



# EU initiatives to promote e-invoicing in Europe

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*Bartosz Dworak  
DG Internal Market and Services  
Unit C4*

# Why EU action on e-invoicing? (1)

- Important economic and environmental benefits...
  - Cost reduction and process simplification
    - Cost of processing incoming invoice reduced from € 30-50 to € 1
  - Shorter purchase-to-pay cycle
  - Less waste, fewer CO<sub>2</sub> emissions
- ... mean MS are becoming active in this area
  - Several have already made e-invoicing mandatory
  - Others developing national e-invoicing standards and/or launching pilot projects

## Why EU action on e-invoicing? (2)

### Result:

- Multiple standards and formats in e-invoicing & lack of interoperability
  - Higher costs and additional complexity for enterprises which need to support several standards
  - Disincentive for participation in cross-border public procurement

***Fragmentation of the Single Market***

# Context (1)

- Significant political and stakeholder interest
  - European Council of June 2012 & EP resolution of April 2012
  - Numerous calls from stakeholders (enterprises, associations) for the public sector to facilitate use / stimulate uptake
    - Strong support in public consultation held prior to proposing the Directive
    - Recommendation of the European Multi-Stakeholder Forum on e-Invoicing
- Part of a broader EU policy agenda
  - Digital Agenda ⇒ Digital Single Market ⇒ e-government
  - Reform of public procurement Directives / ‘end-to-end e-procurement’
    - Modernisation & streamlining of public procurement rules
    - Introduction of mandatory e-procurement

## Context (2)

- Ongoing fiscal consolidation – need to find new ways to generate savings
  - Potential savings of € 2.3 bn/year if e-invoicing used in public procurement
- Public sector a potential driver of change
  - Expenditure on goods, works & services: 19% of EU GDP
  - Possible spillovers to B2B sector – opportunity for even greater savings for broad EU economy

# Directive on e-invoicing in public procurement

- *"Directive 2014/55/EU of the European Parliament and of the Council of 16 April 2014 on electronic invoicing in public procurement"*
  - Political agreement reached on **16 April 2014**
  - Published in the Official Journal on **6 May 2014**
  - Entry into force: **20 days after publication**

# Key elements of Directive 2014/55/EU

- Scope:
  - Only invoices covered by Public Procurement Directives
  - Only invoices submitted to the public sector
  - Covers all public authorities (national, regional, local)
- New European e-invoicing standard (EN) to be developed and tested by CEN
  - “semantic data model for the core elements of an electronic invoice”
- CAs and CEs obliged to receive and process electronic invoices compliant with the new standard

# European standard for e-invoicing

- The new standard (EN) will:
  - build on existing specifications developed by CEN and take into consideration other relevant e-invoicing systems and specifications (UN/CEFACT, ISO, etc.)
  - not replace existing e-invoicing standards – national systems can continue to be used
  - be compliant with provisions of Directive 2006/112/EC (VAT Directive)
  - be compatible with international standards
  - be adapted for use in B2B sector
  - take into consideration needs of SMEs and sub-central CAs



# Additional standardisation deliverables

- CEN to provide several ancillary standardisation deliverables:
  - Limited list of syntaxes
  - Related syntax bindings
  - Recommendations on transmission interoperability
- Ancillary deliverables **will not be** part of the EN

## **BUT:**

- CAs/CEs will be obliged to receive and process e-invoices sent in the EN **and** any of the syntaxes on the limited list

# Timetable

- Standardisation request to CEN: **Q3 2014**
  - Publication of the EN by **27 May 2017**
- Implementation:
  - CAs and CEs must be able to receive and process electronic invoices that comply with the standard by **27 November 2018**

## **BUT:**

- Minimum of 18 months from the publication of the EN in the OJ
- Possibility to postpone deadline for regional and local authorities for a further 12 months

# Objectives

- Improve functioning of the Single Market
  - Eliminate barriers, strengthen competition
- Create new business opportunities for enterprises
  - Increased cross-border procurement
- Generate savings for administrations and businesses & reduce payment processing times

***"Predominant mode of invoicing in the EU  
by 2020"***

# Related EU initiatives (1)

- **e-SENS**

- LSP to develop European Digital Market through innovative ICT solutions
- Objective – to "consolidate, improve, and extend technical solutions to foster electronic interaction with public administrations across the EU"
- Focus on a number of software components which may be independently developed and deployed electronic 'building blocks':
  - e-documents
  - e-ID
  - e-signature
  - e-delivery
  - semantics
- Consolidates and improves results of previous LSPs (e.g. PEPPOL)
- Technical solutions will be open source & available to public administrations

## Related EU initiatives (2)

- **Connecting Europe Facility (CEF)**

- Financing for projects which fill the missing links in Europe's energy, transport and digital backbone
- **CEF Telecom** aims to:
  - Improve availability of high-speed broadband internet
  - Provide access to Digital Service Infrastructures (DSIs)
- DSIs implemented both at Commission ("core service platform" and MS levels ("generic services"))
- In e-invoicing, CEF will:
  - Assist MS in fulfilling their obligations vis-à-vis Directive 2014/55/EU by providing a range of services (conversion, conformance, etc.)
  - Ensure sustainability of delivered artefacts
- Budget (CEF Telecom): € 1.14 billion over 7 years
  - for e-Invoicing: € 9 million over 4 years



# Thank you for your attention!

[bartosz.dworak@ec.europa.eu](mailto:bartosz.dworak@ec.europa.eu)