

eInvoicing Public Meeting
Brussels, 19 June 2008



Compliance of electronic invoices

CEN/Fiscalis e-Invoicing Good Practice Guidelines

WG 2

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Background & positioning

- Based on strong similarity between Fiscalis audit project and CEN WG2 tasks (audit & service provider rules) for guidelines
 - Desire to avoid overlap
 - Exploit synergies
 - Joint promotion & implementation opportunities
- Practice-oriented basis for all tax administrations and businesses
 - Fills a large part of the information gap caused by high-level legislation, which has been a major factor in slow uptake of e-invoicing
 - Fosters predictability, encourages investment
 - Does not override national legislation, but sets a platform for identifying and addressing outstanding national differences constructively



Deliverables 1/2

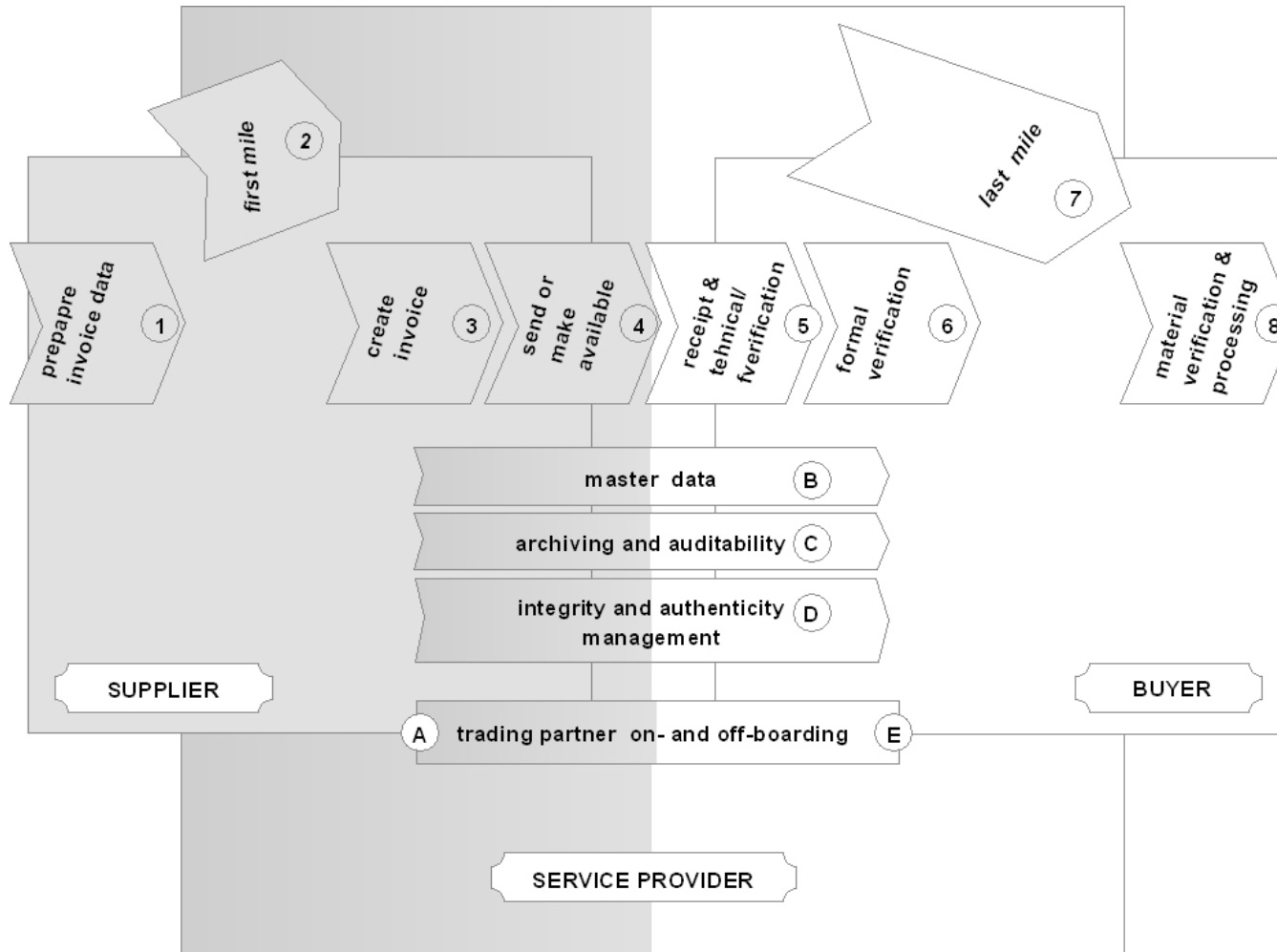
- Excel document where ~100 process steps divided into:
 - Supplier Processes
 - Buyer Processes
 - Service Provider Specific Processes
- They are mapped to:
 - Risks (why)
 - Requirements (what)
 - Controls (how)



