implemented domestic e-invoice and DRR (in various ways) before 1 January 2024 or that have received a derogation before 1 January 2024, should converge to these EU standards by 2035 (for self-supplies and supplies of goods and services made between taxable persons within their territory).

Date of
entry into
force*

1 July
2030

1 July
2035

- Digital reporting through mandating e-invoicing for (almost) all cross-border supplies of goods and services.
- Setup of Central VIES for tax authorities.
- Current ESL abolished.
- MS introducing domestic DRR obligations, need to be aligned with the EU standard or other formats ensuring interoperability with the EU standard.

**Depends on the date of publication*



Let's not wait until ViDA...



E-invoicing| What does the future hold? – 2024

Ghana



Medium-sized taxpayers will likely to be mandated to implement e-invoicing by January 2024. The authority's plan is to have all VAT registered taxpayers enrolled on the e-invoicing system by the end of 2024.

This also includes non-resident suppliers of e-commerce and telecommunication for use or enjoyment in the country as required under the VAT Act.

Bolivia



It will be mandatory for various groups of taxpayers to begin using electronic invoicing by designated deadlines based on which wave they are included in as follows:

1 February 2024: Fourth group

1 March 2024: Fifth group

1 April 2024: Sixth group

Israel



Israel has postponed this requirement of allocation numbers to 5 May 2024 (from January 2024), whereby invoices must be approved and assigned confirmation numbers on invoices valued over NIS 25,000.

KSA



Integration of the taxpayer's e-invoicing solutions with GAZT's platform implemented in a number of waves (Wave – threshold) :

1 Jan 2024: Wave 6 – SAR 70 Mil

1 Feb 2024: Wave 7 – SAR 50 Mil

1 Mar 2024: Wave 8 – SAR 40 Mil

1 Jun 2024: Wave 9 – SAR 30 Mil

1 Oct 2024: Wave 10 – SAR 25 Mil

1 Nov 2024: Wave 11 – SAR 15 Mil

1 Dec 2024: Wave 12

2024

Dom. Republic



Large national taxpayers will be required to implement e-invoicing in phases as follows:

Group 1 :15 January 2024

Group 2: 15 March 2024

Group 3: 15 May 2024

Philippines



Mandatory Implementation of E-invoicing for larger taxpayers by 2024.

Italy



Entities with revenue or fees up to €25,000 per year will be required to issue and clear e-invoices through SDI as from 1 January 2024.

Paraguay



E-invoicing is mandatory for taxpayers listed in:
Group 7 on 2 January 2024
Group 8 on 1 April 2024

Group 9 on 1 July 2024

Group 10 on 1 October 2024

Mauritius



Phase 2, starting in January 2024, mandates businesses to generate MRA-compliant invoices.

Economic operators with an annual turnover exceeding MUR 100 million and who have been notified by the authorities must issue fiscal invoices is 15 May 2024.

Romania



Mandatory e-invoicing, through the RO e-Invoice system should be required for all B2B transactions made by taxpayers with a fixed establishment in Romania by 1 July 2024.

The e-Transport obligation was extended to international transports (for all type of goods) starting January 2024.

Currently, there is no procedure for the application of the reporting obligation and application of fines is suspended until 1 July 24.

Brazil



The deadline for implementing the NF3-e in the state of Sao Paulo has been extended to 1 June 2024.

Zambia



The Zambian Tax Authorities have commenced the implementation of the new e-invoicing regime called "Smart Invoice". It is expected to be live on 1 July 2024.

Panama



As From 1 March 2024, taxpayers holding a Certification of Exception will be required to adopt e-invoicing.

E-invoicing | What does the future hold? – 2024

UAE



By Q3 2024, the authorities should make available a draft of the technical requirements of e-invoices, Accredited Service Providers process, and publish the Data dictionary.

Denmark



From July 2024, Taxpayers required to comply with DBS will have the ability to issue, receive and store e-invoices. This also includes having a connection to Peppol and Nemhandel.

Jordan



Taxpayers who submit corporate income tax returns must register on the Jordanian Income and Sales Tax Department's ("ISTD") online e-invoicing portal by 30 April 2024.

Spain – Biscayan Territory



Corporate Tax Taxpayers, Taxpayers currently under the income allocation system and micro to medium-sized Corporate Tax Taxpayers who are in the following industries have been granted an extension to issue e-invoices for BATUZ reporting until July 1, 2024:

- Industrial, manufacturing, construction, and transport activities;
- Business and professional financial, legal, rental, insurance, health, and other professional activities, except education and cultural activities.

2024

Malaysia



Mandatory e-invoicing for taxpayers with sales exceeding RM 100mil (from August 2024).

Botswana



As per the 2024/25 budget, the government will be implementing electronic invoicing (E-Billing) for efficient VAT collection.

The implementation is planned to be done over a 3-year period with the first phase scheduled to be completed by December 2024.

Kenya



The Kenya Revenue Authority (KRA) has rolled out a few modules that taxpayers can use for eTIMS compliance.

