

THE SCENERY

European electronic invoicing, things to know

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European electronic invoicing is a tool to simplify bureaucracy in the field of international public procurement: its introduction is an opportunity to reflect on the standardization of document procedures

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Simplifying bureaucracy to encourage international business: European electronic invoicing is presented as a revolutionary solution for companies participating in public tenders beyond national borders. But not only. The tool, foreseen by the EU directive 55/2014, is part of a **broader framework of digitization and standardization of procedures at cross-border level**. It is important to deepen these aspects and understand what are the technical characteristics of this innovation, because the next months will be crucial for its implementation: by **April 2020** in fact, all public administrations will have to be able to manage this particular billing method.

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Interoperability and standardization are the main features of European electronic invoicing. Precisely these qualities allow to better understand the objective of the introduction of this new tool. In fact, we want to aim at overcoming the difficulties **caused by all different national order cycle management systems**, with its own peculiarities and regulations, by virtue of a single system which is suitable for all Member States. This represents a huge advantage for commercial exchanges between companies and public administrations of different countries, as bureaucracy is reduced and simplified. An incentive therefore to expand its business abroad. With this in mind, European electronic invoicing is a useful solution that is part of the wider project of the European digital single market.

Obviously, although the desire to simplify document processes is evident, it is inevitable that the new tool will have an impact on companies and public bodies. Like any other innovation: think for example of the B2B and B2C **electronic invoice**, introduced as a legal obligation in Italy since January 2019. In that case, the concern of companies and trade associations was rampant **over the need for a new internal organization**, to equip themselves with the correct IT tools, as well as for skepticism about the real effectiveness of the initiative. After a few weeks, however, the situation changed and the electronic invoice became rather a flywheel to digitize other business sectors.

Many businesses have known new ways of working, by eliminating paper and automating. In addition, there have been benefits in relation to the fight against tax evasion and controls by the Revenue Agency and the Guardia di Finanza. An aspect that represents an incentive for governments to undertake the path of digitalization. The same benefits can be found **with European electronic invoicing**. Telematic processes allow more effective public cost controls, to limit waste, as well as to verify that there are no cases of irregularities. Companies and institutions repay time and money, because the procedures are automated and paper is eliminated. Bureaucracy is reduced and consequently the risk of making a mistake decreases, which is always lurking in public contracts (especially if international). In short, doing business with public administrations abroad becomes easier.

The UBL XML standard, Peppol and priorities for companies

All this thanks to the fact that the EU has outlined a standard consisting of a minimum content (core invoice), a CII XML format (cross industry invoice) and UBL 2.1 (universal business language) and technical specifications that describe the "instructions for use" of the various national formats (CIUS - Core Invoice Usage SPecification). The difficulty encountered so far was precisely that of many different document management methodologies, according to the laws and practices of the various States. With the introduction of European electronic invoicing, **the EU legislator wanted to standardize the exchange language** invoices across Europe. For example, if an Italian company has to send an invoice to a German public administration, just use an IT tool capable of creating files in the European format, then send the European invoice to the recipient via an infrastructure recognized as Peppol.

Peppol, a project promoted by the European Commission, is in fact the network infrastructure that allows the exchange of documents between countries according to specific standards. It works **through access points** that connect it to the company system. The access point function is performed by certified service providers (in Italy by Agid). The priority of companies in view of European electronic invoicing is precisely to identify a reliable service provider that offers the access point service, with which to integrate their management system and use Peppol safely, obtaining standardized incoming and outgoing document flows.

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Peppol also allows you to transmit not only invoices, but also DDT, price lists and digital orders. This is why it is becoming an increasingly important resource for companies. In this regard, it is recalled that **from February 2020** the obligation to use the NSO - Order Sorting Node for the exchange of digital order documents between individuals and entities of the National Health Service will be triggered: the instrument identified for these exchanges is Peppol. It is not difficult to believe that Peppol will play an increasingly important role in the future.

Beyond European electronic invoicing: the future scenario

In addition to Peppol, the future of European document management could also be entrusted to new *disruptive* technologies . Among others, the **blockchain** will surely be **an industry game changer** . This is an innovation that is not yet mature, which theoretically has all the characteristics to be applied to the exchange of commercial documents.

Investments in the sector are not lacking, given the potential business. In fact, according to Bruno Koch's Billentis data, it is estimated that the electronic invoicing market will reach **sixteen billion in the coming years** . Numerous countries around the world are rapidly implementing new document processes, such as India and Singapore. The situation is therefore evolving: European electronic invoicing is a further step towards an increasingly digital future.

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