Deliverables 2/2

- Process filters allow viewing specific end-to-end process types:
 - Direct e-invoicing
 - Self-billing
 - Service provider
 - Audit step correlation
 - Integrity/authenticity method
- Commentary: background, definitions (e.g. Service Provider), descriptions

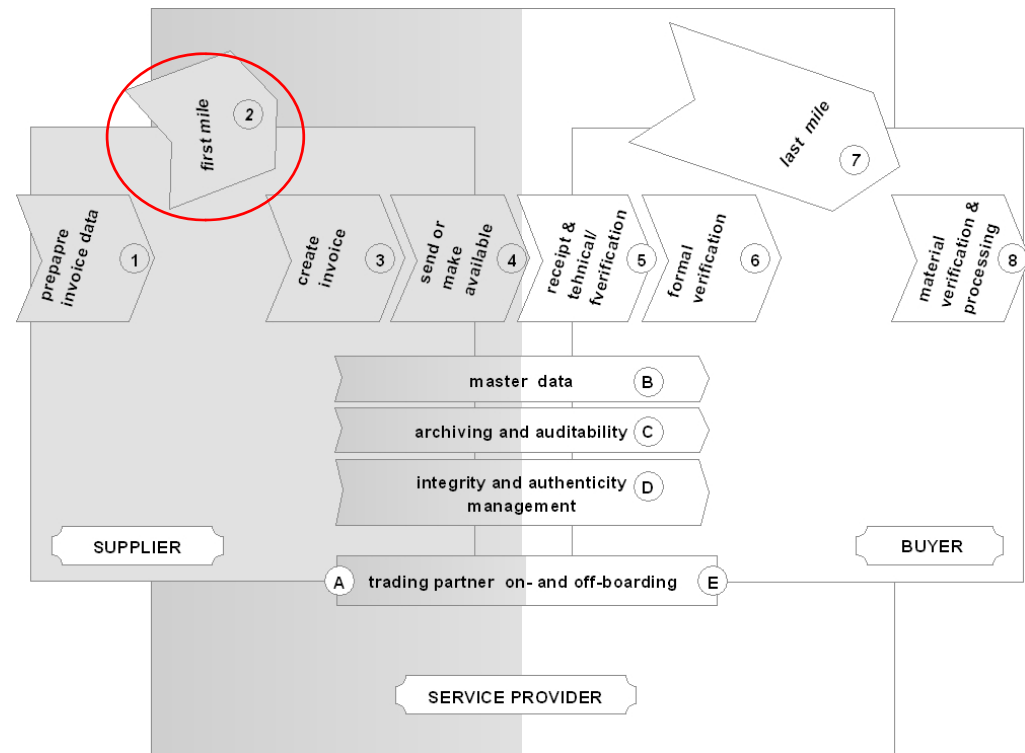
Process overview: life cycle



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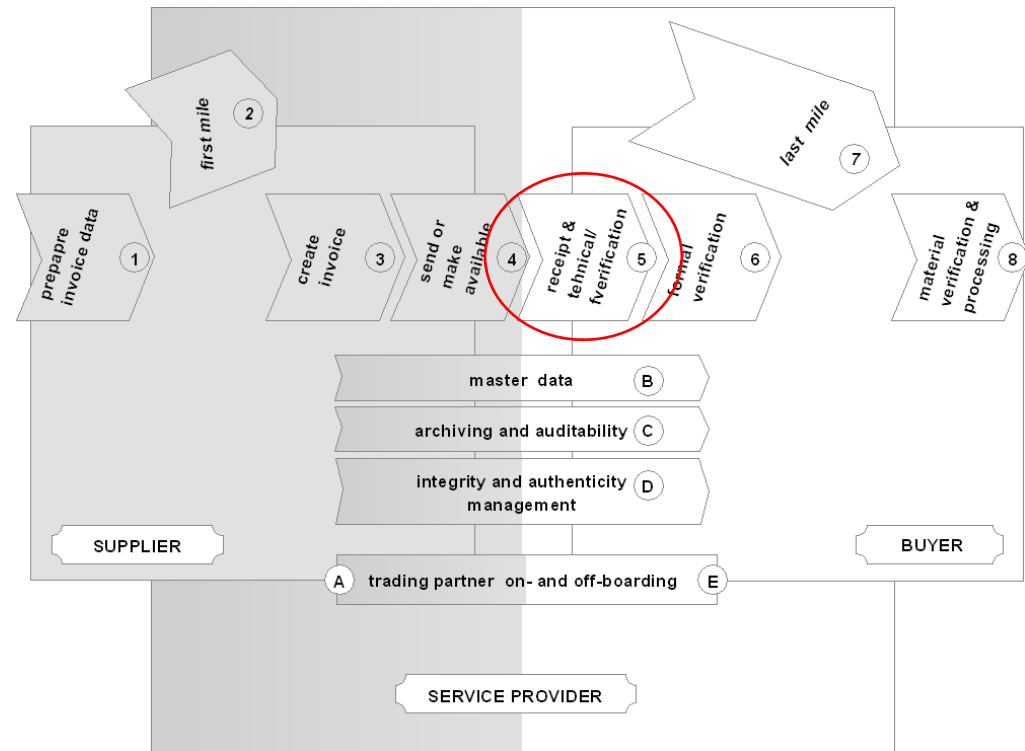
First mile to service provider

