

SWEPRO Issues in Focus

Swedish Trade Procedures Council

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New EU rules on e-invoicing

SWEPRO would like to emphasize the importance of interpreting and implementing the new EU rules in such a way as to simplify trade procedures and increase the use of e-invoicing among EU Member States. For companies, this would mean quicker and more secure payments as well as increased efficiency. Varying interpretations of the present Council Directive 2006/112/EC on the common system of value added tax give reason to be mindful of ensuring that the new directive is in fact implemented in a harmonized manner across all EU Member States. The Member States have until 1 January 2013 to introduce amendments to national legislation. However, in order to simplify trade procedures and increase the use of e-invoicing, Member States should begin now to coordinate and work on legislation. A transition to e-invoicing would have a facilitative effect for companies active on the EU internal market, contribute significantly to reduced administrative costs, and represent a positive development from an environmental perspective. If all EU invoicing took place in electronic form – both within and among the Member States – the medium-term savings would add up to 18 billion euros¹. This is an important argument in support of a clear regulatory framework to facilitate e-invoicing and make it more secure for companies to use it.

On 16 March 2010, a decision in principle² was issued which addressed new invoicing regulations for value-added tax and introduced an amendment the 'VAT directive' to be effective 1 January 2013. The amendment is based on the Commission proposals which were presented as early as January 2009. Following negotiations, however, the language of these proposals became less clear and more open to interpretation. One of the purposes of the new directive is to bring about simplified rules and increase the use of e-invoicing in international trade. The Member States have until 1 January 2013 to introduce changes to their national legislation. In order to ensure a clear framework for affected companies, implementation and interpretation of the new rules must be harmonized among Member States.

The new directive contains a number of amendments, but the amendment of foremost importance for electronic invoicing states that e-invoices may not be subject to different requirements than paper invoices. The directive

removes the technical requirements currently in effect for e-invoices and replaces them with general requirements stating that both electronic and paper invoices must be accurate and unmodified with respect to their content. The original Commission proposals contained no formulations on technical solutions; after compromises between Member States, however, the final formulation still cites EDI (Electronic Data Interchange) and e-signature as two examples of ways to guarantee authenticity and integrity of content. This may result in indirect requirement status for these two methods. SWEPRO would like to emphasize the importance of interpreting and implementing the new EU regulations³ in such a way as to simplify trade procedures and increase the use of e-invoicing among EU Member States. For companies, this would mean quicker and more secure payments as well as increased efficiency. In order to achieve this, the Member States must begin now to work on legislation and engage in mutual cooperation.

HANDELSPROCEDURRÅDET
SWEPRO
SWEDISH TRADE PROCEDURES COUNCIL

SWEPRO is the Swedish forum for trade facilitation where Sweden's central stakeholders gather to discuss and exchange views on national and international work. Its mission is also to spread knowledge about the benefits of trade facilitation and to participate actively in international processes in the area. SWEPRO was founded in 1975 and is the oldest PRO organisation in the world.

For more information see www.swepro.org

The following organisations are represented in SWEPRO:

National Board of Trade
Ministry for Foreign Affairs
Swedish Customs
Swedish Trade Council
Swedish Alliance for Electronic Business
Swedish Association of Local Authorities and Regions
Swedish Bankers' Association
Swedish International Chamber of Commerce
Swedish International Freight Association
Swedish Trade Federation

The amendments in question are intended to reduce administrative burden and, together with simplified rules, increase the use of e-invoicing and combat VAT fraud. The new directive states that the same requirements shall apply to e-invoices and paper invoices, and that paper invoices may not be subject to increased costs. Varying interpretations of the present directive, which have for instance resulted in e-signature requirements in certain Member States, give reason to be mindful of ensuring that the new directive is in fact implemented in a similar manner across all EU Member States. Failure to harmonize will result in continued complications with the use of e-invoicing for international trade and will not contribute to the simplification of trade procedures.

The present formulation contains special requirements which apply to e-invoices, but not paper invoices. These requirements state that the party sending an electronic invoice must be able to prove the authenticity and integrity of its contents using an e-signature or EDI. Sweden and Finland are among the countries that use an option, included in the current formulation of the directive, which states that Member States may permit electronic transmittal of invoi-

ces using other methods than e-signature or EDI.

In these cases, there are no specific requirements for e-invoicing. The use of e-invoicing both within and between these countries is more extensive than the use of e-invoicing among other countries.

When implementing the new directive, it is important to honour its intended result, namely simplifying the use of e-invoicing for affected companies and ensuring that e-invoices are not subject to stricter requirements than paper invoices. It is important that the Commission and the Member States actively work towards this goal.

A transition to e-invoicing would have a facilitative effect for companies active on the EU internal market and help to reduce administrative costs significantly. It would also represent a positive development from an environmental perspective⁴. Today, e-invoicing is rarely used in international trade. Companies could save a great deal of money by increasing their use of e-invoicing. The Commission wishes to facilitate and promote its use through simplified regulations. SWEPRO would like to emphasize the importance of keeping this goal in mind when implementing the directive.

1 COM(2009) 544 final, Action Programme for Reducing Administrative Burdens in the EU Sectoral Reduction Plans and 2009 Actions. European Commission savings calculations for the objective of reducing administrative burdens for companies by 25 percent.

2 This was not the official date of the decision; however, at the time of this meeting all Member States agreed to adopt the formulation then in existence. The final decision was to be issued at the 9 June meeting. The decision will now be issued at the July meeting instead.

3 Pursuant to the decision-in-principle formulated as proposed on 16 March 2010

4 Effects of a total change from paper invoicing to electronic invoicing in Sweden. A screening life cycle assessment focusing on greenhouse gas emissions and cumulative energy demand. *Åsa Moberg, Clara Borggren, Göran Finnveden and Sara Tyskeng* available for download at [www.bankforeningen.se/web/bfmm.nsf/lupgraphics/kth_rapport_om_e-fakturor_och_miljon.pdf/\\$file/kth_rapport_om_e-fakturor_och_miljon.pdf](http://www.bankforeningen.se/web/bfmm.nsf/lupgraphics/kth_rapport_om_e-fakturor_och_miljon.pdf/$file/kth_rapport_om_e-fakturor_och_miljon.pdf)