



# Electronic invoicing developments from around the world

May 2021

# Agenda

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- 1 The different electronic invoices models in the world
- 2 The “V” and “Y” models
- 3 Cultural and historical influences
- 4 Global e-invoicing and e-reporting developments
- 5 Electronic invoicing reform as of 1 January 2023 in France
- 6 Digital journey in Latin America
- 7 Electronic invoicing reform in India
- 8 How can you improve your organization?

# Today's presenters



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1.



# The different electronic invoices models in the world

# The different models of VAT control in the world



- Free choice to use electronic format
- Authenticity of origin, integrity of content, legibility of the invoice
- Post-audit to monitor compliance

## Post Audit Model (Evidence)

## Clearance Model (Control)

- Mandatory electronic invoicing
- Technical integration constraints
- Real-time invoice control by the Tax Authorities

Variable combination of legal, technical and process requirements



European Union B2B except Italy  
North America  
Australia & New Zealand

European Union B2G  
Latin America,  
Asia, Russia, Turkey, Italy



# 2. The "V" and "Y" models

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# Mandatory transit of invoices through a public platform that facilitates transmission to the customer

## Advantages

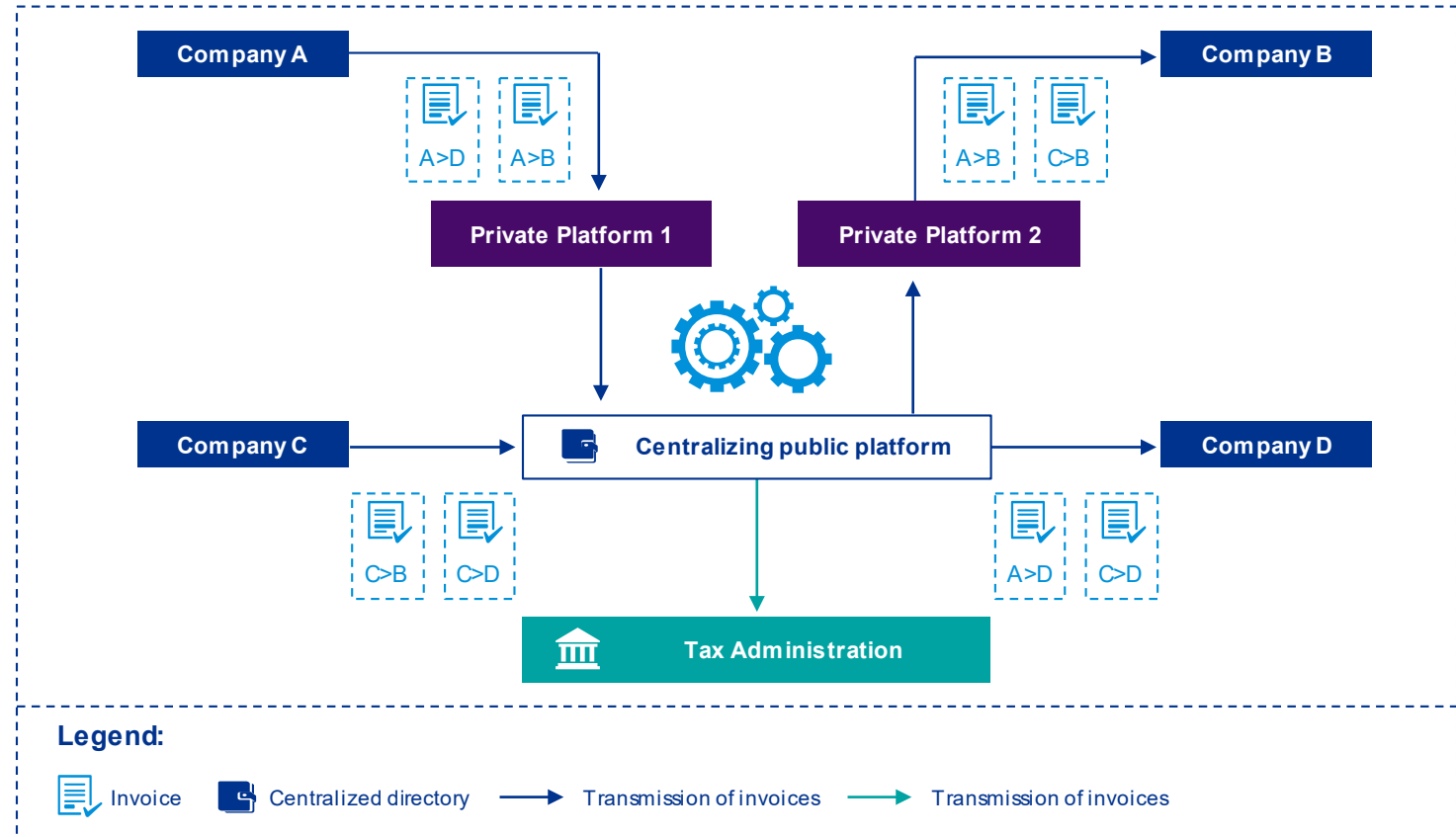
The advantages of the V model are as follows:

- Simplicity because there is only one centralizing platform
- Experience with B2G/ experimentation carried out by the Agency for State Financial Information Technology (AIFE)
- Use of the centralized directory regularly updated by the public platform

## Disadvantages

The disadvantages of the V model are as follows:

- Shutdown of the entire invoicing flow transmission chain in the event of a single point of failure (SPOF) or a cyber attack
- Risk of sending unmanageable information in the centralizing platform directly by the seller to the customer, hence the existence of a parallel flow out of the Tax Authorities' view
- Risk of constitutionality linked to the establishment of a monopoly of the public platform
- Transmission of the invoice depends on the control made by the Tax Authorities