- ➔ Invoice not yet issued (data only), but supplier has a strong incentive to ensure robust transfer
- ➔ Issues: typical e-transaction (e.g. sent/received) issues, integrity/authenticity, status of invoice data



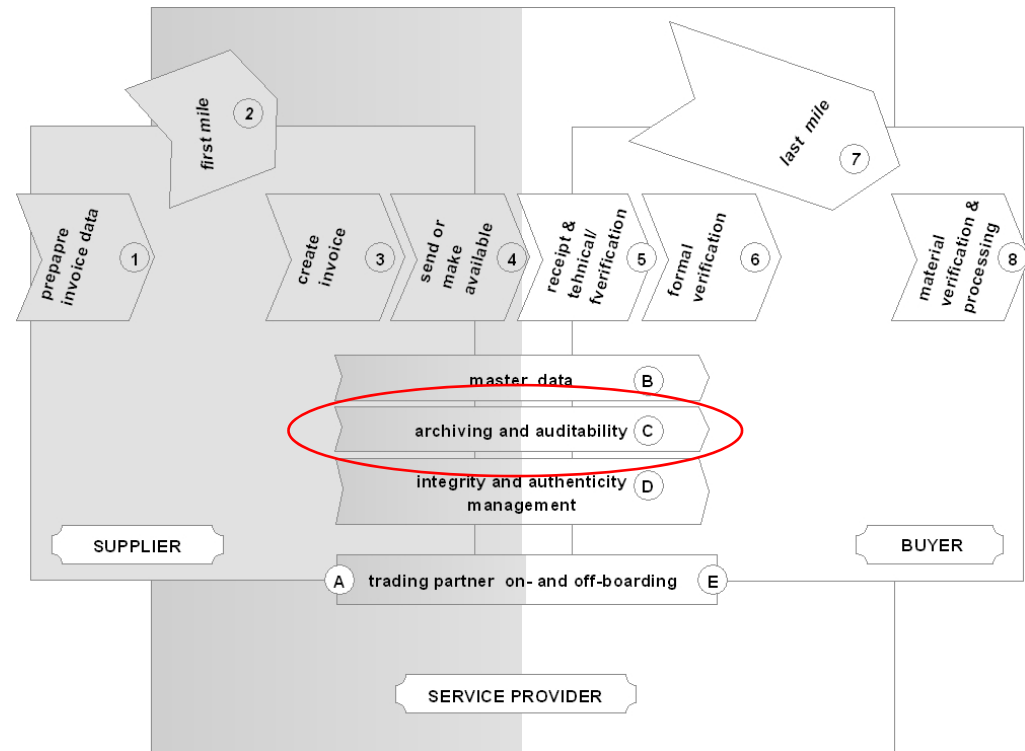
Receipt & technical verification

→ Completing transport/security protocols; e-invoice enters into buyer's (service provider's) system and can be interpreted