The Revenue Authority has also given a deadline of 31 March 2024 for all taxpayers who are yet to onboard onto the new system to do so.

Such taxpayers are required to comply with the e-invoicing requirements for all transactions from 1 January 2024.

Greece



As from 1 January 2024, a QR code is required to be included in the body of sales tax records that are issued either via ERP programs or through the IAPR's "timologio" platform.

Mandatory B2G e-invoicing requirements have expanded to bodies of the Central Administration as from January 2024. **Note that when an entity has to adopt e-invoicing for B2G transactions (which must be done through licensed suppliers for e-invoicing), it has to adopt it for all its transactions (i.e. all B2G and B2B)**

Starting from 1 June 2024, other contracting authorities and bodies will additionally be obligated to issue e-invoices.

E-invoicing | What does the future hold? – 2025 onward

France*



Starting 1 July 2025, a pilot phase for e-invoicing will be introduced for large scale taxpayers.

Slovakia



Introduction of e-invoicing obligation as of 1 January 2025 for B2B and B2C transactions. (postponed indefinitely)

Dom. Republic



Large local and medium taxpayers will be required to implement e-invoicing as from May 2025.

Romania



As from 1 January 2025, e-invoicing will be extended to B2C transactions, but only in case of entities established in Romania.

Uruguay



All VAT taxpayers will be required to register for the e-invoicing regime by 1 January 2025.

Malaysia



E-invoicing will become mandatory as from January 1st for taxpayers with sales exceeding RM 25mil (approx. USD 5M) From 1 July 2025, e – invoicing will be mandatory for all other taxpayers.

Latvia*



As of 1 January 2025, e-Invoicing will become mandatory for B2G transactions.

Paraguay



Legal entities register as new taxpayers as of 1 Jan 1 2024 must issue only electronic receipts by Jan 1, 2025.

Singapore



GST registered businesses will need to transmit invoice data to the government through InvoiceNow.

As from 1 May 2025, any GST registered company may choose to adopt B2B e-invoicing and submission of transaction listings data through Invoice Now.

Newly incorporated companies that voluntarily register for GST to report e-invoices must comply as of 1 November 2025

2025

Spain*



Mandatory B2B e-invoicing will be applicable to entrepreneurs and professionals whose annual turnover is over €8 million. (Current legislation does not exclude non-residents).

Estimated to be implemented in Spring 2025. To be confirmed.

Greece



Mandatory B2G e-invoicing requirements will expand to include expenses of the General Government in January 2025.

Germany



All businesses will be required to accept e-Invoices as from 1 January 2025.

Spain – Biscayan Territory



Professionals, entities taxed under the “income allocation system” (“IAS”), and micro to medium sized corporate income taxpayers who complete wholesale trading activities have been granted an extension to issue e-invoices for BATUZ reporting until **1 January 2025**.

Micro to medium-sized corporate income taxpayers who provide retail trading, accommodation and food services, reparation of movable properties, hairdressing and other professional services have been granted an extension to issue e-invoices for BATUZ reporting until **1 January 2025**.

Professionals and entities taxed under the IAS who complete the same activities will follow as from **1 July 2025**.

Spain



The taxpayers, except entrepreneurs or professionals who are obligated to use SII to maintain VAT records, must work with Computerized Billing Systems (SIF) by 1 July 2025 – so called Veri*factu regulation.

This includes nonexempt corporate and personal income taxpayers with economic activities, non-resident income taxpayers with a permanent establishment, and producers/marketers of computer systems.

Egypt



In July, 2025 will end the phase to mandate taxpayers to implement E-receipt.

Israel



From 1 January 2025, Invoices must be approved and assigned confirmation numbers on invoice amounts over NIS 20,000.

Brazil



The SINIEF Adjustment 49 of 2023 postponed the deadline for implementing NFcom, which is the new model for electronic invoices related to communication services. The original deadline has been postponed to 1 April 2025.

Uruguay



Taxpayers must apply for the e-invoicing regime by 1 January 2025, with the exception of those subject to Non-resident income tax (IRNR), monotributors and small agricultural and farming producers.

*DRAFT – Regulations are yet to be approved

E-invoicing| What does the future hold? – 2026 onward

Dom. Republic



Small, micro, and unclassified taxpayers will be required to implement e-invoicing as from May 2026.

Belgium



Mandatory B2B e-invoicing for domestic transactions as of 1 January 2026

Singapore



All incorporated companies who voluntarily register for GST to report e-invoices must comply as of 1 April 2026.

Poland



By 1 February 2026, Taxpayers whose turnover exceed PLN 200M in the previous year must issue e-invoices through KSeF.

By 1 April 2026, all other taxpayers will be scoped in.

Latvia*



As of 1 January 2026, e-Invoicing will become mandatory for B2B transactions.

UAE*



The phased implementation of an e-invoicing system has been postponed from July 2025 to a potential Go-Live as from 1 July 2026 (Date to be finalized).

Israel



From 1 January 2027, Invoices must be approved and assigned confirmation numbers on invoice amounts over NIS 10,000.