# A choice that reconciles the expectations and constraints of all stakeholders

## Advantages

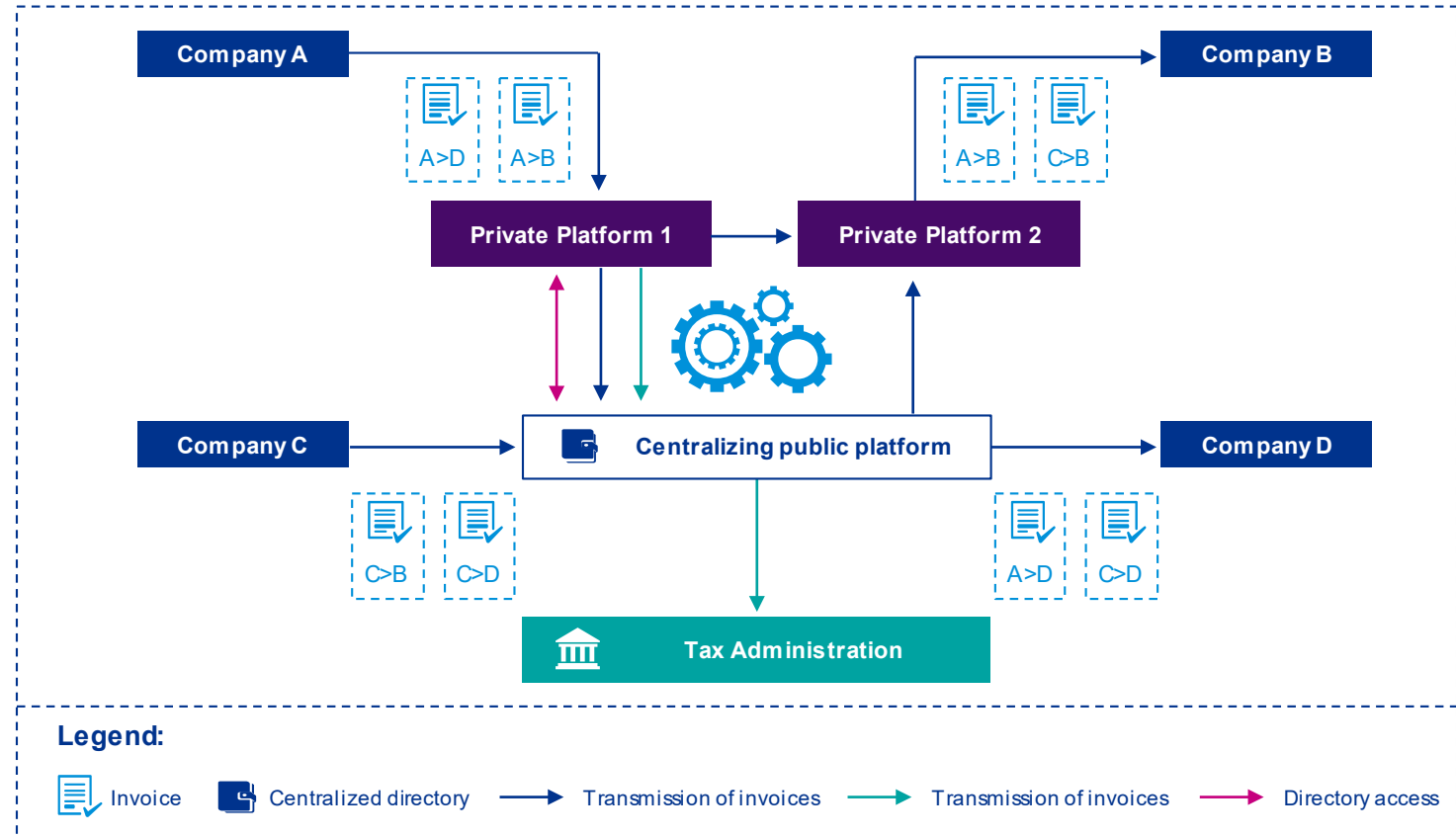
The identified benefits of the Y model are as follows:

- Free choice of invoicing provider by the companies; no need to go through the public platform
- Maintaining the existing electronic invoicing system, especially for certain sectors (automotive, retail)? Limiting the costs of adapting to the reform
- In case of failure of one of the platforms, only a part of the invoicing flow is impacted, with the possibility of offloading to the functional platforms
- Invoicing solution adapted to each category of company

## Disadvantages

The identified disadvantages of the Y model are as follows:

- The services offered by the public platform must not compete with those offered by private platforms
- Security and sustainability of the platforms in charge of invoice transmission
- Specifications to be respected by the platforms and cost of certification
- Standardized formats imposed between platforms



Source: French Tax Authorities —  
Parlement report September 2020





3.

# Cultural and historical influences

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# Different context, needs, history and results: 2002-2021

## Chile

- 01** 2002: National standard procedure to issue paper invoices. SII registered and authorized them by stamping them before their use. Strong controls through traditional and electronic means.
- 02** Relatively simple and stable tax system. Broad based VAT adopted in 1974. Low level of evasion.
- 03** State Modernization Policies adopted in the early '90s for improving the relationship between citizens and the State and the country to gain competitiveness.
- 04** Private sector proposed the electronic invoice in 2002. Estimated savings of 0.5 percent GDP if adopted by large taxpayers.
- 05** Focus on reducing tax compliance costs; facilitating the exchange of documents between suppliers, customers, banks; providing legal certainty (e.g., factoring).
- 06** Taxpayers adopted the system largely on voluntary basis. In 2021 it became mandatory for all taxpayers. Since 2018, SII prefills the VAT return.