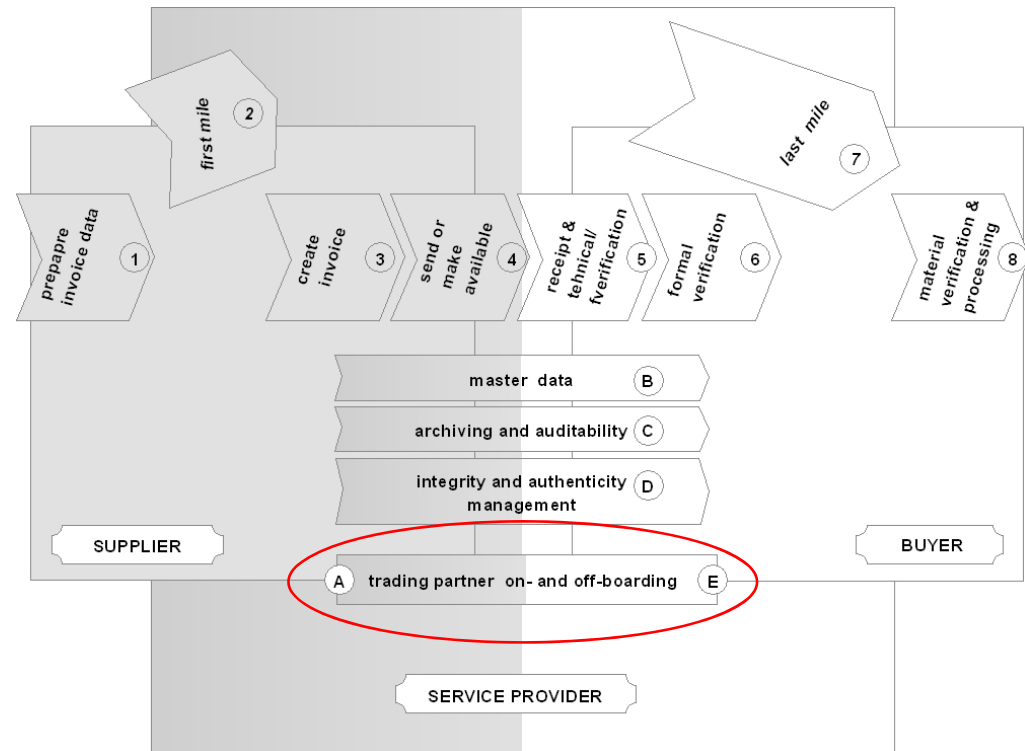
Archiving and auditability

- Storage in compliant archive during mandatory period
- Issues: time, venue, taxable person separation, access, search criteria, readability, “originals” (one for each party in common archive?)



Trading partner off-boarding

- ➔ Discontinuation of trading partner or service provider relationship
- ➔ Issues: hand-over of originals (for outsourced storage), termination of processes and contracts etc



	B	C	D	E	F	G	H	I	J
	WHO - DIRECT INTERMEDIATED SELF-BILLING Integ/Auth Method Sub process								
1					Process st	WHY (RISK)	WHAT (REQUIREMENTS)		HOW (CONTROLS) N.B. The 'implementation examples' listed are non exhaustive and provided only to illustrate the kinds of measures envisaged as being used.
35	S	SP-S	B	Ad ES	Electronic signing of the invoice	Create invoice	Signature is created with an invalid or expired certificate	The invoice must be provided with an electronic signature with a valid certificate.	In order for the supplier to provide easy evidence of CA-issued certificate validity at the time of signing, the signing party should validate the signature ensure that the information required to reverify the
36	S	SP-S	B	Ad ES	Electronic signing of the invoice	Create invoice	Signature is not set over all mandatory data	All mandatory data according to applicable law must be signed.	Must be ensured in the application. Implementation examples:
37	S	SP-S	B	ED II Other	Structure of EDI invoices	Create invoice	Structure of the invoice differs from the structure of the current interchange agreement	Structure of the invoice must comply with the structure of the current interchange agreement.	A correct validation mechanism must be maintained in order automatically to validate the structure against the interchange agreement. See also the requirements for testing in the onboarding phase.
38	S	SP-S	B	Ad ES	Electronic signing of the invoice	Create invoice	Signature is not created	The invoice is provided with an electronic signature to protect its integrity and authenticity.	The application should ensure that signatures are applied when appropriate. The signature shall be created in accordance to an internationally recognised standard signature format.
39	S	SP-S	B	ED II Other	Summary document used for evidencing	Create invoice	To the extent that the summary document (report) is used for evidencing completeness	The integrity and authenticity of the summary document (report) must be guaranteed.	The application should ensure integrity and authenticity protection. Implementation examples: signatures are applied
40	S	SP-S	B	All	Invoice issued by service provider	Create invoice / Send or make available	It is not clear who issues the invoice	It must be ensured that an electronic invoice can only be issued by the designated issuer in the contract. It must be clear	Rules in the contract between the trading partners, must clarify on who issues the invoices. The invoice can contain a statement that it was issued by a third party in name and on behalf of the supplier (this is
41	S	SP-S	B	All		4. Send or make available	Created electronic invoices are not sent or made available on time	The supplier must ensure that electronic invoices are sent or made available, timely according to applicable law	Action of internal control, included in application or agreement with service provider, if appropriate. Implementation examples:

