



Ebook

# Navigating the Changing Waters of E-invoicing Regulations



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# Introduction

Missed payments, mistakes and misplaced paperwork are common issues with traditional invoicing. It's no surprise that e-invoices are gradually becoming the standard in today's business world. E-invoicing provides a secure, efficient alternative that streamlines workflows and improves tax compliance.

Legislation mandating e-invoicing is on the rise globally and with that comes an increasing number of rules, formats, platforms and certifications, which add significant complexity. As new regulations are enacted across different regions, it is crucial to understand the different requirements. Successfully navigating this complex landscape is essential for companies seeking to meet compliance standards efficiently and effectively.

## The state of e-invoicing worldwide

**30+**

B2B e-invoicing mandates

**20+**

B2G e-invoicing mandates

**10+**

new mandates will take effect within the next three years

**10+**

countries are proposing new legislation

# Finding your sea legs

Needless to say, e-invoicing regulations are not always easy to understand, let alone follow, for a few reasons:

- Each country has its own set of specifications, implementation timing and processing platforms
- The pace of global harmonization is quite slow
- Internationally active organizations need a great deal of resources to tackle each country's regulatory requirements

Luckily, while e-invoicing compliance might initially appear overwhelming, it's actually more straightforward than it seems, and innovative solutions exist to automate and smooth out these processes.



## What is e-invoicing compliance?

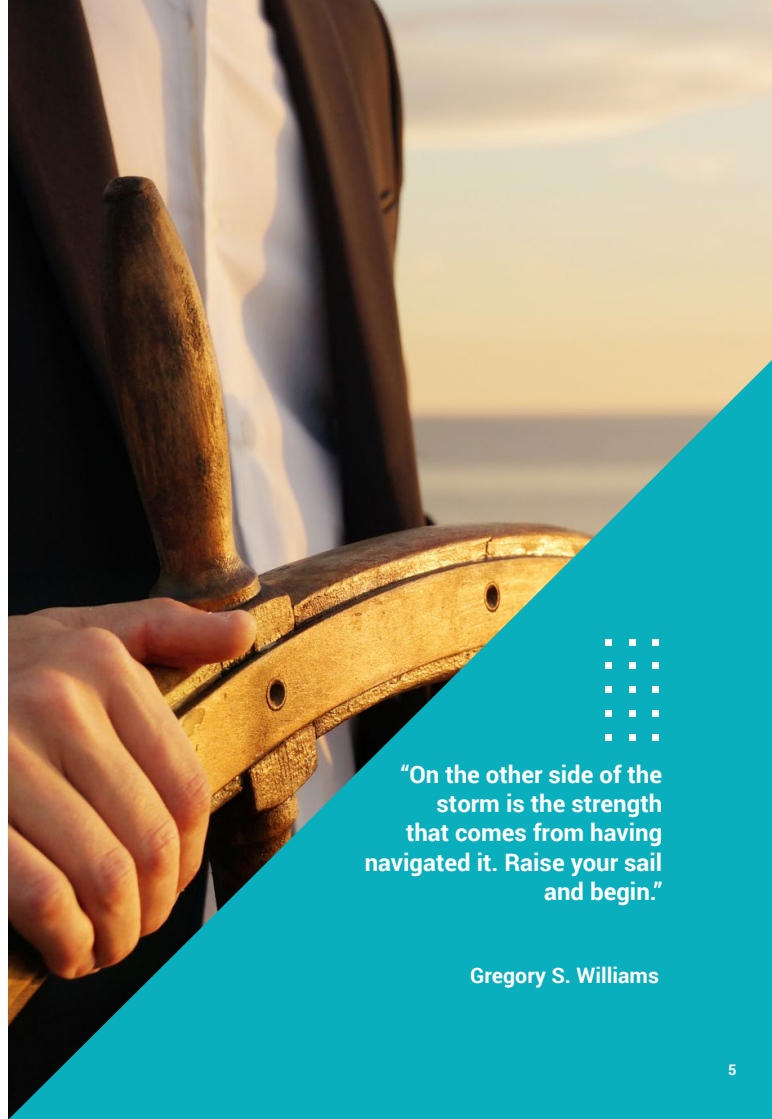
Compliant e-invoicing ensures that all invoices generated and managed by a business meet legal and regulatory requirements. These rules enacted by governments worldwide are meant to reduce risks, tax evasion and other criminal activities while maintaining operational integrity.



