



Australian Government
Australian Taxation Office

e-Invoicing

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WHY E-INVOICING?

PRODUCTIVITY

- ✓ \$9.18 e-Invoice (\$21.69 savings per invoice)
- ✓ Economy savings of \$28b over 10 yrs.
- ✓ 1/3 less errors

1.2 billion invoices / year in Australia, 282 million in New Zealand, 100,000 across trans-Tasman

Paper \$30.87 paper	PDF \$27.67 PDF	e-INVOICING \$9.18 e-Invoice
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89%
SMEs process invoices manually

PAYMENT TIMES


- ✓ Quicker processing and less errors = quicker payment
- ✓ Australia averages 26 days late payment compared to international average of 6 days
- ✓ Businesses can offering shorter payment cycles to encourage adoption
- ✗ Main reasons for payment delays are:
Incorrect information (21.4%)
Sent to wrong person (21.9%)
- Small businesses owed \$26 billion hurting cash flow


MARKET IMBALANCE


- ✓ All businesses can use e-Invoicing
- ✓ Large business impose closed trading solutions on suppliers, eg EDI or Proprietary Data Exchange platforms
- Too many complex, proprietary standards


e-INVOICING HOW DOES IT WORK?

WHAT IS THE PROBLEM?

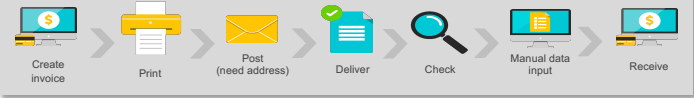
 traditional (**non-EDI** based) invoicing is manual and prone to errors

 too many complex standards currently in use and industry participants are unable to agree among themselves on a consistent approach.

 large business impose closed trading solutions on suppliers, where suppliers need (and pay for) different solutions for each buyer.

 Average payment times are 26.4 paydays late in Australia and affect cash flow of the business

PAPER INVOICE PROCESS



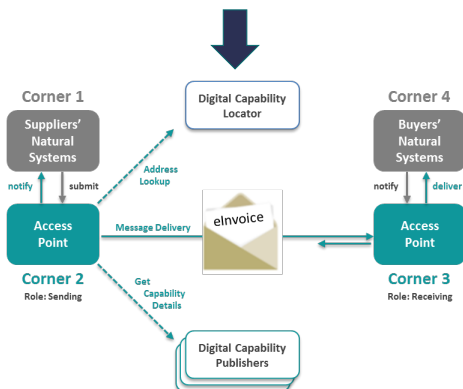
E-INVOICING PROCESS




E-Invoicing is the direct exchange of invoices between suppliers' and buyers' software.

e-INVOICING THE 4 CORNER MODEL


Critical infrastructure




- **Efficiency** – instant discovery of digitally enabled and participating businesses
- **Trust** – DCL built and operated by the government as Trans-Tasman infrastructure
- **Confidence** – governance only allows accredited providers (Access Points and Digital Capability Publishers) to support business
- **Security** – providers subject to high degree of security compliance




HISTORY OF TRANS-TASMAN E-INVOICING




In 2016 the Digital Business Council adapted proven, international standards for the e-Invoicing Interoperability Framework.




31 May 2018, the Australian Government confirmed their commitment to progressively adopt e-Invoicing and announced the establishment of the Trans-Tasman e-Invoicing working group




2016-17 Federal Budget Measure for e-Invoicing resulted in a scoping study into the feasibility and implementation of e-Invoicing for Federal Government.



17 May 2018, New Zealand Budget 2018 provides support to small businesses via the introduction of e-invoicing to ensure on time payments and better cash flow.




2017-2018, the ATO is building a Digital Capability Locator (DCL).
The DCL is a potential extension of the Australian Business Register, which currently provides physical addresses, to also provide digital addresses.



25 October 2018, the Australian and New Zealand Governments formalised an arrangement on e-Invoicing to set out how the two countries will create and maintain a common approach.

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TRANS - TASMAN E-INVOICING APPROACH

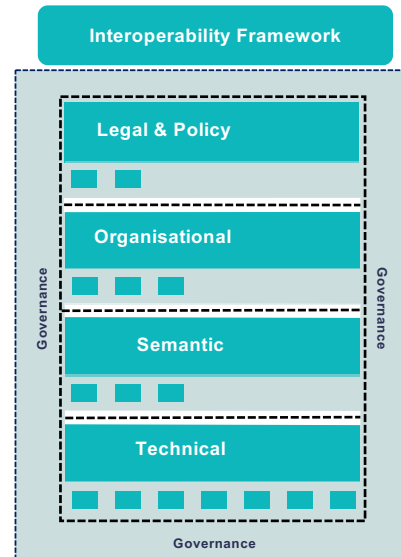
- Trans-Tasman e-Invoicing interoperability framework
- Strategic and operational governance arrangements
- ATO Digital Capability Locator
- Testing and pilots to ensure fit for purpose, robust framework and DCL to support all users
- Stakeholder engagement
 - Software Industry engagement to make Accounts Payable and Accounts Receivable solutions e-Invoicing capable, including integration with ABR and NZBN register
 - User readiness and adoption

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TRANS-TASMAN INTEROPERABILITY FRAMEWORK

- Set of policies, standards and guidelines
- Based on proven, open and international best practice
- Scope - Corners 2 & 3 :
 - DCL - central digital address service
 - Digital Capability Publishers - digital capability metadata services
 - Access Points - transmit and receive invoices.
- Updated to extend the DBC framework to NZ context
- Feedback process completed on 2 November
- Further refinements based on testing and pilots
- Mandatory and enhanced e-Invoicing elements of an invoice
- Maintained and improved through change control



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PEPPOL ANNOUNCEMENT

- On Friday 22 February 2019 the Australian and New Zealand PM's announced our intention to join adopt the PEPPOL Framework.
- <https://www.beehive.govt.nz/release/joint-statement-prime-ministers-rt-hon-jacinda-ardern-and-hon-scott-morrison-mp-auckland-22>
- <http://srr.ministers.treasury.gov.au/media-release/023-2019/>
- We will finalise membership of OpenPEPPOL by mid-2019
- Transition to PEPPOL will occur by the end of the year.

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KEY SECURITY CONSIDERATIONS

- Operational Framework requirement for Access Points and DCPs/SMPs (In place)
- Security considerations for business management systems
- End to end encryption of payload information
- Know Your Client requirements
- Education and business process improvements (accounts payable)

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MORE INFORMATION

Where to find more?

Visit:

- <https://www.ato.gov.au/general/gen/trans---tasman-einvoicing-initiative>
- <https://www.nzbn.govt.nz/using-the-nzbn/e-invoicing>
- <https://softwaredevelopers.ato.gov.au/Trans-Tasman-eInvoicing>

How to stay informed?

Register at <https://softwaredevelopers.ato.gov.au/user/register>

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