Germany



Taxpayers with an annual turnover exceeding EUR 800,000 will be required to issue e-invoices for B2B transactions.

France



Small scale business will be required to issue e-invoices to their customers as from 1 September 2027.

2025

Spain*



Mandatory B2B e-invoicing will be applicable to other entrepreneurs and professionals. (Current legislation does not exclude non-residents).

France



All large enterprises to medium enterprises (“GE” and “ETI”) will be required to issue e-invoices as from 1 September 2026

Spain – Biscayan Territory



Professionals, entities taxed under the “income allocation system”, and micro to medium-sized corporate income taxpayers who provide agriculture, farming, fishing, education and cultural services have been granted an extension to issue e-invoices for BATUZ reporting until **1 January 2026.**

Partially or totally exempt corporate income taxpayers and non profit entities covered by Regulation 4/2019 have been granted an extension to issue e-invoices for BATUZ reporting until **1 January 2026.**

Israel



From 1 January 2026, Invoices must be approved and assigned confirmation numbers on invoice amounts over NIS 15,000.

Croatia*



Taxpayers will be required to issue e-invoices by 1 January 2026.

Slovenia*



Mandatory B2B e-invoicing and e-reporting as of 1 June 2026.

2027 / 2028+

EU*



Mandatory e-invoicing for cross-border supplies of goods and services in the EU by January 2028

Germany



All taxpayers will be required to issue and receive e-invoices for B2B transactions.

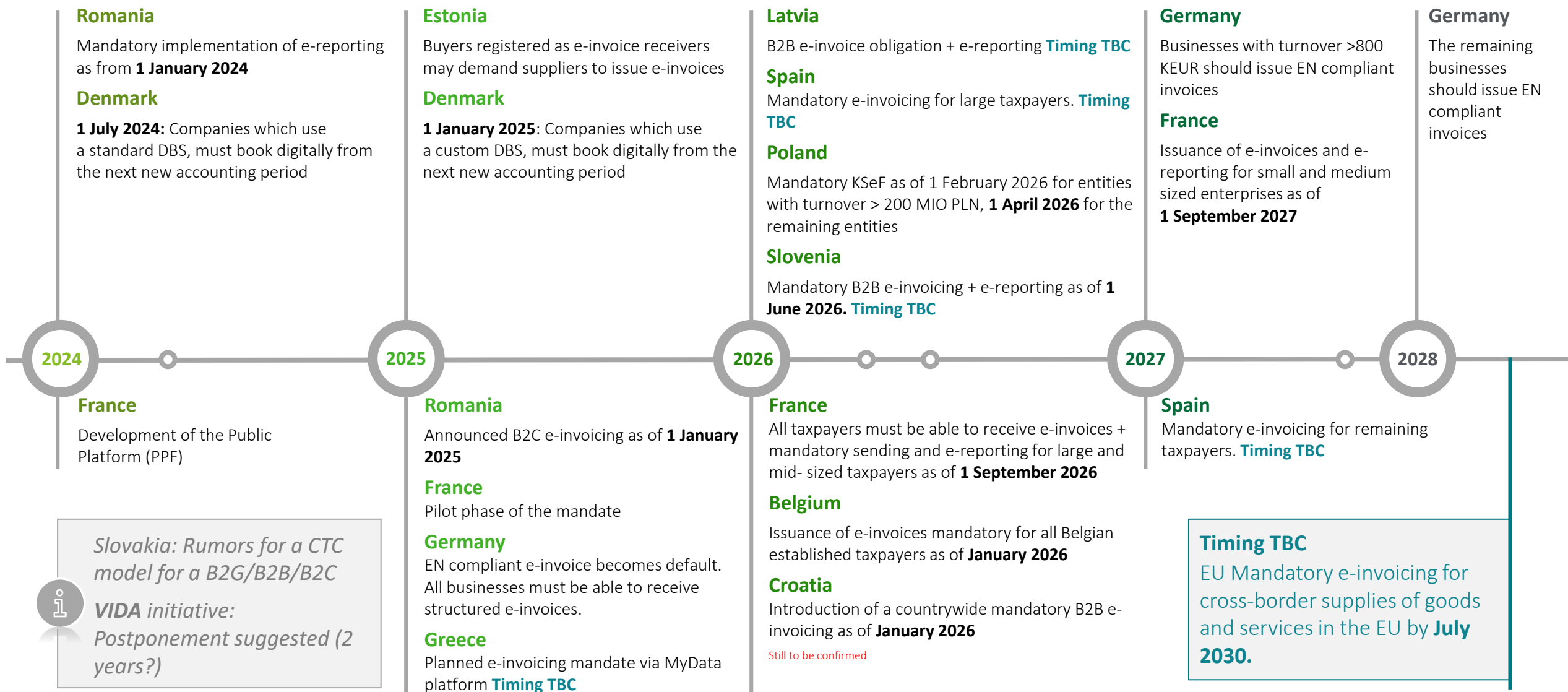
Israel



From 1 January 2028, Invoices must be approved and assigned confirmation numbers on invoice amounts over NIS 5,000.