**This ebook is designed to provide clarity and guidance to navigate these new regulatory seas.**

- Explore the different tax systems, processing models and latest trends
- Identify the state of maturity by region
- Understand what e-reporting is
- Discover best practices

By understanding the key requirements and leveraging the right tools such as automation and digital technologies, companies can simplify their compliance journey.



**"On the other side of the storm is the strength that comes from having navigated it. Raise your sail and begin."**

**Gregory S. Williams**

## E-invoicing models

# Getting on board

E-invoicing regulations differ from country to country, resulting in various models and formats. The two predominant e-invoicing models are the post-audit and the clearance model.

## The post-audit model

In the post-audit model, e-invoices are sent directly from the issuer to the recipient without requiring prior approval from tax authorities.

Transactions are reviewed for compliance after they've been processed.

The post-audit model is currently used by most European countries, America, Canada and parts of the Asia-Pacific region.

## The clearance model

In the clearance model, e-invoices are transmitted via government platforms that enable tax authorities to verify and approve transactions in real time before the invoice is issued.

The supplier of a good or service must receive approval before charging the buyer.

The clearance model is currently used in Latin America, Italy, Poland, Turkey and several other countries.

## Why the post-audit model is losing steam:

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The post-audit model was developed to ensure compliance and accuracy in tax reporting, which mostly meant that invoices had to be archived and made available for auditing purposes.

For governments, this method includes one or more of the following:

- Applying and verifying an e-signature (PDF)
- EDI transmission
- Creating audit trails that track purchase orders, send and delivery receipts
- Archiving

### The downsides:

- Transactions are only reviewed after they occur
- Compliance with constantly changing local requirements is an ongoing process
- Breeds inefficiency, as auditors often gather transaction data well after the fact
- Depends on information stored by the very businesses being audited, adding another layer of complexity

## The clearance model

# Full speed ahead

The global trend is shifting towards the centrally regulated clearance model, where governments take a proactive role by requiring invoice approval to reduce errors and fraud. Compared to the post-audit model, the clearance model monitors and tracks invoices and provides tax authorities with near real-time visibility into taxable transactions.

## There are different configurations of the clearance model:

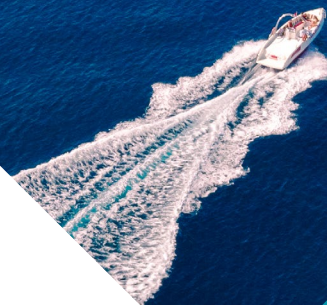
- Pre-clearance
- Post-clearance
- Centralized
- Decentralized

Many governments are implementing Continuous Transaction Controls (CTC) models, a form of the clearance model, that feature real-time or near real-time transaction-based tax reporting.

What all these models have in common, however, is that they are verified by tax authorities in real time, or near real time, during the transmission process, usually before the invoice is sent by the seller.

