

Competitive digital single market - eGovernment as a spearhead

2011/2178(INI) - 02/12/2010 - Document attached to the procedure

PURPOSE: Communication and Action Plan on reaping the benefits of electronic invoicing for Europe.

CONTENT: the Commission wants to see e-invoicing become the predominant method of invoicing by 2020 in Europe, and it is committed to working in close cooperation with Member States and all other stakeholders who will need to play their part to achieve this target and create the right environment for the widespread deployment of e-invoicing. The Communication notes that electronic invoicing (e-invoicing) is part of the Commission's flagship initiative [A Digital Agenda for Europe](#) which calls for removal of the regulatory and technical barriers that prevent mass adoption of e-invoicing.

To the detriment of consumers and enterprises alike, the **existing rules that govern e-invoicing in Europe are still fragmented along national lines** and most of the potential of e-invoicing is still untapped. Exchanging e-invoices is still too complex and costly, in particular for SMEs. While 42 % of large enterprises say they receive or send e-invoices, adoption rate among SMEs remain at a lower level (22 %). As a result the average market penetration of e-invoicing remains rather low in Europe and is currently estimated at around 5 % of all invoices annually exchanged for Business to Business relations.

The mass adoption of e-invoicing within the EU would **lead to significant benefits**:

- it is estimated that moving from paper to e-invoices will generate savings of around EUR 240 billion over a six-year period;
- due to the close link between invoicing and payment processes, the creation of the Single Euro Payments Area (SEPA) offers a launch pad for interoperable European e-invoicing schemes;
- the environmental benefits of e-invoicing in terms of reducing paper consumption and energy costs for transportation are also significant, generating carbon savings which could amount to reductions in CO2 emissions of 1 million tonnes per annum for the EU.

Key priorities to promote e-invoicing within the EU: the Commission proposes to support the mass uptake of e-invoicing by focusing on the following four key priorities.

Ensure a consistent legal environment for e-invoicing: as of 1 January 2013, new VAT rules on e-invoicing provided for by Council Directive 2010/45/EU will require Member States to adhere to the principle of equal treatment between paper and e-invoices. Member States will no longer be allowed to add specific requirements such as insisting that e-invoices be based on advanced electronic signatures or EDI. Instead these technological choices will become options which can still be used, as can business controls, by businesses to guarantee the 'authenticity of the origin' and the 'integrity of the content' of e-invoices.

Any differences in the interpretation and subsequent transposition of the rules by Member States could present practical difficulties for the use of e-invoices. This could increase burdens and compliance costs on business, thereby restricting the uptake of e-invoicing. Therefore, the Commission will work closely with the Member States to ensure a common understanding of the new e-invoicing rules to help achieve a consistent and coherent transposition of the Directive 2010/45/EU.

The Commission proposes several action, amongst which:

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an external study is looking at alternative VAT collection methods including the role of e-invoicing. The Commission will present these findings and publish before the end of 2010 a [Green Paper on the future of VAT](#) to stimulate debate on issues such as how the new developments in IT technologies could facilitate VAT collection;

- it will propose in 2011 a revision of the Directive 1999/93/EC on e-signatures with a view to providing a legal framework for cross-border recognition

and interoperability of secure e-authentication systems.

Achieve mass market adoption by reaching SMEs: the objective of fostering the uptake of e-invoicing in the EU cannot be achieved without SMEs which represent more than 99 % of European businesses. While many large enterprises already use e-invoices, the adoption level by SMEs remains relatively low.

The Commission proposes to:

- assess the effect of any future technical and legal requirements for e-invoicing on SMEs by applying the 'Think Small First' principle and the 'SME test' and expects Member States and standardisation organisations to do the same;
- organise awareness-raising activities to inform SMEs about the potential of e-invoicing;
- expand initiatives that promote the participation of SMEs in digital supply chains. In 2011, two new actions will be launched in the framework of the Competitiveness and Innovation Programme (CIP).

Stimulate an environment that creates maximum reach: the following actions are required to ensure that over time, trading parties can connect and create an EU or even wider network delivering mass adoption of e-invoicing:

- CEN should develop by end of 2011, a Code of Practice to be adopted by trading parties, services providers and public authorities, which should include a consistent terminology and a definition of roles and responsibilities of the distinct actors within the e-invoicing process;
- CEN should analyse by end of 2011 the need and propose actions for the adoption of interoperable addressing and routing procedures by the e-invoicing industry participants.

Promote an e-invoice standard data model: one of the key challenges for e-invoicing deployment is to define a single and clear semantic data model describing the information elements required for e-invoices. One common data model will facilitate semantic interoperability and ensure technology neutrality.

- In 2011, CEN will design implementation guidelines for the CII v.2 data model. These guidelines should be based on the core invoice data set proposed by the Expert Group on e-invoicing and take into account the ISO 20022 Invoice message, the work of the CEN e-Invoicing, BII and EBES workshops, and other initiatives such as the PEPPOL project. Depending on market demand, the development of further guidelines covering other domains/business processes should be envisaged.
- CEN will work with international standards organisations, such as UN/CEFACT and ISO, and communicate specific requirements for further development of the CII data model.
- UN/CEFACT is invited to pursue the fast development of e-business messages that are complementary to the e-invoice, and will improve the ability of businesses, trade and administrative organisations to exchange products and relevant services effectively.

Member States should put in place national multi-stakeholder e-invoicing fora by June 2011, which should ensure a balanced representation of stakeholders, with sufficient participation of public authorities and users of e-invoicing services including consumers, SMEs and large businesses.

The Commission will establish for 3 years the European E-invoicing Forum, composed of delegates from national fora and representatives of relevant European associations from the users' community,

CEN, the European Central Bank and the Article 29 Data Protection Working Party. The Forum's main tasks will be to assist the Commission in bringing about an exchange of experience and good practice that facilitates the emergence of inter-operable e-invoicing solutions, and monitor work leading to the adoption of a e-invoice standard data model.

Member States and stakeholders are invited to endorse the proposed key priorities and actions to achieve the objective of mass adoption of e-invoicing. The Commission will monitor closely all actions and the uptake of e-invoicing and will, by end of 2013, present a progress report to the Council and the European Parliament.