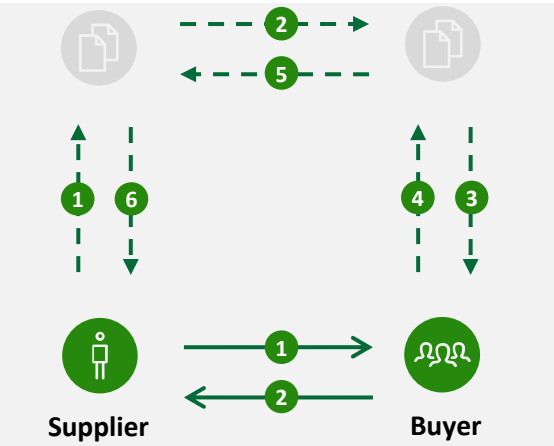
E-invoicing: EU roadmap



E-invoicing – No harmonized global regulatory standard to exchange invoices

Understanding the four main different regulatory models to exchange invoices between supplier and buyer and the inclusion of the tax authorities

Interoperability

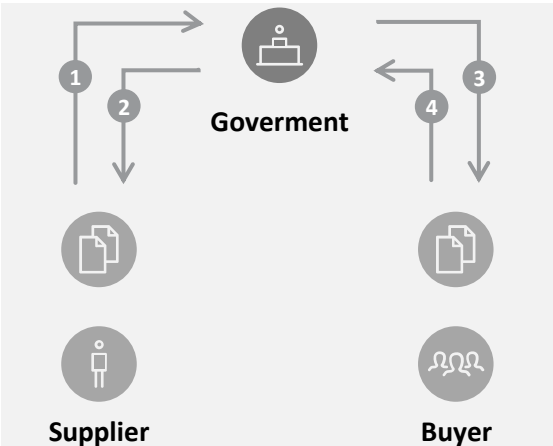


Fully digital exchange of any transaction documents **via interoperability**. No preapproval from the tax authority is required. But defined data format by government: e.g. EN16931 in EU for ViDA.



Germany

Hard clearance



Government acts as the central hub or gateway through which invoices must be validated by **using a predefined infrastructure** before they are considered fiscally valid.

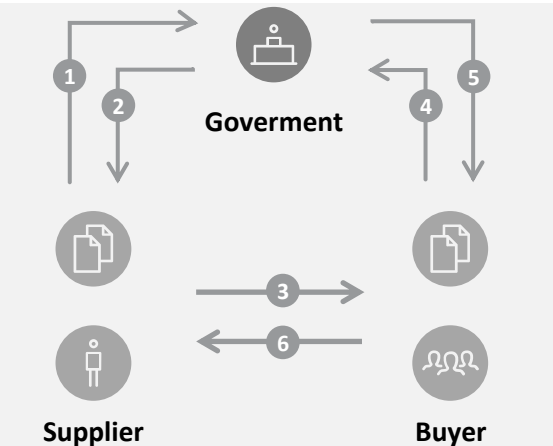


Italy



Turkey

Centralized soft clearance



Approval of transactions **pre-issuance** and validation post-receipt. The supplier and buyer can trade without pre-interference of the tax authorities.



Egypt

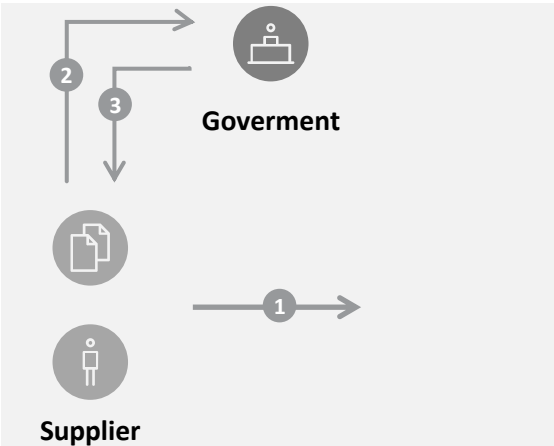


India



Kenya

Real-time reporting



Approval and validation of transactions **post-receipt**. The supplier and buyer can trade without pre-interference of the tax authorities.