## The following requirements need to be met when using the clearance model:

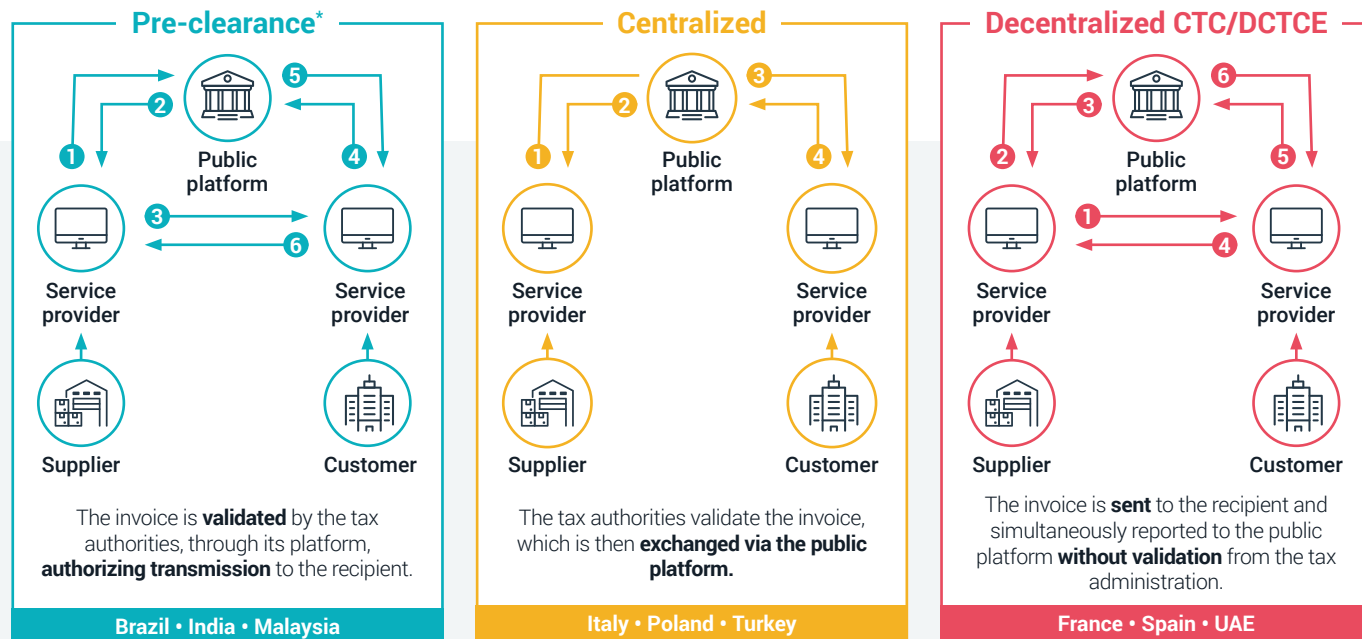
- Submitting an e-invoice using a structured format
- Submitting an e-invoice via a public e-invoicing system or interoperability networks
- If required, applying an e-signature or QR code
- Archiving the invoice for the required duration and location



## The clearance model

# Deep dive into the different approaches

Over time, various countries have adopted this model to suit their specific needs, leading to different versions. The main difference lies in the timing of invoice submission to the end customer: The invoice can be submitted before, simultaneously or after being cleared by the tax authorities.



\* An alternative called post-clearance allows taxpayers to transmit invoices before approval



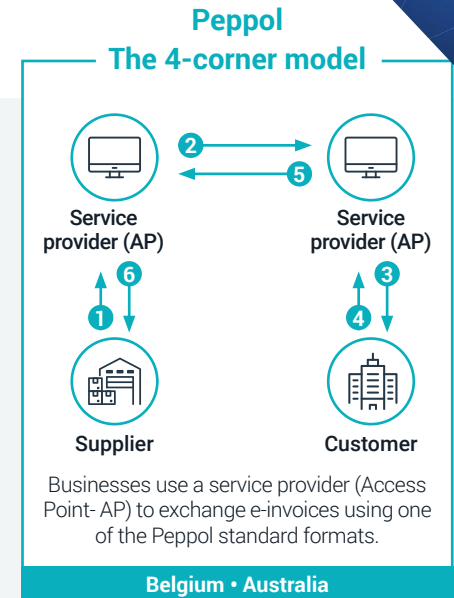
# Getting the global picture

The following pages will guide you through the trends across different regions and the maturity levels of e-invoice adoption so you can better understand the specific regulations in each country you operate in.

Peppol is another way to deal with e-invoicing internationally if there is no governmental system in place.

## The Peppol 4-corner model

- Peppol is a secured, international network that allows businesses to exchange documents and data with anyone also registered with Peppol.
- The 4-corner model refers to the four key entities: the sender, the recipient and their respective two access points. Senders and recipients can be located anywhere in the world but must be registered with Peppol.
- This network is often used for B2G invoice transmission and is becoming increasingly used for B2B transactions.
- The 4-corner model is currently used in most European countries, Singapore, Japan, Australia, New-Zealand, Malaysia and others.



# Americas

In **North America** e-invoicing adoption is limited. While sending invoices in PDF is common, the focus here lies mainly on optimizing business processes.

In **Latin America** adoption is widespread due to strict, mandatory compliance and associated penalties.