## Brazil

- 01** 2002: Procedure to issue paper invoices depended on type of transaction and place of transaction. Controls on prenumbered formats were ineffective.
- 02** Lack of coordination between the different tax authorities. Complex tax system. High levels of evasion in 2002.
- 03** Constitutional Amendment 42, introduced in 2003, requires tax administrations (federal, state and municipal) to act in an integrated manner, including sharing taxpayer information.
- 04** Tax administrators meet at ENAT and launch SPED and electronic invoice in 2005.
- 05** Focus on creating a synchronized (rather than unified) platform and database among the different tax authorities to increase control on transactions. Most of the interactions requested to taxpayers (e.g., acknowledgement goods were received) are directed to these controls.
- 06** The journey is not concluded (e.g., non standard formats for invoicing services) but an enormous advance (e.g., standard formats and synchronized procedures for invoicing goods). Evasion has been reduced (e.g., Sao Paulo increased 9.7 percent its ICMS revenues in 2007–11 due to electronic invoicing).

Sources: <https://www.sii.cl/pagina/actualizada/noticias/2003/240403noti01ccm.htm>; [http://www.planalto.gov.br/ccivil\\_03/constituicao/constituicao.htm](http://www.planalto.gov.br/ccivil_03/constituicao/constituicao.htm); <https://www.imf.org/~/-/media/Files/Publications/WP/2019/wp19231-print-pdf.aspx>

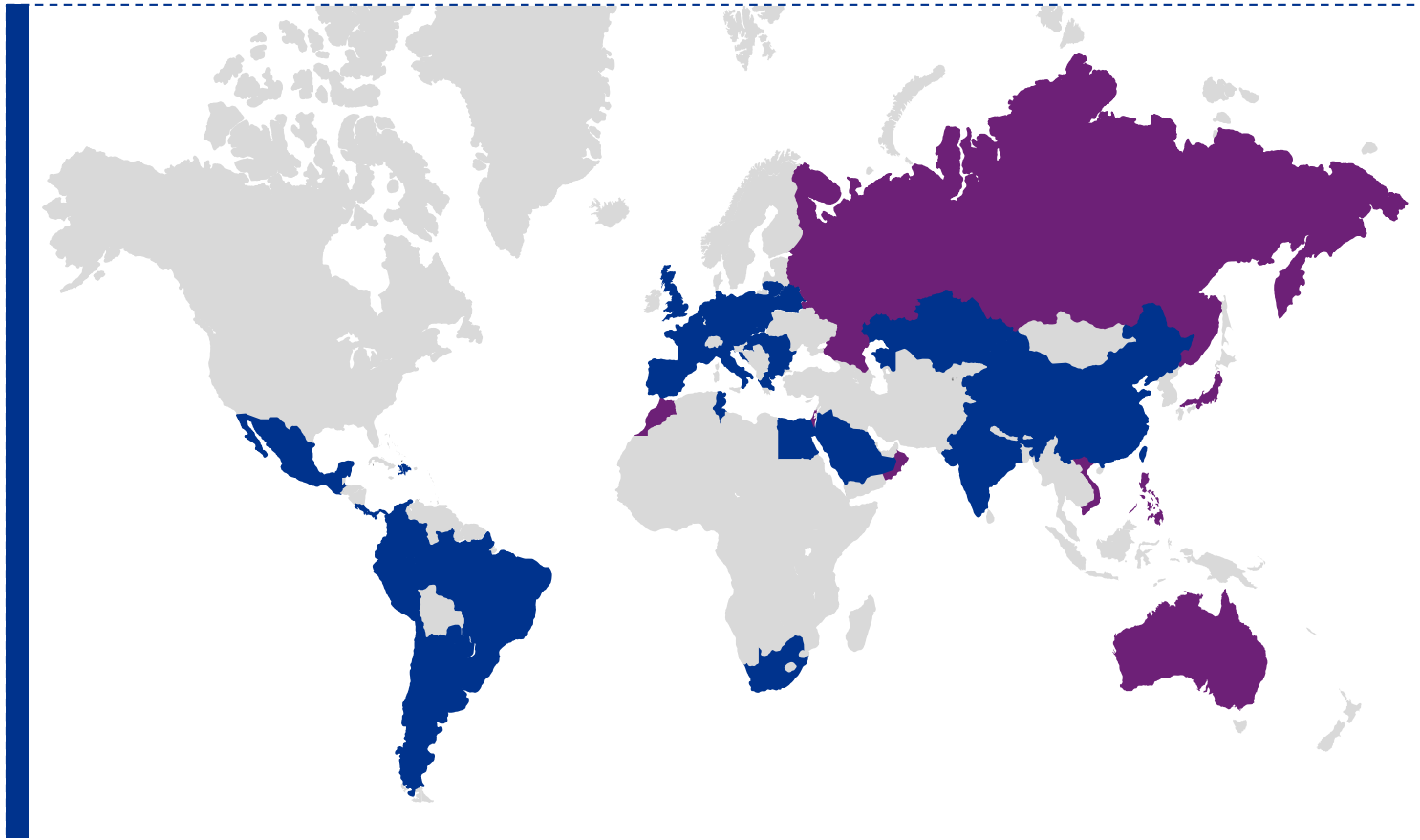


# 4. Global e-invoicing & e-reporting developments

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# Global e-invoicing and e-reporting 2021



50+ E-Invoicing and E-Reporting implemented

30+ E-invoicing and E-Reporting proposed and upcoming updates



# Global e-invoicing and e-reporting highlights 2021-2023

Latin America	Europe	ROW
2021	2021–2023	2021–2023
<ul style="list-style-type: none"><li>— <b>Argentina:</b> QR code</li><li>— <b>Bolivia:</b> revokes e-invoicing</li><li>— <b>Chile:</b> e-ticket</li><li>— <b>Colombia:</b> e-payroll &amp; support e-document</li><li>— <b>Panama:</b> e-invoicing pilot</li><li>— <b>Paraguay:</b> e-invoicing system (E-Kuatia)</li><li>— <b>Peru:</b> e-invoice requirements</li></ul>	<ul style="list-style-type: none"><li>— <b>Albania:</b> new e-invoicing requirements</li><li>— <b>Denmark:</b> e-catalogues &amp; e-orders</li><li>— <b>France:</b> e-invoicing</li><li>— <b>Greece:</b> e-invoicing &amp; e-books</li><li>— <b>Hungary:</b> new reporting obligations (EKAER)</li><li>— <b>Italy:</b> new xml version</li><li>— <b>Spain:</b> new SII requirements</li></ul>	<ul style="list-style-type: none"><li>— <b>Australia:</b> e-invoicing mandate</li><li>— <b>India:</b> e-invoicing implementation</li><li>— <b>Egypt:</b> e-invoicing implementation</li><li>— <b>Israel:</b> e-invoicing mandate</li><li>— <b>Jordan:</b> e-invoicing mandate</li><li>— <b>Saudi Arabia:</b> e-invoicing mandate</li><li>— <b>Vietnam:</b> e-invoicing postponed</li></ul>