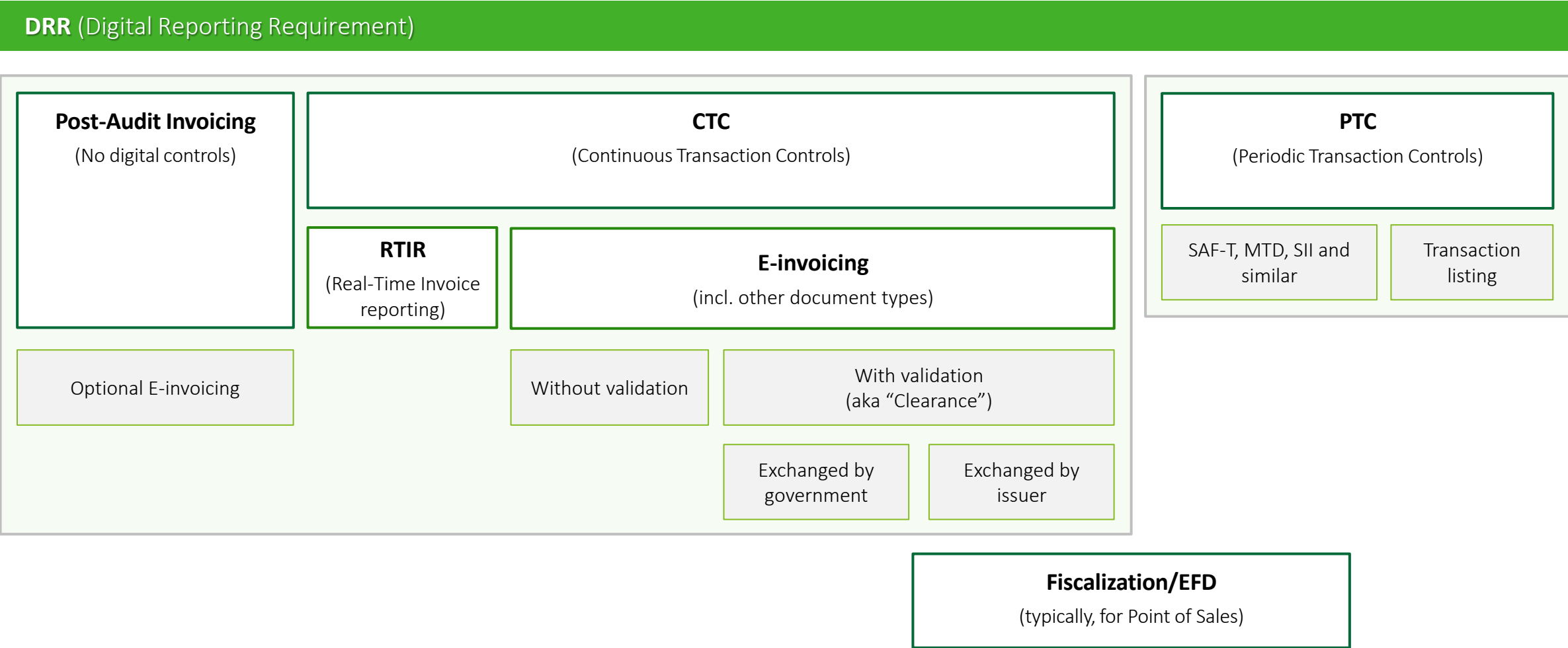


Spain



Hungary

Obligations go beyond mere e-invoicing





Challenges and opportunities



4. Challenges and opportunities

Who is impacted?

A wide range of businesses across various industries. The impact largely depends on:



The presence in a given country or region



The nature of the business (B2B/B2G>B2C)



The type of transactions business engage in (local/cross-border/volume)

Challenges – today

Important cross-functional impacts

E-invoicing and e-reporting affects various departments Finance, Accounting, Tax, Sales, etc., causing structural changes in a wide variety of processes.

Diverse landscape

Different countries have varying e-invoicing & e-reporting requirements, leading to a complex and evolving regulatory landscape.

Increased tax compliance scrutiny

E-invoicing & E-reporting enhances tax authorities' ability to detect non-compliance, possibly leading to more automated audits & penalties.

Data inconsistency

Multiple data sources, such as ERP systems, can result in inconsistent and poor-quality tax data.

Lack of strategy

Without a clear vision, strategy, and ownership, clients risk challenges in implementation and future compliance.

Opportunities – tomorrow

Cost savings

E-invoicing reduces expenses associated with paper, printing, postage, and manual data entry, leading to significant cost savings over time

Efficiency gains

Automated invoicing quickens the billing cycle, enhancing efficiency and enabling tax process automation and improvement.

Faster payments

Quicker invoice processing and delivery result in faster payment cycles, improving cash flow and working capital management.