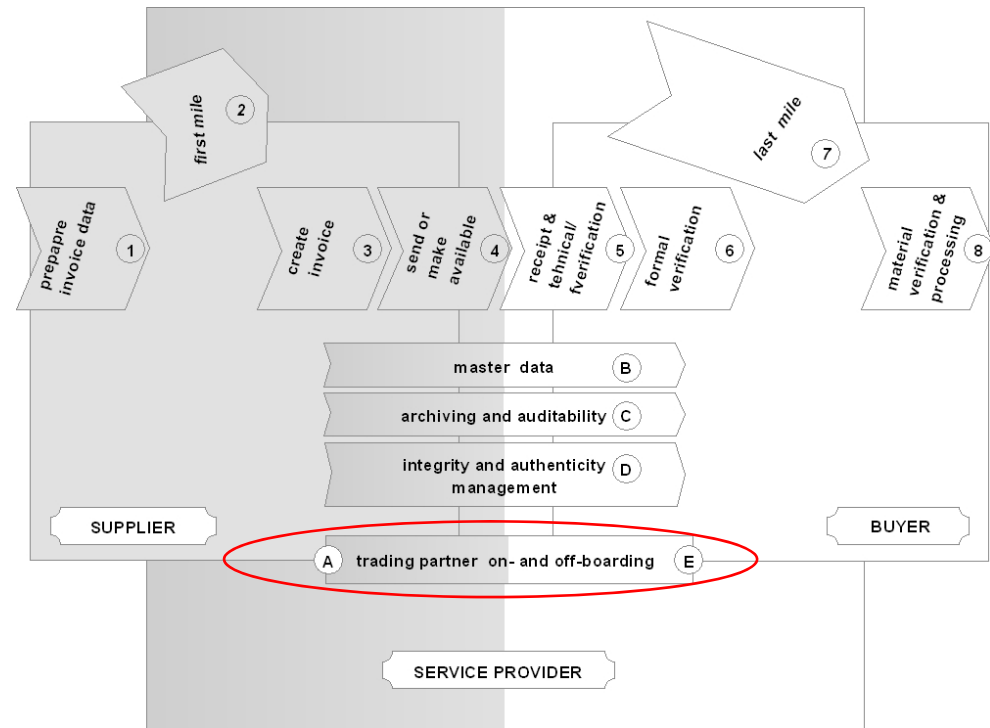
Appendix



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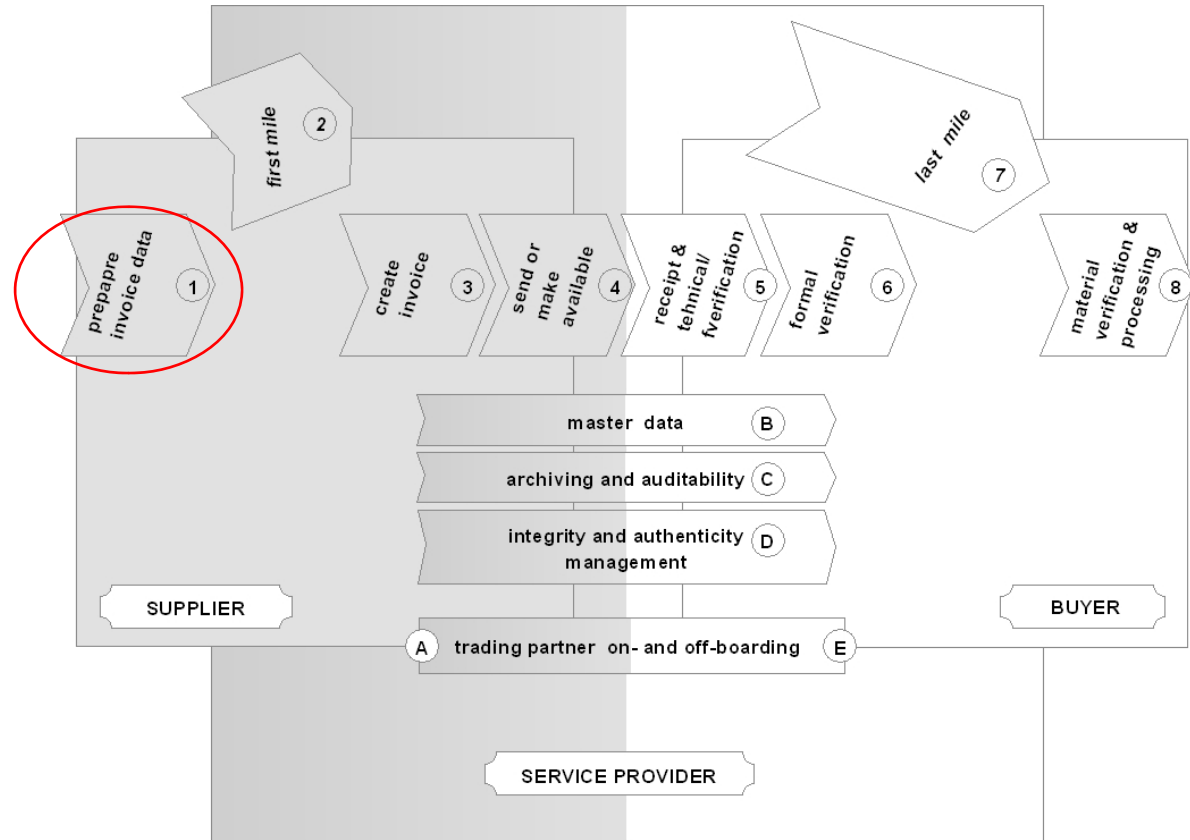
Trading partner on-boarding

