



European Commission  
Taxation and Customs Union

## *CEN Open Meeting on Electronic Invoices & Compliance 19th June 2008 in Brussels*

### Work of DG Taxud on e-invoicing

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## *Brief history VAT rules on e-invoicing*

- Commission launched a call for tender in 1998 for a “study on the requirements imposed by the Member States, for the purpose of charging taxes, for invoices produced by electronic or other means”
- Final report was published on 23 August 1999
- The Commission came forward with a proposal for “simplifying, modernising and harmonising the conditions laid down for invoicing in respect to VAT”
  - published on 17 November 2000
  - led to Invoicing Directive (2001/ 115/EC)



## *Invoicing Directive (2001/115/EC)*

Invoicing Directive (2001/115/EC) was adopted on 20 December 2001 and effective from 1 January 2004

Some of the most important aspects are

1. For the first time a harmonised list of details that appear on an invoice
2. Common rules for e-invoicing
3. As from 1 January 2006 businesses not required to provide prior notification to use e-invoicing
4. Common arrangements for the electronic storage of invoices



## *Invoicing Directive (2001/115/EC)*

In respect of e-invoices

Member States shall accept e-invoices if they guarantee the authenticity of the origin and the integrity of the content

This can be done by

- Advance electronic signature
  - With the option for qualified signatures
- Electronic Data Interchange (EDI)
  - With the option of paper summary
- Other means accepted by the Member State

Member States can not impose other conditions on e-invoicing



## *Background to current work*

- Commission is committed to review the rules on e-invoicing
- Article 237 of VAT Directive 2006/112/EC  
“The Commission shall present, at the latest on 31 December 2008, a report and, if appropriate, a proposal amending the conditions applicable to electronic invoicing in order to take account of future technological developments in that field”
- Moreover the Invoicing Directive (2001/115/EC) did not fully achieve the aims of simplifying, modernising and harmonising the rules on invoicing
  - Full review of all the rules
  - Also look where necessary at related issues



## *Invoicing study*

Commission has launched a study on invoicing to help with review on invoicing rules

### Key dates

- Launch of call for tender 25 July 2007
- Closing date 7 September 2007
- Commission decision 15 November 2007
- Contract signed December 2007
- Final report 31 July 2008



## *Invoicing Study*

The study will look at all areas of invoicing

- Requirement to issue an invoice
- Content of an invoice
- Storage of invoices
- E-invoicing
- Other issues



# *Invoicing Study*

## Work areas

- Provide a table of invoice legislation in all 27 Member States
- Estimate the uptake of e-invoicing solutions
- Evaluate the cost of compliance for businesses and the reliance placed by Member States for control purposes on the legislation
- Provide recommendations for possible improvements to the invoicing Directive

Final report due in July 2008



# *Invoicing Study*

## Phase 1 – initial results

### Mapping of invoicing legislation in Member States

- Excel table on legislation in all 27 Member States
  - Based on 129 questions
  - Put into data base allowing search by Member States
- e.g.     Is a paper summary document needed for EDI?  
          Is e-signature based on a qualified certificate?
- Information will be made available to the public



# *Invoicing Study*

## Phase 1 – initial results

### E-invoicing survey

- 40% of businesses exchange invoices electronically
- Transmission of e-invoices by “other means” is most popular method (pdf, scanning)
- Over 50% using e-invoices also invoice in paper form in parallel
- Less than 1 in 5 are involved in cross border e-invoicing
- 1/5th state regulation/tax authorities is a barrier to e-invoicing (customer/supplier readiness is main barrier)



## *Invoicing Study*

Phase 2 – analysis of invoicing rules

Draft report due in June 2008. Based on,

Questionnaire sent to all Member States tax authorities

- Importance of rules for control purpose

Survey of businesses

- Cost of compliance with invoicing rules



## *Legislative proposal*

- Commission report to Council end of 2008 and accompanied by a possible proposal on invoicing
- Any proposal on invoicing should take into account
  - Reduction of burdens on business of 25% by 2012
  - Small Business Act and promotion of SME
  - Removing the barriers to e-invoicing
  - Look at issues related to VAT fraud