



E-invoicing

- <https://www.ato.gov.au/Business/E-invoicing/>
- Last modified: 31 Jul 2019
- QC 57981

Electronic invoicing is a broad term that covers the exchange of invoices between a supplier and a buyer in an electronic format – for example, emailing an invoice in portable document format (PDF).

However, when we talk about e-invoicing (or digital invoicing), we mean the automated direct exchange of invoices between the supplier's and buyer's software systems.

E-invoicing relies on open standards and technology solutions to exchange invoices seamlessly and automatically. It removes the need to create paper-based invoices and scan, post or email them, and reduces manual data entry.

E-invoices can be sent directly to a customer's software system, even if the buyer and supplier are using different systems, as long as both systems are PEPPOL e-invoicing enabled.

Media: E-invoicing basics

<http://tv.ato.gov.au/ato-tv/media?v=bd1bdiunpzuws6> [↗] (Duration: 00:54)

Find out about:

- [Working in partnership](#)
- [Benefits of e-invoicing](#)
- [Getting ready for e-invoicing](#)

See also:

- [ATO Software developers website – e-invoicing](#) [↗]
- [New Zealand e-invoicing](#) [↗]
- [PEPPOL website](#) [↗]
- [News and resources](#)

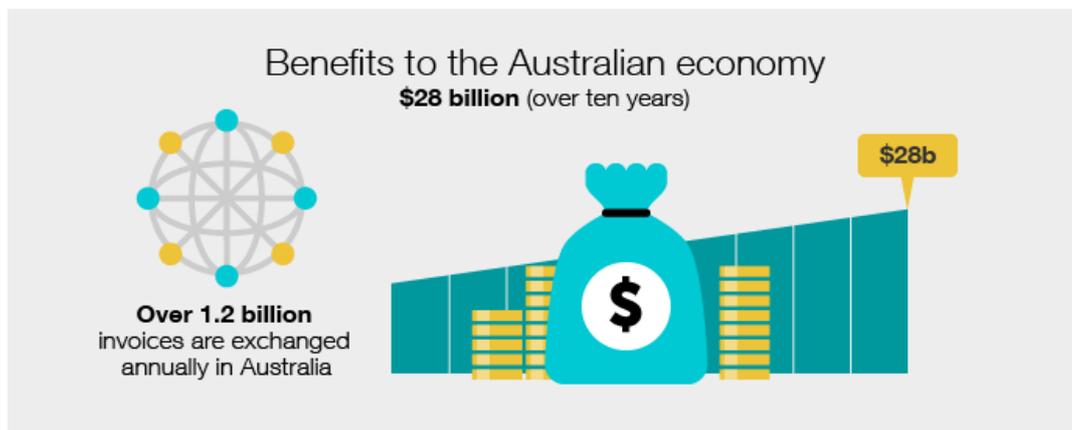
Benefits of e-invoicing

- <https://www.ato.gov.au/Business/E-invoicing/Benefits-of-e-invoicing/>
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Australian small businesses are collectively owed \$26 billion in unpaid invoices at any given time. Of all late payments, over 20% are due to errors on invoices and of those, over 20% are due to the invoice being sent to the wrong recipient following manual data entry.

The Australian Government is committed to delivering e-invoicing. With over 1.2 billion invoices exchanged in Australia annually, savings to our economy are estimated to be \$28 billion over 10 years (as shown in Figure 1).

Figure 1: Benefits to the Australian economy



Benefits for businesses

Below are some of the benefits that business can expect from adopting e-invoicing:

- [Improved cash flow and quicker payments](#)
- [Easier processing and cost savings](#)
- [Fewer errors](#)
- [Direct and secure](#)
- [Available for every business size](#)

Improved cash flow and quicker payments

While e-invoicing brings efficiencies through simplifying and automating the exchange and processing of invoices, the biggest benefits to business will be reduced payment times and improved business cash flow, especially in government purchasing transactions.

Some states in Australia, such as New South Wales, will be paying businesses in as little as five business days by the end of 2019, as long as their information is

correct when using e-invoicing.

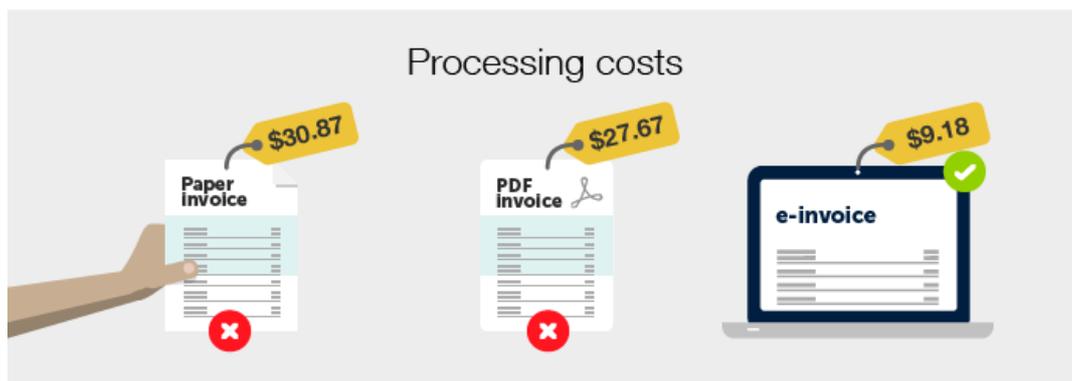
E-invoicing standards will ensure that information quickly reaches its destination to be processed in the business management software. E-invoicing will help connect invoice information and set up business operations for better and quicker payment terms.