- ➔ Technical integration, contracting, testing, training
 - Between trading partners or with service provider
- ➔ Issues: contract formation (electronic interfaces), quality assurance, liability



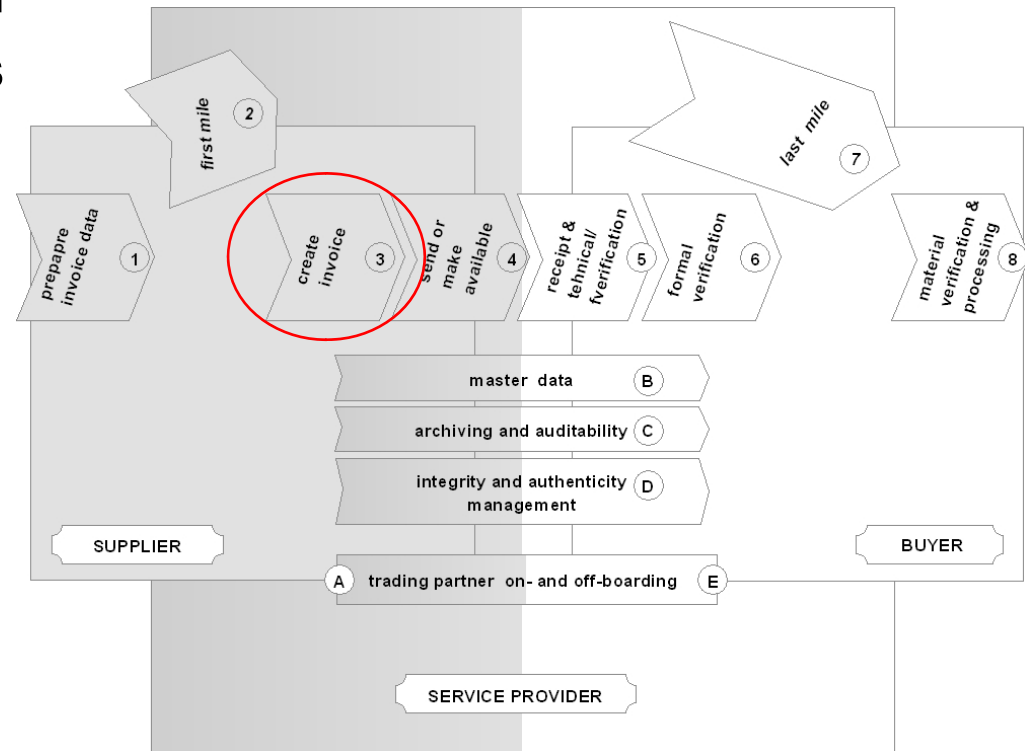
Prepare invoice data

→ By definition in supplier's back-end system



Create electronic invoice

- Create the invoice in the final form that the trading partners have agreed, in accordance with applicable law, as the appropriate format and content of the original invoice
- Issues: create one unique invoice, ensure completeness and accuracy etc



When is an e-invoice issued?

