

5 Essential Elements for Effective Country-Level Implementation for Electronic Invoicing

The implementation and adoption of electronic invoicing (e-invoicing) vary significantly from country to country. Factors influencing these variations include tax maturity, compliance levels, technological advancements, tax culture, focused sectors, and different tax regimes.

Based on various studies, despite the disparities, there are common elements that countries consider when developing their own e-invoicing models, rollout strategies, and long-term benefits. Here are the five main common elements:

1. The Legal Basis

The foundation of e-invoicing lies in the legal framework established by the country. This can take the form of specific legislation solely dedicated to e-invoicing or amendments to existing laws such as VAT, Corporate Tax, Electronic Commerce Law, and legislation concerning digital signatures and technical specifications for issuing e-invoices. A robust legal basis ensures clarity and compliance across all sectors.

2. Authenticity and Integrity of Electronic Documents

Ensuring the authenticity and integrity of e-invoices is paramount. Governments often certify specific agencies authorized to process electronic signatures for e-invoice issuance. For instance, Ecuador has three certified electronic signature agencies. Clear definitions and requirements for digital signatures are stipulated by governments to ensure the validity and security of electronic documents.

3. Obligatory for issuance the invoice

The mandate regarding who is responsible for issuing e-invoices and under what circumstances is crucial. This includes also, stipulations on validations performed by the Tax Administration on e-invoices, the nature of these validations, and their impact on the overall invoicing process.

Clear guidelines ensure that all parties adhere to the necessary procedures, promoting compliance and streamlining operations.

4. Storage and Conservation

Different countries have varying requirements for how long companies must retain accounting records, including e-invoices. The retention period can range from five to ten years or more. Adequate storage and conservation policies ensure that records are available for auditing and compliance purposes, safeguarding the interests of both the businesses and the tax authorities.

5. Taxpayer Consultation System

Many Tax Administrations offer systems that enable taxpayers to consult and download all shared, valid, and authorized electronic documents. This aids in reconciliation, enhances information cross-checking, and improves automatic processes on the taxpayers' end. An efficient taxpayer consultation system promotes transparency and operational efficiency.

Notably, most Latin American countries that have implemented e-invoicing already provide this capability. However, new entrants like Saudi Arabia and Spain do not offer taxpayer access to their databases.

Conclusion

Effective implementation of e-invoicing at the country level requires meticulous planning and consideration of these essential elements. Governments must establish a solid legal framework, ensure document authenticity and integrity, define clear issuance obligations, set robust storage requirements, and provide a reliable taxpayer consultation system.

By focusing on at least these key elements, countries can develop efficient e-invoicing models that promote compliance, streamline processes, and yield long-term benefits. Looking ahead, governments will continue to refine their e-invoicing systems, offer new tax reliefs, and adapt to the evolving needs of their economies.

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