Easier processing and cost savings

The faster processing and payment of invoices with e-invoicing will result in cost savings.

It is estimated that it costs businesses \$30.87 to process a paper invoice, \$27.67 a PDF invoice, and only \$9.18 to process an e-invoice (Figure 2). This means it is approximately 70% cheaper to process an e-invoice than traditional paper or PDF invoices, saving businesses time spent manually entering invoices.

Figure 2: Processing costs



This equates to estimated shared savings (between the sender and receiver) of \$21.69 each time e-invoicing replaces a paper invoice, and \$18.49 when it replaces a PDF invoice (as shown in Figure 3).

Figure 3: Shared transaction savings



The introduction of the common e-invoicing approach will make it easier for businesses on both sides of the Tasman to interact and transact with each other, and with government.

Fewer errors

E-invoicing standards will ensure that information exchanged is correct and of high quality. Reducing manual handling and the re-keying of information means fewer incorrect or lost invoices.

Direct and secure

E-invoices are received directly into the business's financial systems, minimising the risk of fake or compromised invoices. E-invoices are sent between the sender and receivers chosen service providers and software. The invoice doesn't transmit via ATO's systems.

The integrity of e-invoicing will streamline interactions between businesses and with government. It will reduce opportunities of billing scams and money loss, as the transaction is part of a secure and reliable framework.

Available for every business size

E-invoicing standards will ensure that all businesses in all sectors can access and benefit from e-invoicing, regardless of their size and the systems they currently use.

Benefits for digital service providers

The e-invoicing initiative creates new market opportunities for digital service providers. It enables cost-effective and innovative solutions for different sized businesses. E-invoicing allows for digital inclusion for all digital service providers and presents equal ability to implement software.

The common approach across Australia and New Zealand will also bring consistency in the way e-invoicing standards are incorporated into existing or new software products. This can lead to an expanding user or client base by offering a digital solution that will be interoperable regionally and globally.

Benefits for tax professionals

Tax professionals play a critical role as trusted advisers for small-to-medium sized businesses and are a source of advice on running a business. E-invoicing is an opportunity for tax professionals to differentiate their service offer by providing cutting-edge advice and encouraging their clients towards a digital future.

E-invoicing doesn't involve emailing and will not affect the workload of tax professionals. In fact, the automation will provide efficiencies and increase business productivity.

It will provide tax professionals with the opportunity to redirect their focus onto client services – for example, helping clients improve their record keeping, meet their

reporting obligations, get paid quicker and improve cash flow. Ultimately, this will assist them to meet their business objectives more efficiently.

Getting ready for e-invoicing

- <https://www.ato.gov.au/Business/E-invoicing/Getting-ready-for-e-invoicing/>
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Find out how you can get ready for e-invoicing:

- [Businesses](#)
- [Digital service providers](#)
- [Tax professionals](#)

Businesses

To find out your next steps towards e-invoicing, start by contacting your software provider to see if you are digitally ready and if they plan to offer e-invoicing.

Ask your software provider about how they will offer e-invoicing and what you need to do. For example, you may need to update to your existing software, or add an additional service.

Also remember to:

- find out what support they will offer you in making the transition
- subscribe to their communications – for example, email, newsletter and web updates.

Digital service providers

To provide e-invoicing services in Australia and New Zealand, digital software providers need to sign up with their relevant PEPPOL authority (once established). This includes becoming a member of OpenPEPPOL.

More information about e-invoicing and the onboarding process is available

on the e-invoicing page of the [ATO Software developers website](#)^{EQ1}.

Tax professionals

As a tax professional, start talking to your clients about e-invoicing and how it will benefit them.

Keep an eye on any upcoming engagements for tax professionals to gain more

information and understanding of e-invoicing.

See also:

- [Benefits of e-invoicing](#)

Working in partnership

- <https://www.ato.gov.au/Business/E-invoicing/Working-in-partnership/>
- Last modified: 01 Aug 2019
- QC 59805

The ATO has been working in partnership with the New Zealand Ministry of Business, Innovation and Employment (NZ MBIE), industry stakeholders and government, to establish a framework for e-invoicing.

Australian and New Zealand governments held public consultation in late 2018 on how e-invoicing frameworks could be best implemented and managed in both countries. The prime ministers of Australia and New Zealand agreed to adopt a common approach to e-invoicing to help progress the Single Economic Market agenda. This was formalised by the signing of the [international arrangement](#)[↗].

Public feedback led to the decision to adopt the Pan European Public Procurement On-Line (PEPPOL) framework. PEPPOL is an international standard, a proven approach used in over 32 countries to foster international trade.

Consultation on the implementation of the PEPPOL framework will enable us to become more digitally enabled and establish the most efficient e-invoicing solution for Australia and New Zealand.

See also:

- [News and resources](#)
- [ATO Software developers website – e-invoicing](#)[↗]
- [New Zealand e-invoicing](#)[↗]
- [PEPPOL website](#)[↗]

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