Digital transformation of VAT

IDSt Conference
Technical solutions for VAT reporting using e-invoicing

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The European eInvoicing journey

Key initiatives and milestones

- 2007-2016: CEN/BII workshop for public procurement standardisation
- 2008-2012: PEPPOL large scale pilot project
- Directive 2010/45/EU amending Directive 2006/112/EU
- Directive 2014/55/EU on electronic invoicing in public procurement
- EN 16931 published: Commission Implementing Decision (EU) 2017/1870
- 2014-2020: CEF eInvoicing funding and technical support

Directive 2014/55/EU aimed at removing cross-border barriers to interoperability and requested the establishment of a European standard.

The European eInvoicing journey

Policy and standardisation developments

- European Commission proposal to modernise VAT reporting obligations
- Evaluation of the effects of the Directive 2014/55/EU
- Alignment of the European eInvoicing standard to new policy priorities
- Interoperability and the international dimension

An increasing number of Member States have been mandating the use of eInvoicing in B2G (and B2B).

**The option selected for VAT
Digital Reporting Requirements (intra-EU)
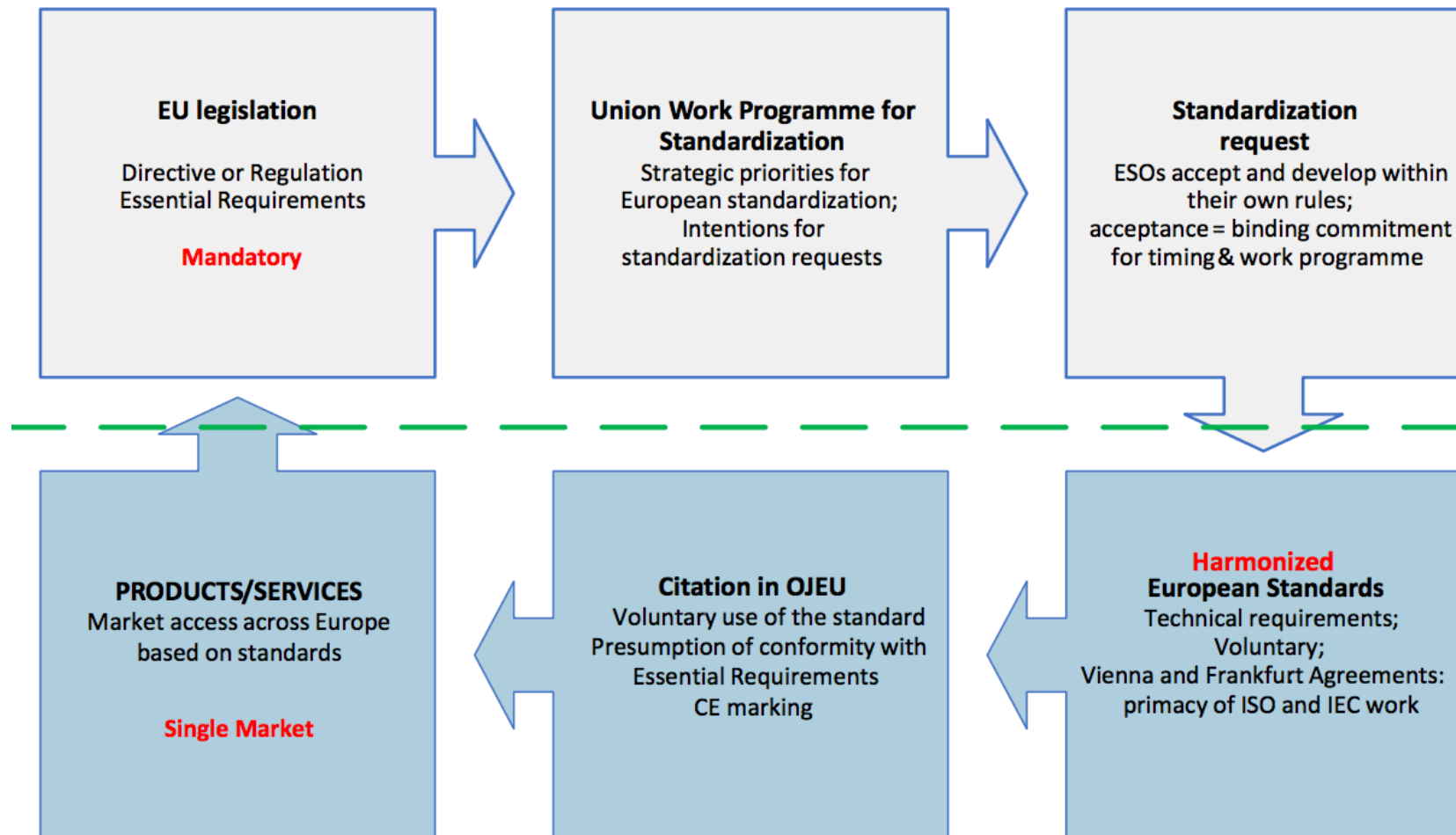is eInvoicing based on the EU standard.**