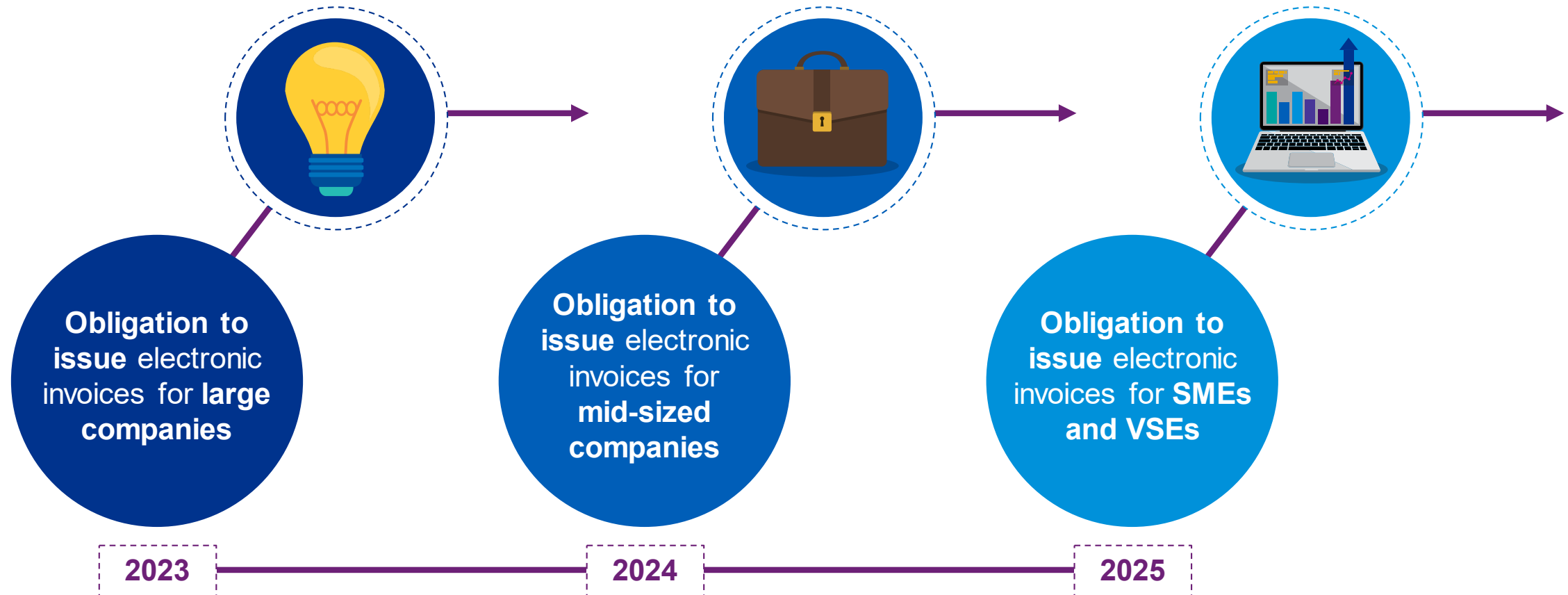


# 5. ▶ Electronic invoicing reform as of 1 January 2023 in France

# Reform of electronic invoicing as of January 1st, 2023

## Obligation of reception:

All businesses should be able to receive an electronic invoice.



# Reform of electronic invoicing as of January 1st, 2023



Electronic invoices	E-Reporting	There are many outstanding issues including	Authorizations to be obtained from the European Commission?
<ul style="list-style-type: none"> <li>— No format defined at this stage. PDF would be a transitory solution, not intended to be used in the future. <b>Structured formats would be preferred in the future.</b></li> <li>— Reliable audit trail will always be mandatory.</li> </ul>	<ul style="list-style-type: none"> <li>— This would include data concerning: <ul style="list-style-type: none"> <li>— <b>Invoices issued by taxable persons established in France to other taxable persons established in France (B2B);</b></li> <li>— <b>B2C invoices;</b></li> <li>— <b>Operations with foreign operators.</b></li> </ul> </li> <li>— In the context of e-reporting, the field of data to be transmitted should also include <b>the status of the invoice with regard to payment.</b></li> <li>— <b>The format for sending additional data has yet to be defined.</b></li> <li>— <b>The tax authorities would use the data collected to prepare pre-filled VAT returns.</b></li> </ul>	<ul style="list-style-type: none"> <li>— Subject the VAT deduction to the obligation to file an invoice in electronic format</li> <li>— New mandatory invoicing requirements: <ul style="list-style-type: none"> <li>— Buyer's SIREN;</li> <li>— the option to pay VAT on debits;</li> <li>— the nature of the operation (sale, service, mixed).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>— No longer require customer approval</li> <li>— Impose an invoice format</li> <li>— Subject the VAT deduction to the obligation to submit the invoice to the platform</li> <li>— New mentions on invoices</li> </ul>