## North America

- No strict regulations to ensure integrity and authenticity of e-invoices
- No VAT system
- Primary focus on efficiency and cost savings

## Latin America

- E-invoicing mandates (clearance model) well established
- Heavy fines and possible imprisonment for repeat offenses



Did you know...

## The DBNA initiative in North America

The Digital Business Networks Alliance (DBNA), established in 2023, aims to improve the electronic exchange of business documents, particularly e-invoices, in the U.S.

### Standardized network

The DBNA creates a secure, standardized network for B2B payments, addressing the lack of a centralized system for sharing supply chain documents and ensuring secure information exchange between different software.

### 4-corner model

The DBNA network uses the Peppol 4-corner model with an AS4 protocol for secure document exchange through Access Point providers, enabling safe sharing of electronic invoices and supply chain documents.



Spotlight on

# Argentina

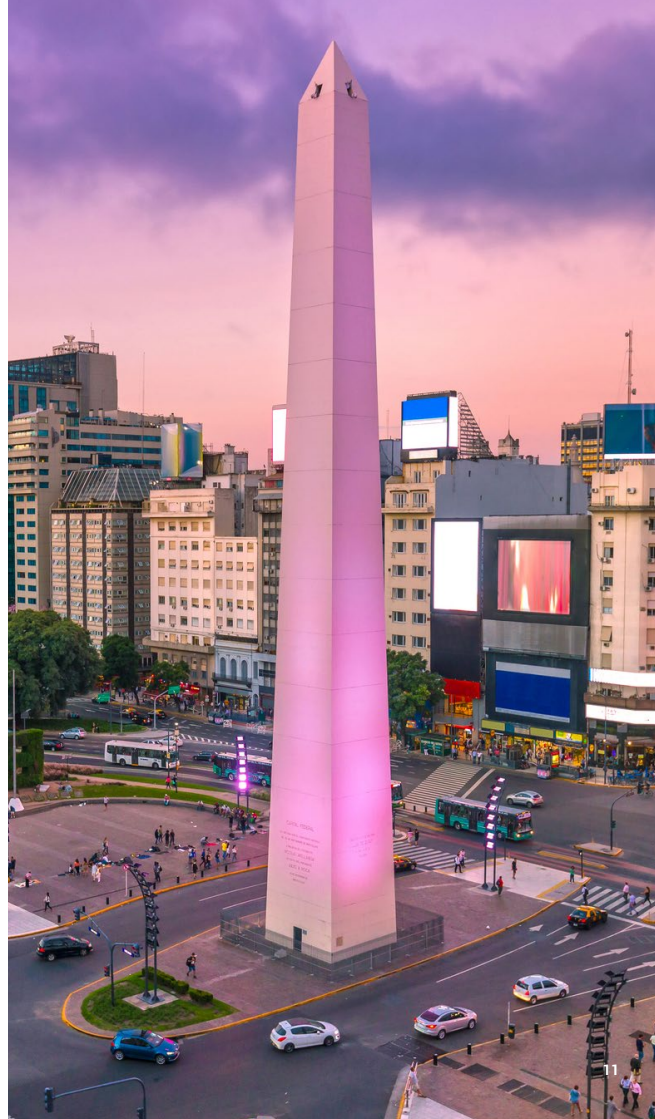
Since 2015, e-invoicing has been progressively mandated for most taxpayers. This requirement compels businesses to issue e-invoices, enhancing transparency and reducing tax fraud. In order to ensure integrity and authenticity, businesses are required to use digital certificates for communicating with the AFIP platform to get an authorization code (CAE).

## B2B e-invoicing requirements

- **Mandatory infrastructure:** AFIP
- **Mandatory format:** XML (local)
- **Archiving:** 10 years

## B2G e-invoicing mandate

- **Platform:** AFIP
- **Mandatory format:** XML (local)
- **Archiving:** 10 years





Did you know...

## VAT in the Digital Age (ViDA)

VAT in the Digital Age is an EU directive focused on enhancing e-invoicing and e-reporting for B2B transactions. It aims to accelerate digital transformation and combat tax fraud by introducing e-invoicing and e-reporting starting in 2030.