Scope of our work

Main activities

- Study on the effects of the Directive 2014/55/EU.
- Draft recommendation on a technical solution and governance model for VAT reporting using eInvoicing.
- Liaison between DG GROW and the CEN/TC 434.
- Study on the use of emerging technologies for eInvoicing.
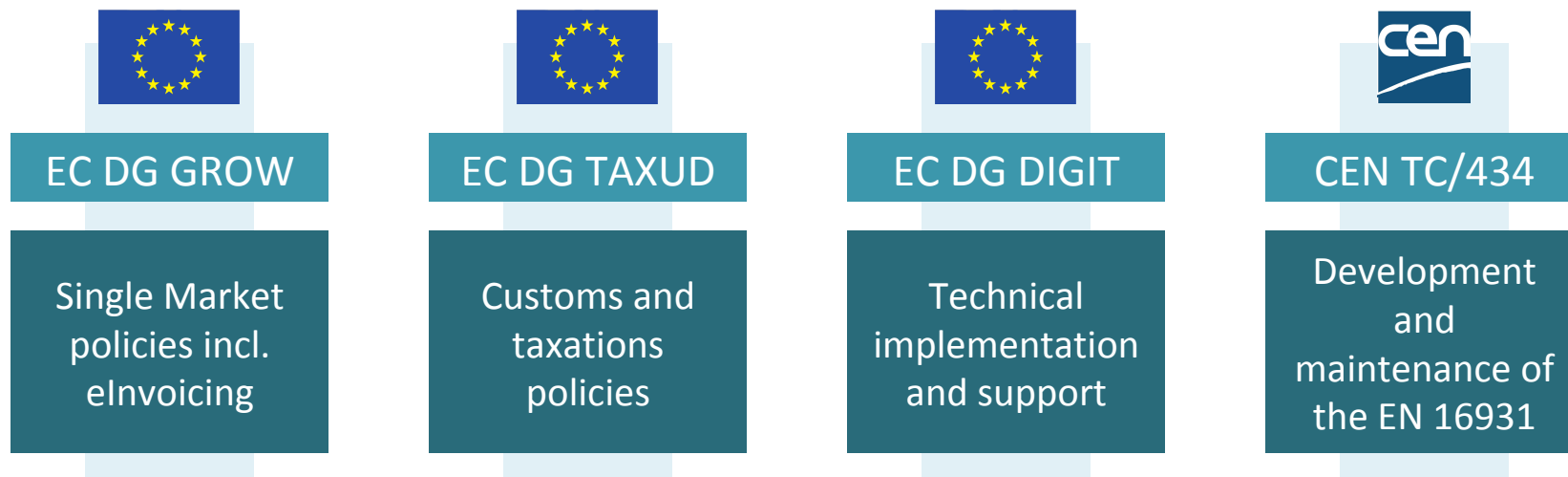- Webinars with Member States.