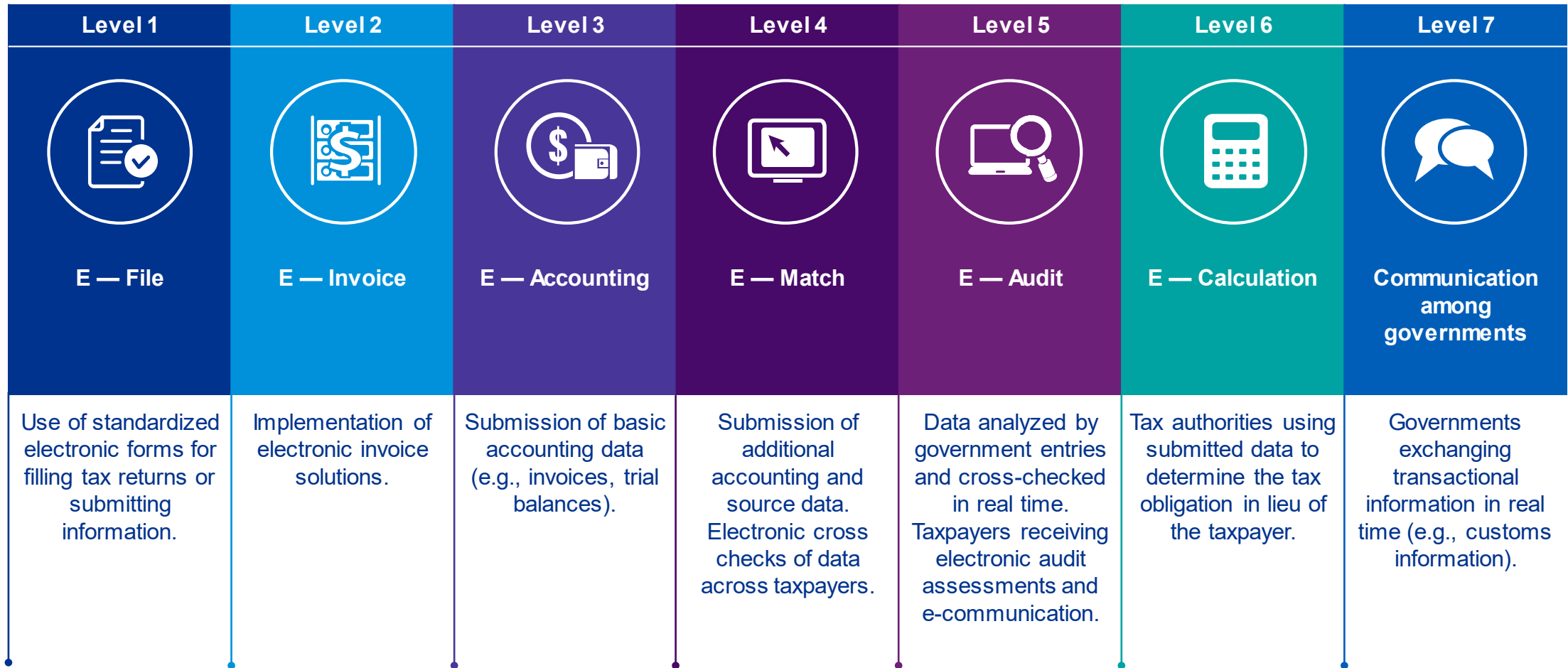


# 6. Digital journey in Latin America

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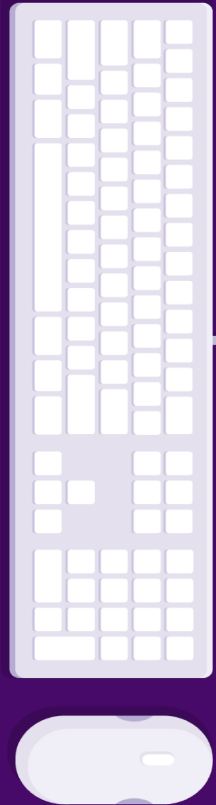
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# Tax administration digital journey in Latin America



Sources: <https://assets.kpmg/content/dam/kpmg/us/pdf/2021/03/e-invoicing-digital-reporting-global-updates.pdf>  
<https://home.kpmg/xx/en/home/insights/2018/10/costa-rica-indirect-tax-guide.html>;  
<https://home.kpmg/xx/en/home/insights/2018/10/chile-indirect-tax-guide.html>

# Latin America current status



	AR	BR	CL	CO	CR	MX	PE
e-Invoice Out	✓	✓	✓	✓	✓	✓	✓
e-Invoice In	—	✓	✓	✓	✓	✓	✓
e-Accounting	✓ 	✓	✓	✓	✓ 	✓	✓
e-Match/E-Audit	✓	✓	✓	✓	✓ 	✓	✓
e-Calculation	✓	—	✓	—	—		✓ 
e-Communication	✓ 	✓ 	✓ 	—	—	—	—

Sources: <https://assets.kpmg/content/dam/kpmg/us/pdf/2021/03/e-invoicing-digital-reporting-global-updates.pdf>  
<https://home.kpmg/xx/en/home/insights/2018/10/costa-rica-indirect-tax-guide.html>;  
<https://home.kpmg/xx/en/home/insights/2018/10/chile-indirect-tax-guide.html>