**Legislative proposals are based on three pillars:**

- **Platform economy** clarifies VAT rules for e-commerce and marketplaces
- **Digital reporting requirements** update reporting obligations with e-reporting and e-invoicing
- **Single EU VAT registration** simplifies VAT filing across the EU

# Europe & Africa

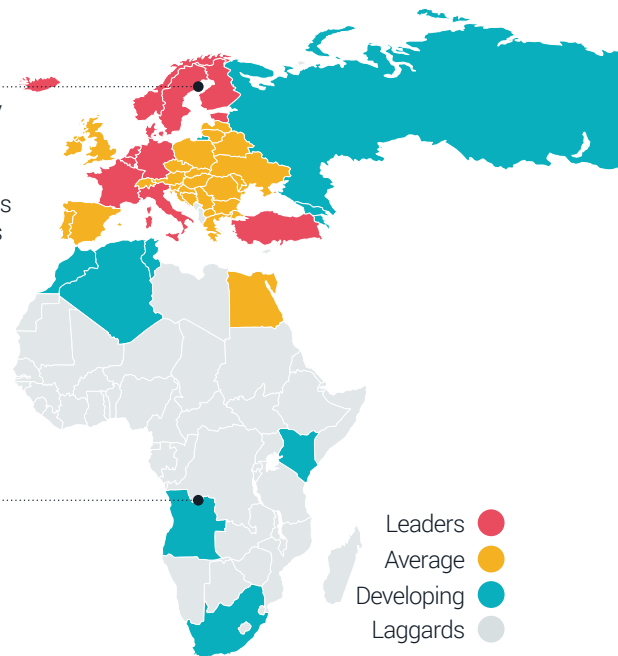
E-invoicing adoption continues to gradually grow in **Europe** through different initiatives mainly driven by the EU, while in **African countries** invoicing remains mostly paper-based.

## Europe

- B2G e-invoicing mandate widely adopted (EU Directive 2010/45/EU)
- Peppol 4-corner model facilitates interoperability across countries and e-invoicing adoption
- Many EU member states are adopting clearance e-invoicing mandates (CTC)

## Africa

- Paper-based invoicing prevalent
- Limited regulation and e-invoicing adoption



Source: Billentis Report 2024: Watch the tornado!



Spotlight on

# France

Between 2017 and 2020, France introduced mandatory e-invoicing for B2G transactions. Now, the country is embarking on another reform: starting in September 2026, e-invoicing will be required for all domestic B2B transactions. This initiative seeks to enhance VAT compliance among French businesses and mitigate tax fraud risks.

## B2B e-invoicing requirements

B2B e-invoicing is allowed in France provided that authenticity and integrity are ensured through one of the following methods: e-signature (which requires the buyer's consent, either explicit or tacit), fiscal EDI or any other method that ensures a reliable audit trail via business controls. Additionally, invoices must be archived in France for a period of 10 years.

## B2G e-invoicing mandate

- **Platform:** Chorus Pro
- **Mandatory format:** UBL 2.1
- **Archiving:** 10 years



## Upcoming mandate for B2B e-invoicing and e-reporting in France

- **Requirements**
  - **Scope:** Domestic B2B transactions for e-invoicing
  - **Scope:** E-reporting for purchases within the EU, services purchased outside the EU, B2B international sales, B2C sales cash receipts (if VAT is due)
  - **Platform:** Public Portal (PPF)
  - **Mandatory formats:** UBL, UN/CEFACT (CII), or Factur-X
  - **Archiving:** 10 years
- **Schedule**
  - **September 2026:** All businesses must be capable of receiving e-invoices.
  - **September 2026:** Businesses with annual sales revenue exceeding €50 million will be required to send e-invoicing and implement e-reporting.
  - **September 2027:** All remaining businesses, regardless of size, will be required to adopt e-invoicing and e-reporting.



Spotlight on

# Germany

Germany is transitioning from a post-audit to a CTC model (in 2025), promoting interoperability between business systems first. In the long-term, this new model aims at improving transparency and reducing tax fraud with a public platform.

## Current e-invoicing requirements

B2B e-invoicing is allowed in Germany (but currently not mandatory) if authenticity and integrity can be ensured by one of the following means: e-signature (buyer's validation upon receipt is required), EDI or an audit trail. Invoices must be archived for 10 years.