Stakeholders will be consulted to gather evidence on the effects of the Directive 2014/55/EU on the Internal Market and eInvoicing uptake.
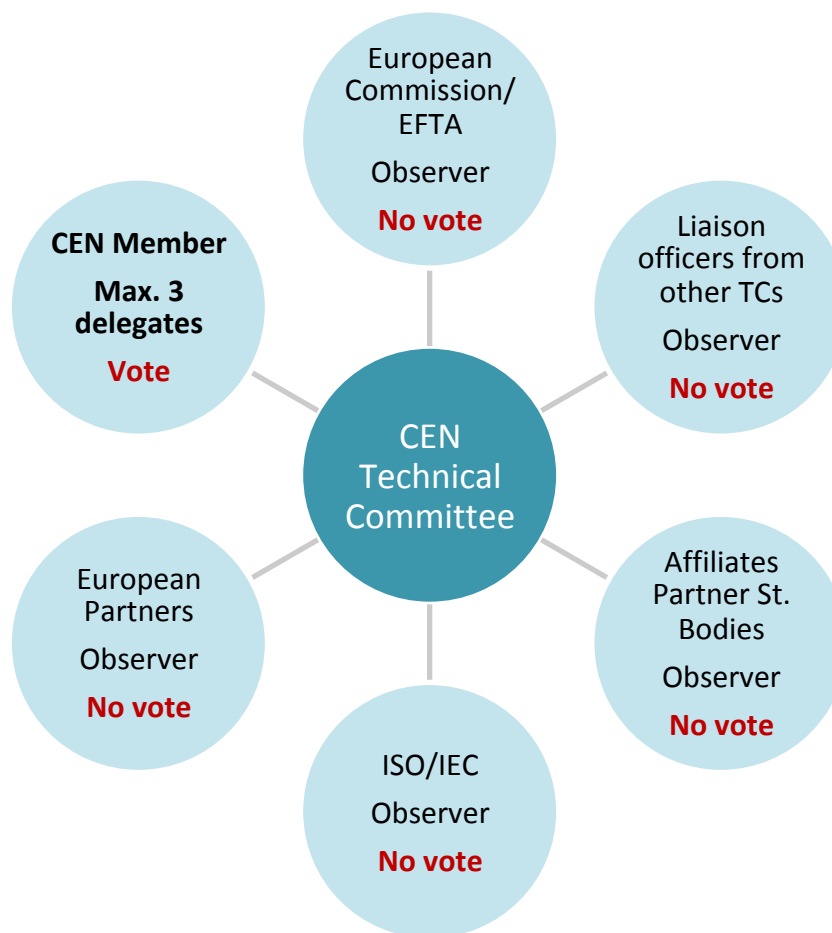
EU legislation and standardization

EU legislation

Directive or Regulation
Essential Requirements

Mandatory

Union Work Programme for Standardization
Strategic priorities for European standardization;
Intentions for standardization requests

Standardization request
ESOs accept and develop within their own rules;
acceptance = binding commitment for timing & work programme

PRODUCTS/SERVICES
Market access across Europe based on standards

Single Market

Citation in OJEU
Voluntary use of the standard
Presumption of conformity with Essential Requirements
CE marking

Harmonized
European Standards
Technical requirements;
Voluntary;
Vienna and Frankfurt Agreements:
primacy of ISO and IEC work

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Roles at the EU level

Key EC Directorate Generals and EU Standardisation Body

EC DG GROW	EC DG TAXUD	EC DG DIGIT	CEN TC/434
Single Market policies incl. eInvoicing	Customs and taxations policies	Technical implementation and support	Development and maintenance of the EN 16931

CEN Technical Committee - composition

The European eInvoicing standard

CEN/TC 434 Publications

Reference	Title
EN 16931-1	Part 1: Semantic data model of the core elements of an electronic invoice
TS 16931-2	Part 2: List of syntaxes that comply with EN 16931-1
TS 16931-3-1	Part 3-1: Methodology for syntax bindings of the core elements of an electronic invoice
TS 16931-3-2	Part 3-2: Syntax binding for ISO/IEC 19845 (UBL 2.1) invoice and credit note
TS 16931-3-3	Part 3-3: Syntax binding for UN/CEFACT XML Industry Invoice D16B
TR 16931-3-4	Part 3-4: Syntax binding for UN/EDIFACT INVOIC D16B

The European eInvoicing standard

CEN/TC 434 Publications (cont.)