Improved accuracy

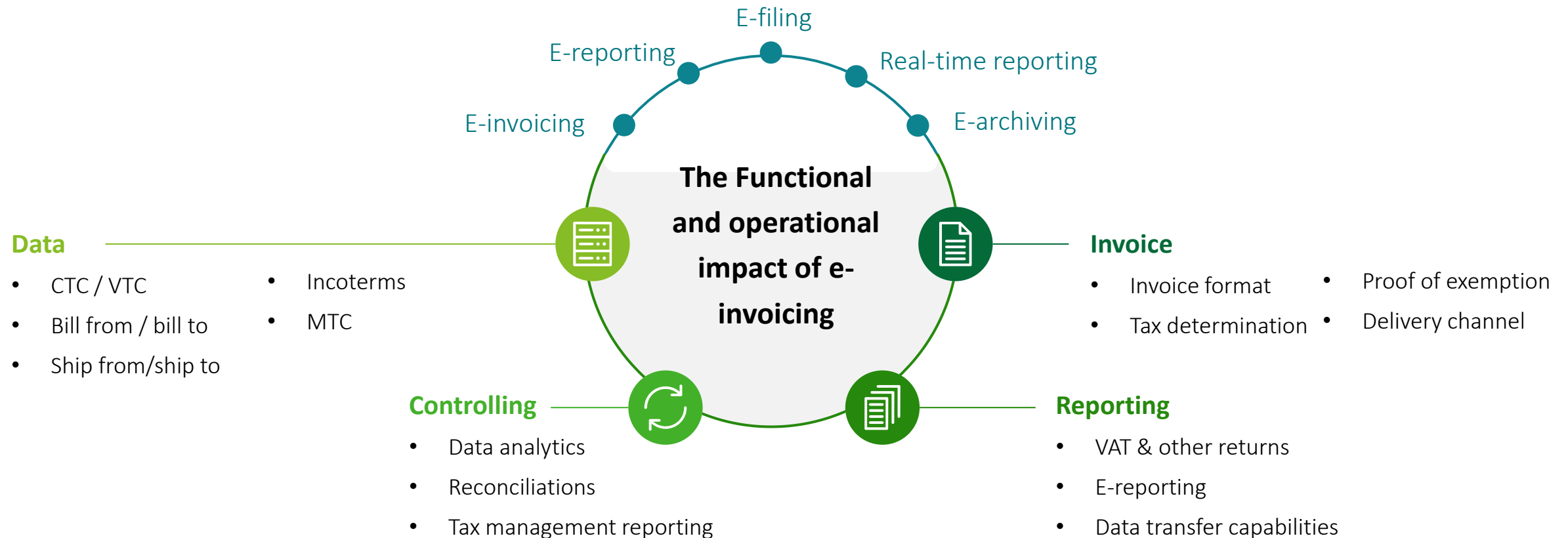
Electronic formats and automated workflows minimize errors, reducing disputes and improving the accuracy of financial data.

Compliance and audit readiness

E-invoicing systems help maintain accurate records, facilitating retrieval and audit preparation, leading to improved compliance with tax and regulatory requirements.

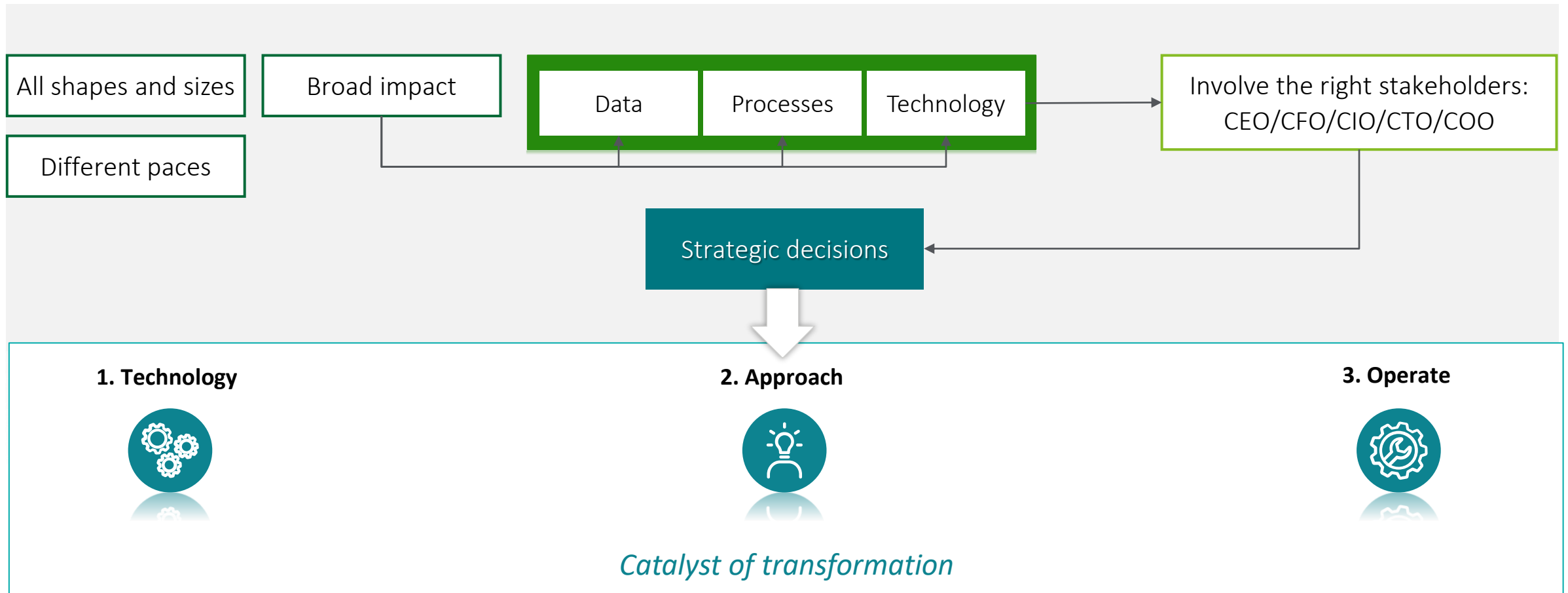
The impact of a digital reporting project on the tax processes

