Electronic invoicing in public procurement

2013/0213(COD) - 26/06/2013 - Legislative proposal

PURPOSE: to facilitate the adoption of electronic invoicing in public procurement.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the widely-acknowledged benefits of e-invoicing have led several EU Member States (Denmark, Austria, Sweden and Finland) to require the submission of e-invoices in public procurement in all or part of the public sector. However, these bottom-up initiatives are for the most part based on national standards, most of which are not interoperable. As such, they lead to an increase in complexity and costs for firms wishing to participate in cross-border procurement, and thereby generate market access barriers. The overall result is that the **adoption of e-invoicing in Europe is still very limited**, accounting for 4 to 15% of all invoices exchanged.

In the Communication "Reaping the benefits of einvoicing for Europe", the Commission has called for e-invoicing to become the predominant invoicing mode in the EU by 2020. In a resolution in April 2012, the European Parliament called for making e-invoicing compulsory in public procurement by 2016, while Member States have called for measures to promote e-invoicing at the Informal Competitiveness Council of February 2012 and in the European Council Conclusions of June 2012.

IMPACT ASSESSMENT: after having analysed five different options, the Impact Assessment concluded that the most appropriate solution is to impose on contracting authorities and contracting entities an obligation to accept the reception of electronic invoices complying with a new common European invoicing standard as of a particular date.

LEGAL BASIS: Article 114 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposal foresees that a new European e-invoicing standard will be drawn by the relevant European standard-setting body, in this case the European Committee for Standardisation (CEN). This will be done on the basis of a mandate by the European Commission which will be prepared at a later stage. The mandate will include a list of minimum requirements which the standard will have to incorporate. The work will then be carried out in line with the provisions of Regulation (EU) No 1025 /2012.

In its request to the relevant European standardisation organisation, the Commission should require that such European standard is **technologically neutral**, in order to avoid any distortion of competition. Since electronic invoices may contain personal data, the Commission should also require that such European standard **guarantees personal data protection** in accordance with Directive 95/46/EC.

With a view to **guaranteeing interoperability**, a European standard should define semantic data elements referring to, in particular, complementary seller and buyer data, process identifiers, invoice attributes, invoice item details, delivery information, payment details and terms. It should also be compatible with the existing standards for payments in order to allow for automatic processing of payments.

Where the European standard drawn up by the relevant European standardisation organisation satisfies the requirements contained in the Commission's request, the references of such European standard should be **published in the Official Journal of the European Union**.

Member States shall ensure that **contracting authorities and contracting entities** do not refuse to receive electronic invoices which comply with the European standard.

BUDGETARY IMPLICATION: this proposal has no additional financial impact over and beyond the resources already allocated to the standardisation actions in the current and the future Multiannual Financial Framework.