Reference	Title
TR 16931-4	Part 4: Guidelines on interoperability of electronic invoices at the transmission level
TR 16931-5	Part 5: Guidelines on the use of sector or country extensions in conjunction with EN 16931–1
TR 16931-6	Part 6: Result of the test of EN 16931–1 with respect to its practical application for an end user

Content of the EN 16931-1

- It contains 24 mandatory elements and over 160 optional elements
- There are circumstances where the trading partners may wish to:
  1. restrict the information elements to be used in an eInvoice - using a Core Invoice Usage Specification (CIUS);
  2. provide additional information elements - using an extension specified in an Extension Specification as described in the TR 16931-5.

CIUS - example
Irish Central Government

1. Order Line Reference
2. Invoice line Note
3. Etc.

Extension – example
Energy Extension

1. KWH
2. Source of Energy

EN 16931-1 Mandatory elements

ID	Business Term
BT-1	Invoice Number
BT-2	Invoice Date
BT-3	Invoice type code
BT-5	Invoice currency code
BT-22	Invoice note
BG-2	**PROCESS CONTROL**
BT-24	Specification identifier
BG-4	**SELLER**

ID	Business Term
BT-27	Seller name
BT-31	Seller VAT Identifier
BG-5	**SELLER POSTAL ADDRESS**
BT-40	Seller country code
BG-7	**BUYER**
BT-44	Buyer name
BG-8	**BUYER POSTAL ADDRESS**
BT-55	Buyer country code

*Note: BG = Business Group; BT = Business Term

EN 16931-1 Mandatory elements

ID	Business Term
BG-22	**DOCUMENT TOTALS**
BT-106	Sum net amount
BT-109	Invoice total amount excl VAT
BT-112	Invoice total amount with VAT
BT-115	Amount due for payment
BG-23	**VAT BREAKDOWN**
BT-116	VAT category taxable amount
BT-117	VAT category tax amount

ID	Business Term
BT-118	VAT category code
BG-25	**INVOICE LINE**
BT-129	Invoiced quantity
BT-130	unit of measure code
BT-131	Invoice line net amount
BG-29	**PRICE DETAILS**
BT-146	Item net price

EN 16931-1 Mandatory elements

ID	Business Term
BG-30	**LINE VAT INFORMATION**
BT-151	Invoiced item VAT category code
BG-31	**ITEM INFORMATION**
BT-153	Item name

Additional PEPPOL elements

ID	Business Term
BT-34	Seller electronic address e.g. GLN. Used to identify the Seller and Sellers Endpoint in the PEPPOL network
BT-49	Buyer electronic address e.g. GLN. Used to identify the Buyer and Buyers Endpoint in the PEPPOL network
BT-23	Business process type Default value: urn:fdc:peppol.eu:2017:poacc:billing:01:1.0
BT-10 or BT-13	An invoice must have buyer reference or purchase order reference

*Note: these elements are optional in the EN 16931-1 but mandatory in PEPPOL

CEN/TC 434 - current work programme

No.	Main activities and milestones
1	Functional specification for the registry services
2	Prototype registry running and ready for use
3	CIUS requirements for prototype registry
4	Syntax bindings published
5	Validation artefacts published
6	Study on VAT reporting
7	Study on B2B requirements
8	Study on internationalization of eInvoice