Digital tax transformation



A business-critical process

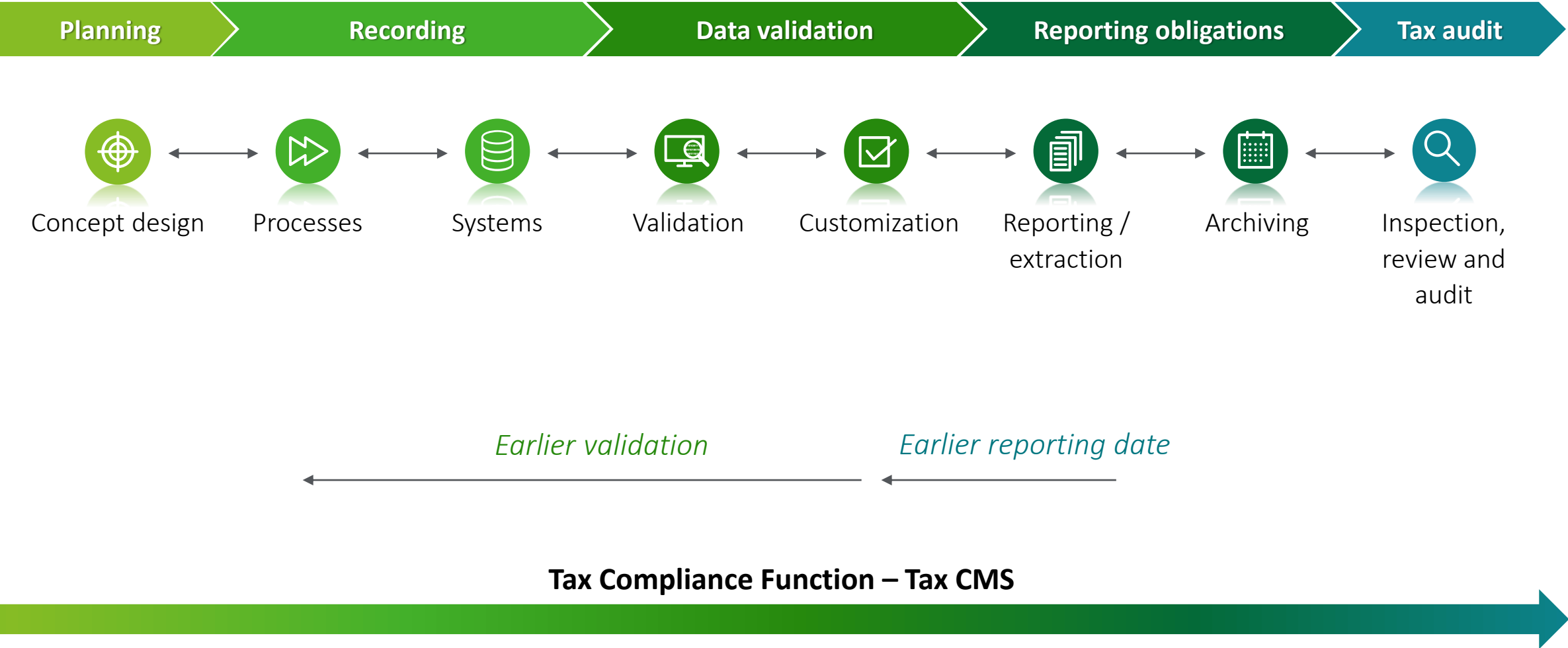
Impact: challenges & opportunities on a business-critical process