## B2G e-invoicing

- **Scope:** B2G e-invoicing (federal authorities and state authorities in several German states)
- **Platform(s):** Local platforms or Peppol
- **Mandatory format(s):** XRechnung (or Peppol and ZUGFeRD can be accepted in certain cases)
- **Archiving:** 10 years



## Upcoming regulations for B2B invoicing

- **Scope:** Domestic B2B transactions
- **Platform:** No public platform
- **Mandatory format(s):** XRechnung, ZUGFeRD or any EN 16931 compliant format
- **Archiving:** 10 years (unchanged)
- **Schedule:**
  - January 2025: All businesses must be able to receive structured format invoices.
  - January 2025: Businesses can start sending e-invoices on a voluntary basis.
  - January 2027: Businesses (€800K of annual turnover) must send e-invoices.
  - January 2028: All remaining businesses must send e-invoices.



# Asia-Pacific

The e-invoicing landscape in the **Asia-Pacific region** is marked by a variety of frameworks, including both post-audit and clearance models. This diversity allows countries to adopt different approaches based on their specific regulatory and technological needs.



## Asia Pacific

- Many countries adopted a national standard, often through systems like Peppol (Singapore, Australia, New Zealand, Malaysia, Japan)
- Other countries (India, Indonesia, South Korea, Taiwan, Saudi Arabia, etc.) are more focused on government clearance



Did you know..

## NZ-Singapore Agreement

On April 15, 2024, New Zealand and Singapore formalized their e-invoicing collaboration and signed the e-invoicing Memorandum of Agreement (MoA), emphasizing common standards for the Asia-Pacific region.

Both countries agree to cooperate and collaborate on initiatives that promote, encourage, support or facilitate the adoption of e-invoicing by businesses, specifically to:

- Promote the existence of underlying infrastructure to support e-invoicing
- Generate awareness of and build capacity for e-invoicing

A similar agreement between Australia and Singapore was signed in 2020.





Spotlight on

# Malaysia

Malaysia is transitioning to a CTC model, which will encompass domestic and cross-border transactions, including B2G, B2B and B2C dealings. The mandate will be rolled out gradually, depending on the businesses' turnover.

## B2B e-invoicing requirements

B2B e-invoicing is permitted in Malaysia (and is in the process of becoming mandatory) if authenticity and integrity are ensured through e-signature (buyer validation upon receipt is not required) or EDI. Since August 2024, all businesses must be capable of receiving invoices and businesses with an annual turnover exceeding 100M MYR are required to send e-invoices.

Invoices must be archived in Malaysia for a period of seven years.



## Upcoming mandate for B2B and B2G e-invoicing in Malaysia

- **Requirements**
  - Scope: Domestic B2B and B2G transactions, cross-border transactions
  - Platform: MY Invois
  - Mandatory formats: XML, JSON, PEPPOL MY-PINT
  - Archiving: 7 years
- **Schedule**
  - January 2025: Businesses with annual turnover exceeding 25M MYR are required to send e-invoices.
  - July 2025: All remaining businesses, regardless of size, must send e-invoices.



## Beyond e-invoicing

# E-reporting

E-invoicing is an efficient means for governments to collect tax data. But it's just the beginning.

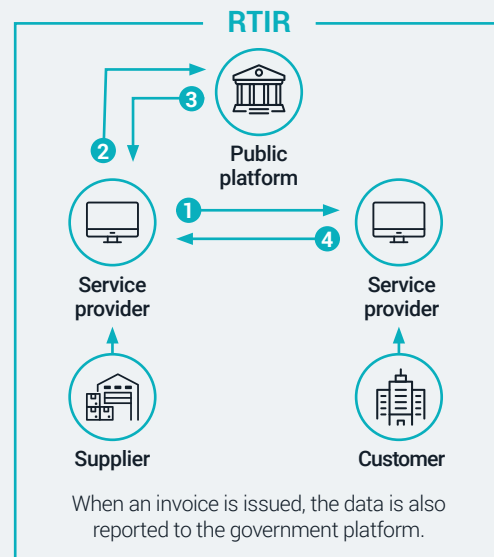
E-reporting incorporates submitting tax-related information to the tax authorities in electronic format, which helps in detecting fraud.