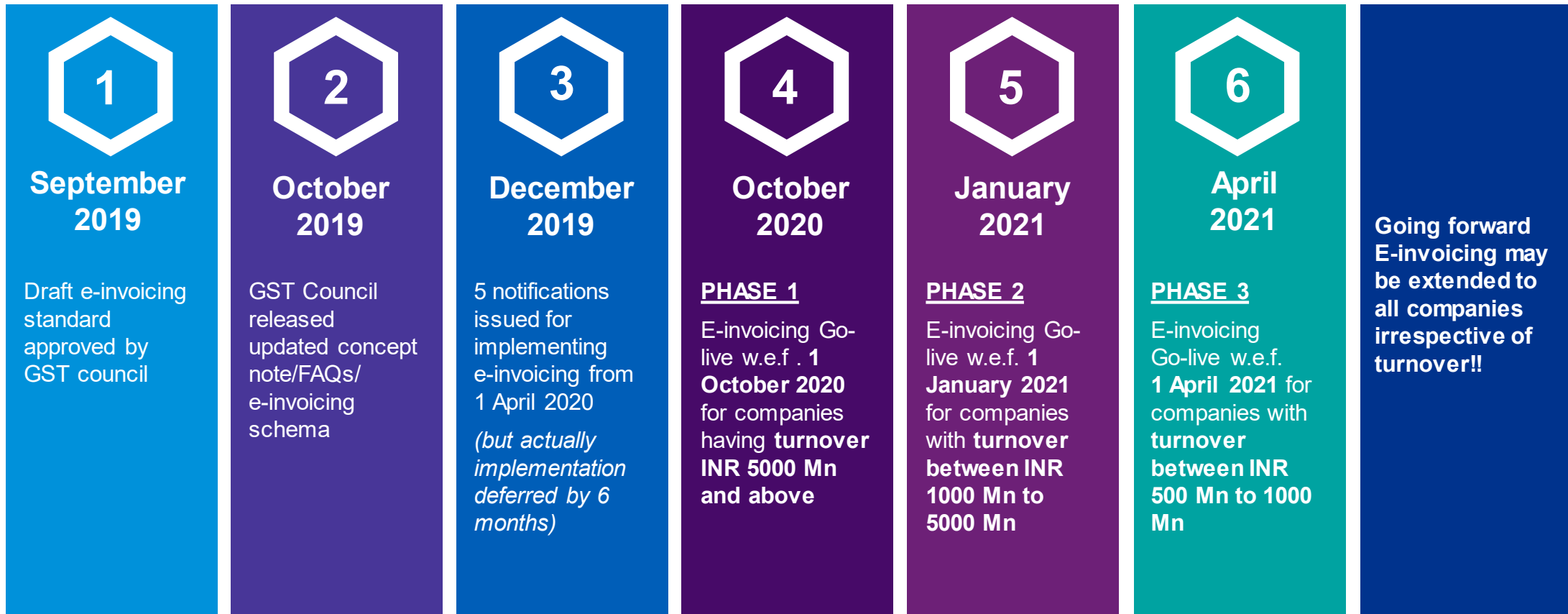


# 7. Electronic invoicing reform — India

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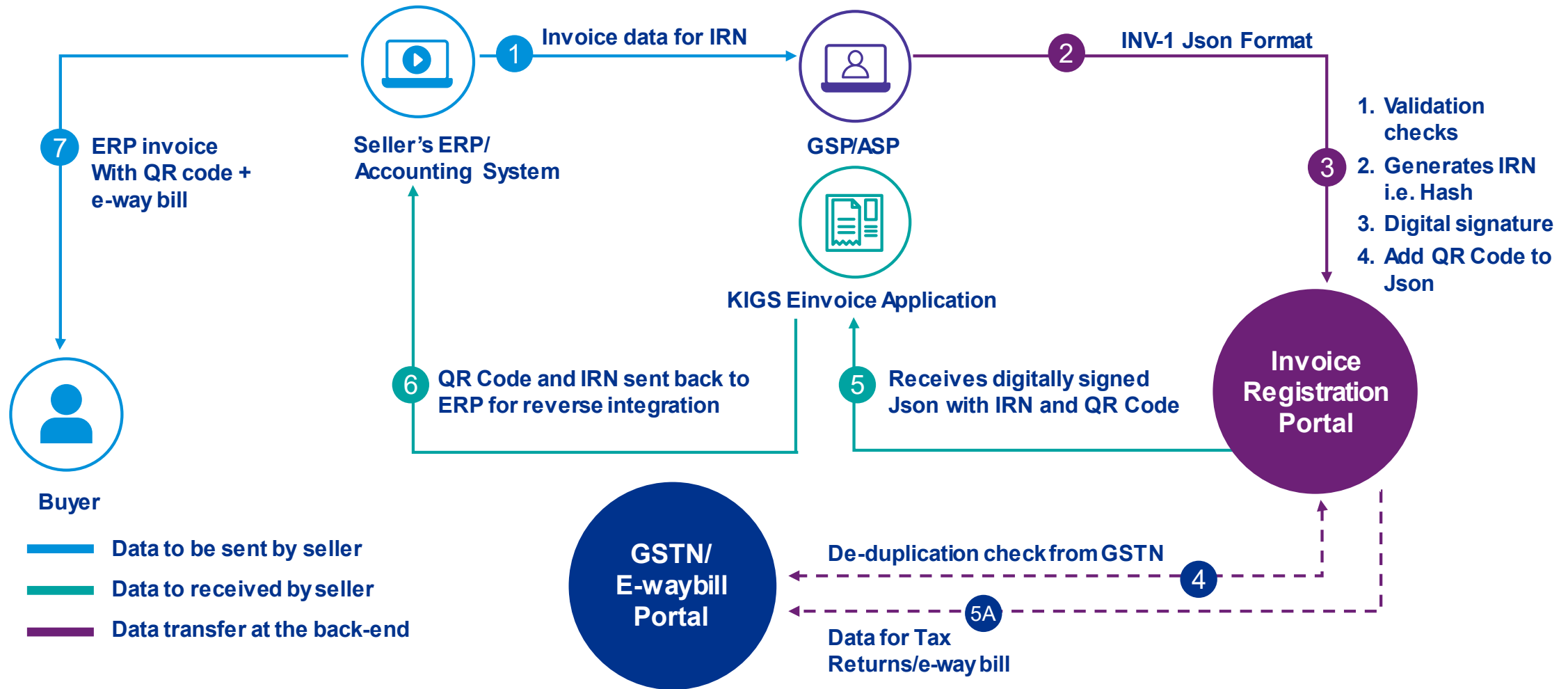
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# India Journey so far — Phase-wise Approach