Impact on system landscape

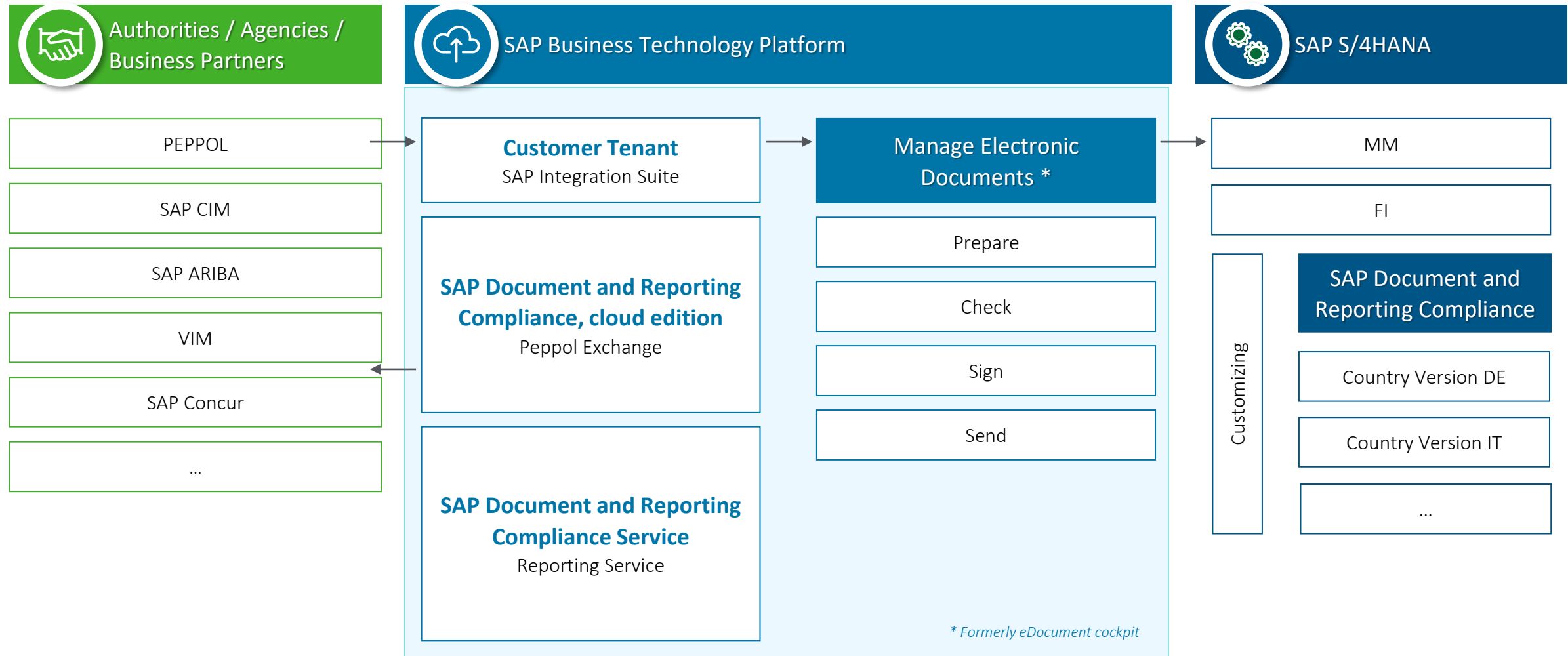


End-to-end tax processes



SAP Document and Reporting Compliance

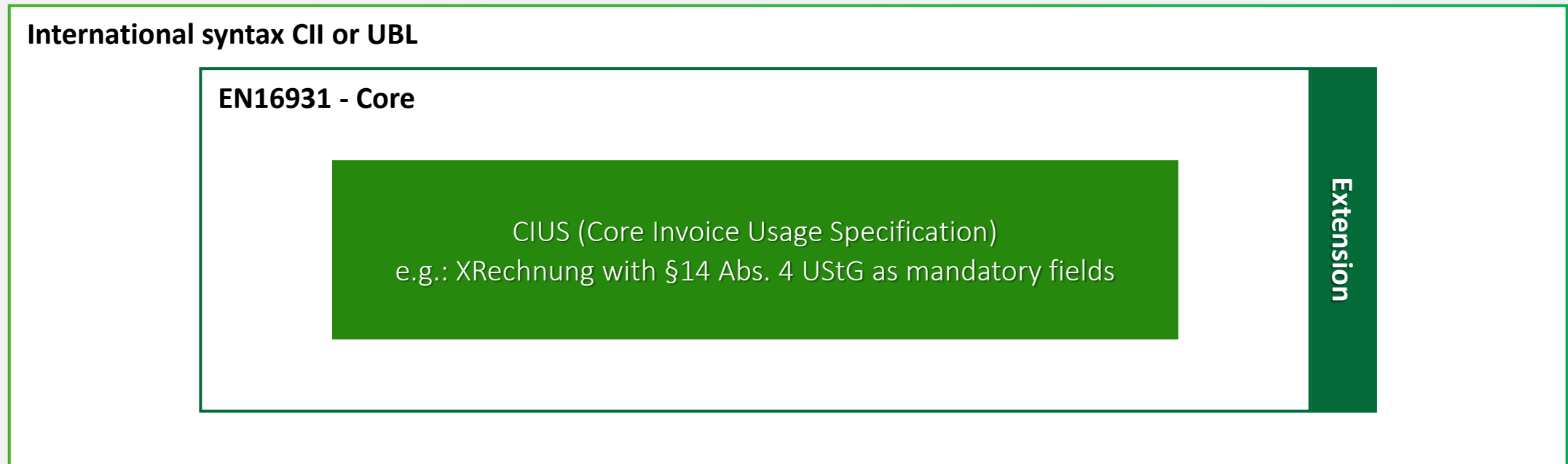
Possible IT Landscape for SAP (S/4 only) for AP



Syntax

EN16931 – CIUS - Extension

Electronic invoices which follows a CIUS needs to follow the framework of the Core



E-invoicing in Germany

Example: XRechnung

Information Elements of DELIVERY INFORMATION		Business term	Data type	Occurrence
Name		ID	Semantic Datatype	Occurrence
Deliver to party name	Field name	BT-70	Text	0...1
The name of the recipient of the goods resp. Of the supply of services This element is to be used, in case the recipient is different contractual party		Description		
Deliver to location identifier		BT-71	Identifier	0..1
An identifier for the place where the goods are shipped to or the service is supplied to <i>In case this element is used, the entry must be compliant to the ISO/IEC 6523 maintenance agency list</i>				

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