Complementary to e-invoicing, e-reporting requires companies to transmit invoicing and payment data for transactions carried out electronically to tax authorities within a certain timeframe.

This trend is being accelerated by the ViDA proposal, which will introduce mandatory e-invoicing and e-reporting obligations for cross-border transactions throughout Europe.

## Real-time invoice reporting (RTIR)

This reporting requirement is commonly used in European countries. The next steps involve implementing more comprehensive reporting requirements shaped by initiatives like ViDA. As these measures become more prevalent, their adoption is expected to grow steadily across jurisdictions, further enhancing transparency and compliance for global transactions.



# How to ensure smooth sailing on your compliance journey

Companies that rely on multiple local services providers to ensure e-invoice compliance in different countries find it difficult to uphold the rigid local specifications and manage numerous providers. Opting for a single provider with one solution simplifies the process.

## 6 reasons to select a global e-invoicing solution:

- 1. Increased visibility:** A multi-national organization requires global and subsidiary-level invoice visibility, with multi-user access to enhance team collaboration.
- 2. Improved compliance with local regulations:** Businesses must comply with different e-invoicing regulations to avoid penalties.
- 3. Ability to anticipate future regulations:** As e-invoicing regulations continue to evolve, businesses need to ensure that they are up-to-date on new requirements and able to quickly respond to changes.
- 4. Optimized internal processes:** Businesses are always looking to speed up internal processes and improve team productivity.
- 5. Enhanced user experience:** User adoption rates are greater when only one solution is used.
- 6. Seamless integration:** Easy integration with existing ERP systems and accounting software ensures smooth data exchanges, reduced manual interventions and streamlined payments.

**By making automation software a central part of the e-invoicing and e-reporting compliance strategy for your business, you can achieve:**

- Seamless invoicing
- Reduced payment delays
- Enhanced efficiency across regions and subsidiaries
- Centralization of all compliance activities
- Streamlined processes
- Accurate record keeping through integration with ERPs



# Let Esker be the wind in your sails

Navigating the complex landscape of e-invoicing compliance can be challenging, but with Esker by your side, you can rest assured that your business can weather any storm. Our experience and profound expertise with e-invoicing compliance across numerous countries make us the ideal partner to help you meet regulatory requirements seamlessly.

## Why choose Esker?



### Market Leader

Recognized as a Leader in the IDC MarketScape: European Compliant E-invoicing 2024 Vendor Assessment



### Global presence

15 subsidiaries with local presence to ensure deep understanding of local e-invoicing requirements



### Worldwide e-invoicing compliance coverage

E-invoicing solutions that are compliant with regulations in over 60 countries



### Interoperability capabilities

Connected to a wider variety of interoperability networks and platforms, including Peppol Access Point (~20 countries)



### Expertise

Dedicated teams monitor and adapt our e-invoicing solutions in accordance with any regulatory changes



### One global provider

A unique platform gives you full visibility over all accounts payable and accounts receivable processes

At Esker, we are more than just an EDI or compliance provider. Our solutions are designed to not only ensure conformity with regulations but also to optimize the overall invoicing process by unlocking unmatched efficiency and providing powerful insights. So you can focus on what you do best — growing your business.

# Keeping up with e-invoicing regulations around the world



Explore Esker's **compliance map** and newsletter, which are regularly updated to reflect the latest status of e-invoicing legislation in over 60 countries.



# Hi, we're Esker

Founded in 1985, Esker is the global authority in AI-powered business solutions for the Office of the CFO. Leveraging the latest in automation technologies, Esker's Source-to-Pay and Order-to-Cash solutions optimize working capital and cashflow, enhance decision-making, and drive better collaboration and human-to-human relationships with customers, suppliers and employees.



**40**

years of experience  
with 20+ years focused  
on cloud solutions



**1,000+**

employees serving  
850K+ users & 2,500+  
customers worldwide



**15**

global subsidiaries  
with headquarters  
in Lyon, France



**€178.6**

million in revenue in  
2023, with 90+% of  
sales via SaaS activities



## Business success is best when shared

At Esker, we believe the only way to create real, meaningful change is through positive-sum growth. This means achieving business success that doesn't come at the expense of any individual, department or company — everyone wins! That's why our AI-driven technology is designed to empower every stakeholder while promoting long-term value creation.



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