Source: Based on different notifications and press releases issued by the government

# E-invoice India Integrated workflow (Seller — IRP — GSTN — Buyer)



Source: Sample Json file QR code generated from KPMG Tool Sandbox Test Environment and scanned using Govt mobile verification app

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# Details captured in QR code Govt Response (encrypted)



## Details captured in QR code (encrypted):

1. GSTIN of seller
2. GSTIN of buyer
3. Invoice number given by seller
4. Document Type
5. Date of generation of invoice document
6. Total invoice value
7. Number/Count of line items
8. HSN code of main item (item having highest value)
9. Unique IRN (SHA256)
10. IRN Date
11. Digital Signature of IRP

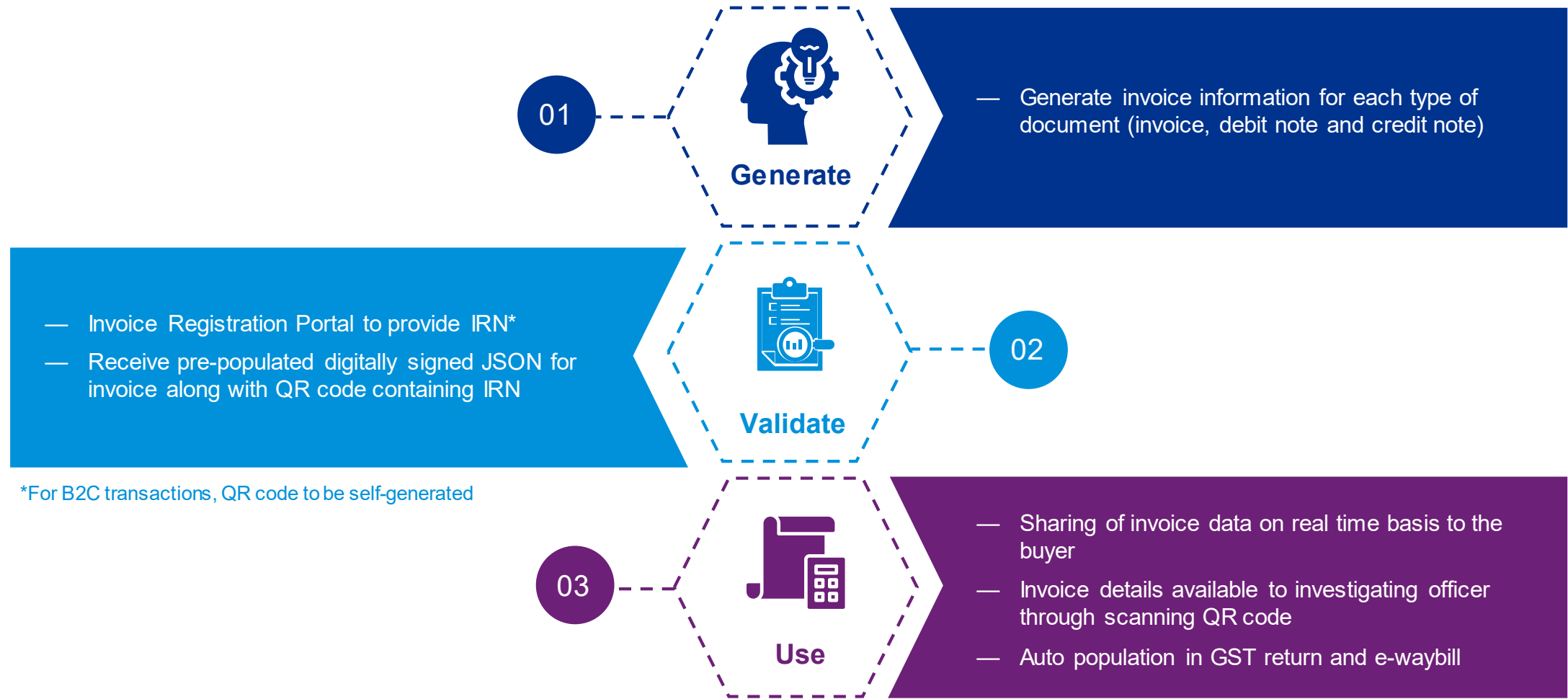
## QR Code Details

Supplier GSTIN:	27AAGPS7308P002
Recipient GSTIN:	06AAACM0829Q1Z8
Document Number:	INVMARUT102
Document Type:	Tax Invoice
Document Date:	24/11/2020
Total Invoice Value:	Rs. 215686.05
No. of Line Items:	1
Main HSN Code	8708
IRN:	4d965bb5658379d569a232 db6f479112a474007c21c24 1b914b77e2d918662a1
IRN Date:	2020-11-24 09:45:00
Issued By:	NIC-IRP



This is digitally signed by NIC-IRP

# Generate, validate and use







# 8. How can you improve your organization?

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# How can you improve your organization?



## Needs

Tax administrations around the world are going digital, they are using sophisticated technology tools and platforms that allows them to have full visibility of every step of the supply chain that impact taxation.

Our clients and potential clients are struggling not only with trying to keep up with the global updates but also when attempting to implement the required changes and more importantly when trying to create a tax technology strategy that includes e-invoicing and digital reporting.