Technical solutions for VAT reporting using eInvoicing
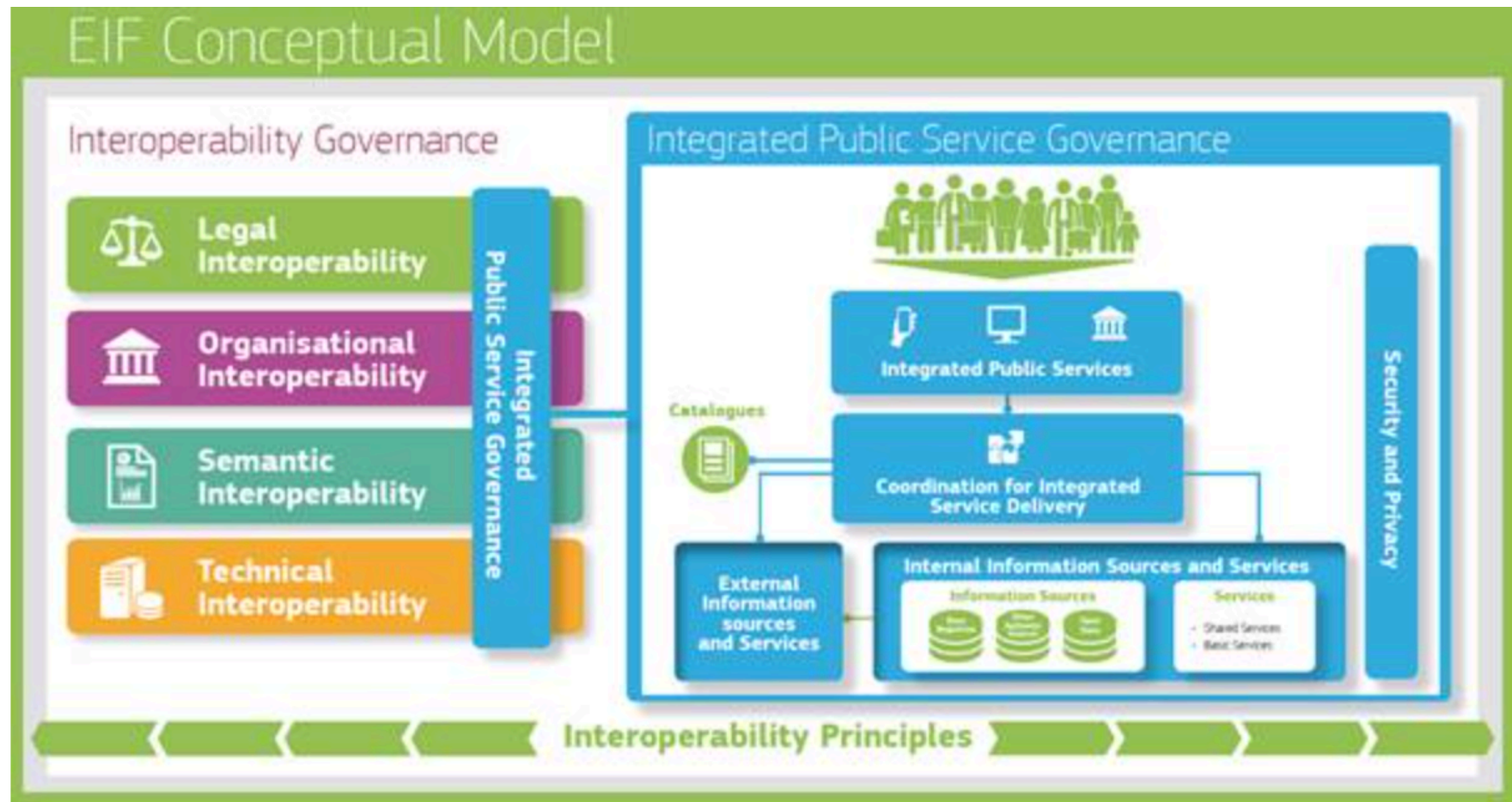
Scope

- Data transmitted by taxpayers (or third parties) to tax authorities
- Intra-EU transactions

Key requirements

1. Re-use of the EU eInvoicing standard
2. Transaction based reporting
3. Almost real-time data
4. Interoperability between systems

European Interoperability Framework (EIF)

Success factors

How to ensure successful deployment

1. Agreement on a common dataset
   - To meet all requirements for VAT reporting at intra-EU level.

2. Accounting and ERP systems to support DRR for VAT reporting
   - As the basis for more interoperable software within the EU.

3. EU governments to continue mandating eInvoicing in B2G (and B2B) based on the EN 16931, also to maximise the DRR benefits.

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