- Defined differently in different jurisdictions
- Clear definition of issue moment; issue “on behalf of” authorization /mandate regulations (content, formation)

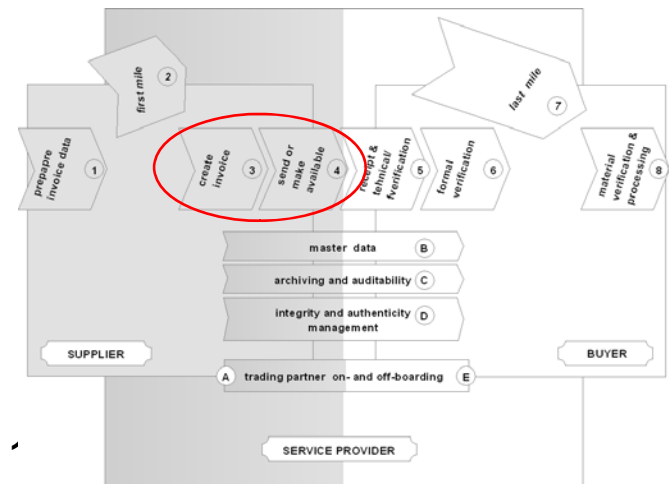


"issue" definition 1

- in some countries, the moment of signing is equated to issuing the invoice

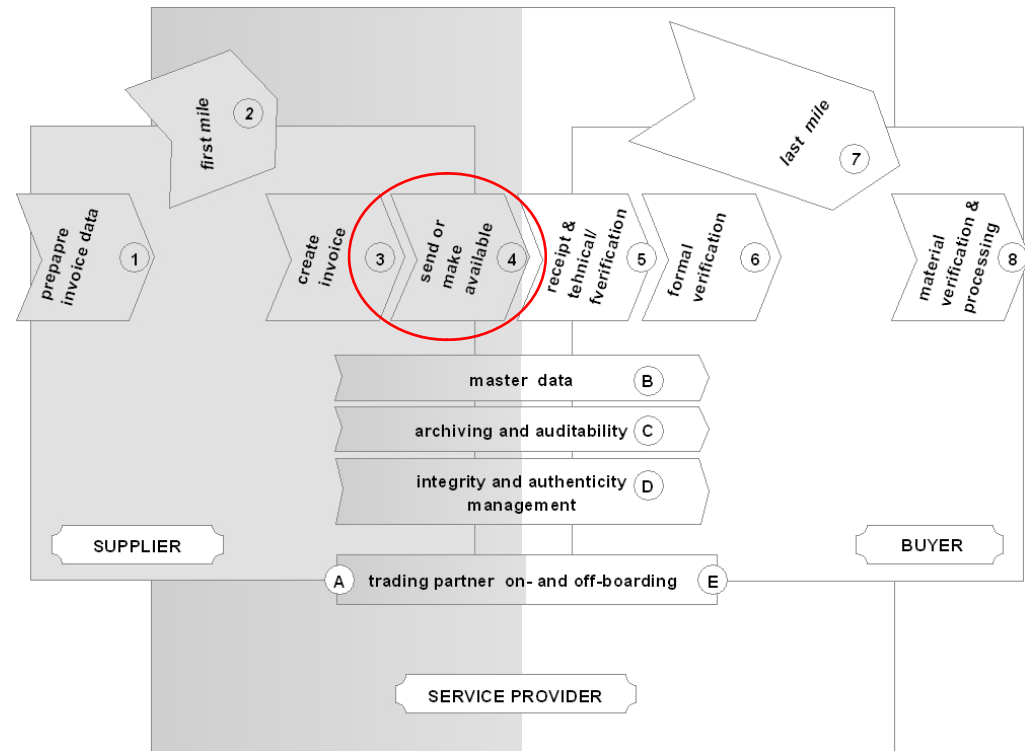
"issue" definition 2

- in other countries the invoice is issued only when made available to the Buyer



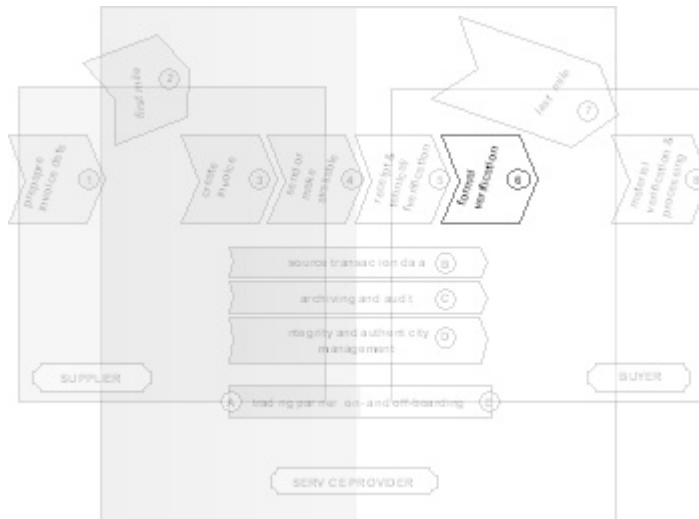
Send e-invoice or make it available

- Act with objective of buyer receiving the e-invoice
- Issues: transfer of responsibility; web server presentation (pull systems).