## Opportunities

- Customized roadmaps
- Technical Specifications
- Tax Analysis
- Managed services
- Vendor/solution selection
- Vendor/Solution implementation
- Master data readiness
- Tax technology strategy
- Compliance



## Improvements

- Tax technology strategy
- Data Management
- ERP and systems upgrades
- Data management
- *Data reconciliation*
- *Data validation*
- *Data extraction*
- Automation
- Analytics
- Process optimization



## Exceptions

- Customized tools
- Global guidance (documentation)
- Global RFP's

# What can we do?



## Roadmap of Changes

Assist our clients on the creation of a Roadmap & Gap Analysis



## New Requirements & Systems Readiness

Requirements gathering and technology readiness



## Vendor/Solution Selection

Assistance on vendor selection process leveraging KPMG's alliance partners & solutions

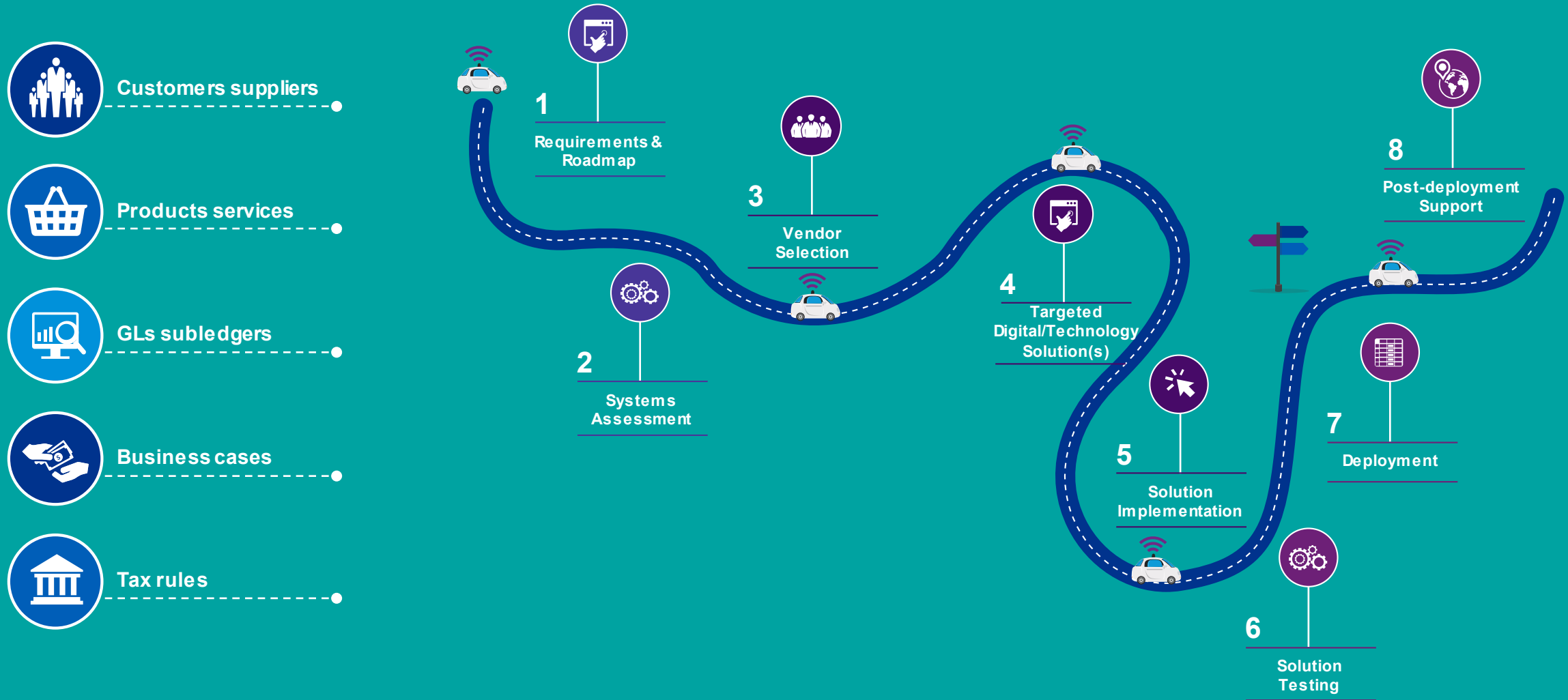


## Solution Implementation

KPMG can assist on the solution implementation



# Holistic, robust and flexible



# Global MNC — India Ops

**Average/Typical/Expected Client Implementation Time — 3 months Project for Go-live with Third Party Consultants (SAP Team + Middleware Team + KPMG Team)**

**Global MNC — India Operations**

**Legal Entity I (21 Tax Jurisdictions Across India)**

**Legal Entity II (3 Tax Jurisdictions Across India)**

ACTIVITY UNDERTAKEN	Division A	Division B	Division C	Division D
Source ERP Integrations	SAP-ECC 6.0	SAP-ECC 6.0	SAP-ECC 6.0	SAP-ECC 6.0
Integration Method	RESTFUL API + SFTP	RESTFUL API + SFTP	RESTFUL API + SFTP	RESTFUL API + SFTP
ERP Output File Requested	Customized JSON per Invoice + Customized CSV (with multiple line items)	Customized JSON per Invoice + Customized CSV (with multiple line items)	Customized JSON per Invoice + Customized CSV (with multiple line items)	Customized JSON per Invoice + Customized CSV (with multiple line items)
ERP Input File Made Available	Govt Response JSON for Success & CSV for Errors	Govt Response JSON for Success & CSV for Errors	Govt Response JSON for Success & CSV for Errors	Govt Response JSON for Success & CSV for Errors
Nos of Tax Registrations	21	15	17	3
Volume Monthly Invoices (Nos)	1.60 lacs	60K	31K	3K
B2C QR code Invoicing	CSV Input/PDF Output	RESTAPI Input/JSON Output	CSV Input/PDF Output	CSV Input/PDF Output
BCP/PLAN B	Batch Upload Input CSV+ Download QR Output CSV	Batch Upload Input CSV+ Download QR Output CSV	Batch Upload Input CSV+ Download QR Output CSV	Batch Upload Input CSV+ Download QR Output CSV

Division E
SAP S4/HANA
RESTFUL API
Customized JSON per Invoice + Customized CSV (with multiple line items)
Govt Response JSON for Success & CSV for Errors
3
1K
CSV Input/PDF Output
Batch Upload Input CSV+ Download QR Output CSV



# Questions?





Thank you



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