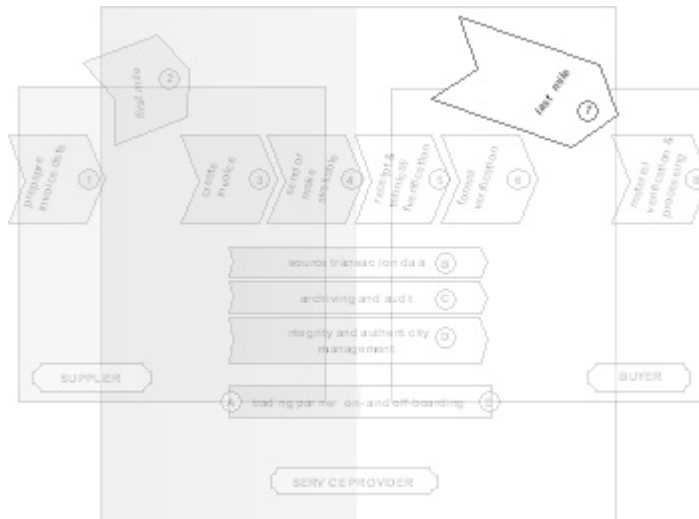
Formal verification

→ Objective: correct invoice with mandatory data elements



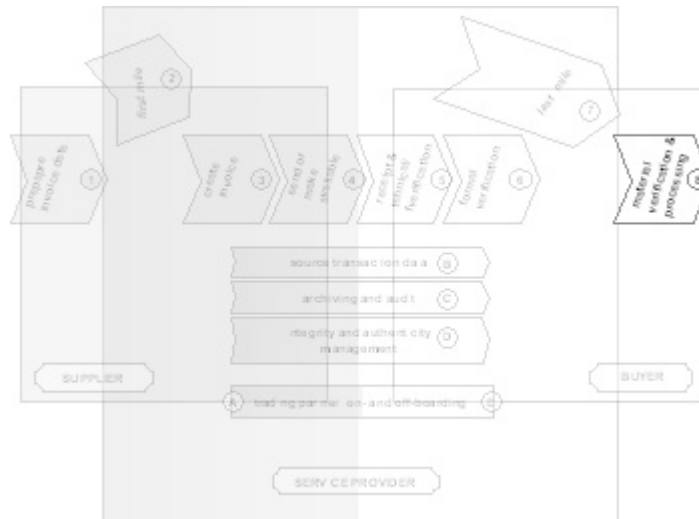
Last mile from service provider

- ➔ Buyer has a strong incentive to ensure robust transfer
- ➔ Issues: transfer of responsibility

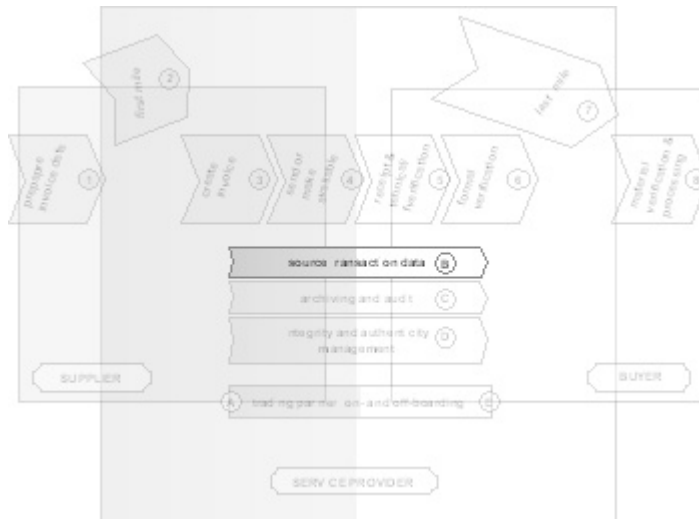


Material verification & processing

→ Always in buyer's system: check against business data, downstream back-office integration



Source transaction data



- ➔ Back-office (ERP) data generated by associated business processes
- ➔ Issues: alignment with invoice during life cycle; backwards reconciliation if transaction data change

Integrity and authenticity management

- ➔ Identify issuer and verify that the invoice has not changed during life cycle
 - Based on WG3 deliverables (“cost-effective integrity and authenticity”)
 - Technology neutral but categorized based on available technologies: (1) EDI/other or (2) advanced electronic signatures

- ➔ Issues: long-term evidence provision.

