

MANDATORY B2B E-INVOICING IN FRANCE

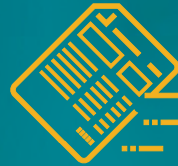
HOW TO BE COMPLIANT BY 2024

Last updated: February 2022



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MANDATORY B2B E-INVOICING IN FRANCE

B2G E-INVOICING FRAMEWORK

In France, e-invoicing has been implemented for companies doing business with public administration institutions since 2014.

EU Directive 2014/55/EU of April 2014 provided EU member states with the framework for introducing local regulations that require suppliers to electronically transmit their invoices to public administration institutions. A French governmental order dated 26 June 2014 requires all suppliers doing business with the public sector to exclusively transmit invoices electronically via the Chorus Pro platform. This measure was progressively enacted between 2017 and 2020, depending on company size:



Which e-invoicing regulations apply for B2B commerce?



FRANCE'S FINANCE LAW 2020

On 28 December 2019, the French government passed Art. 153 of France's Finance Law 2020, making e-invoicing mandatory for all domestic B2B transactions starting in 2024. All taxpaying entities established in France are subject to the provisions of Art.153.

This requirement is based on four main objectives:

Boost
competitiveness

Combat VAT
fraud

Increase
business
efficiency

Simplify VAT
returns



IMPLEMENTATION SCHEDULE FOR MANDATORY B2B E-INVOICING IN FRANCE

Businesses will be required to issue e-invoices according to the following schedule:



1 JULY 2024

Large Enterprises
(5,000+ employees and/or
1.5B+€ in sales revenue)



1 JANUARY 2025

Mid-Market Enterprises
(250 to 5,000 employees and/or
50M€ to 1.5B€ in sales revenue)



1 JANUARY 2026

SME & VSB
(-250 employees and/or
-50M€ in sales revenue)

All business entities will be required to accept electronic invoices starting 1 July 2024, regardless of their size.

Statute n° 2021-1190 of 15 September, 2021: a financial penalty of €15 per non-compliant invoice will be applied against companies up to a maximum of €15,000 per calendar year. This sanction will not be applied if it is the first infraction in the last three years and when the infraction has been repaired spontaneously or within 30 days following the administration's request for compliance.



REFORM IMPLEMENTATION RECOMMENDATIONS

France's General Directorate of Public Finance (DGFiP) issued a detailed report and conducted consultation workshops with the various reform stakeholders, in order to establish technical specifications to implement this e-invoicing obligation*. As a major French player, Esker actively participates in consultation workshops to remain updated on industry evolutions and provide up-to-date information to its customers.

*These recommendations may evolve over time based on regulatory progression and public comment periods.



E-INVOICING EXCHANGE MODEL

The DGFIP report recommends a Y-scheme model that would allow 3rd party platforms to transmit e-invoices to recipients without passing through the public invoicing portal called Chorus Pro.

There are three available transmission options:

1

Both parties use the public invoicing portal, Chorus Pro.

Supplier enters their invoice Chorus Pro, which then delivers it directly to the end customer.

2

Only one of the two parties (supplier or buyer) uses a private registered platform.

For example if supplier uses a private registered private platform: supplier uses their own platform to submit their invoice to Chorus Pro, which then delivers it directly to the end customer.

3

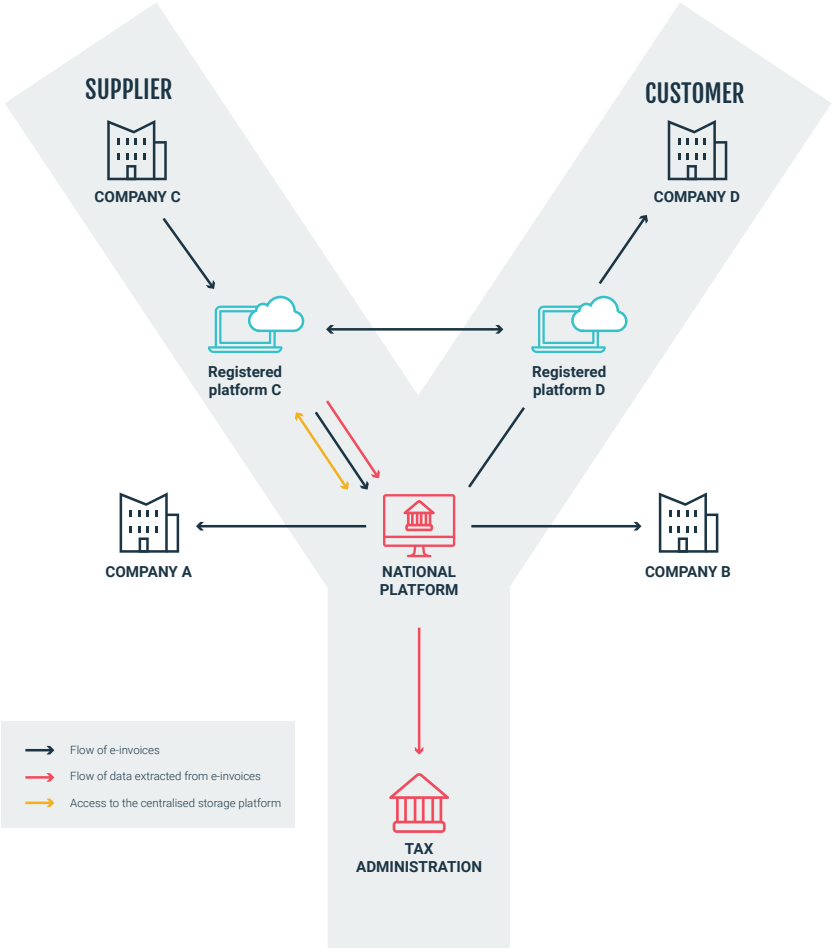
Both parties use a private registered platform of their choice.

Supplier uses their own platform to transmit the invoice data to Chorus Pro to report it. And simultaneously, the supplier's platform delivers the invoice to the end customer's private registered platform.



Y-SCHEME MODEL

The DGFIP selected the Y-scheme model because it allows businesses to continue to work within their accustomed structures and with their existing e-invoicing providers, while also conforming to the new regulations.





FORMATS & PLATFORMS

The public invoicing platform Chorus Pro will provide all required tax information to the DGFIP by extracting the necessary information and performing reviews on transmitted invoices. Businesses will be able to manually enter invoices, view them and their associated processing status and archive them online.

The Agence pour l'informatique financière de l'Etat (AIFE) will create a business directory so that invoices can be correctly distributed via a common reference system. Three reception grids are possible: the business identification number (SIREN), the unique French business identification number (SIRET), or a routing code (e.g., service code).

Invoicing data may also be exchanged via private platforms. These platforms must have the ability to extract the data from the invoice and confirm the existence of the required mandatory information (in the same conditions as Chorus Pro). The registered private platforms will also be in charge of updating the business directory on behalf of their clients.





TRANSMISSION FORMATS

Invoices must be issued in structured or hybrid format (structured format + PDF). Any platform will be able to receive invoices in three different mandatory formats: UBL, UN/CEFACT CII (structured formats) and Factur-X (hybrid format). Simple PDF invoices will no longer be accepted, although allowing for exceptions within a transition period. E-invoicing platforms should be able to generate hybrid formats consisting of structured data and a readable PDF from a simple PDF file.

New mandatory information has been added, creating a list of more than thirty data items to be transmitted to the tax authorities (twenty or so as of 2024 and eight in 2026, to allow for a more comfortable transition for businesses).





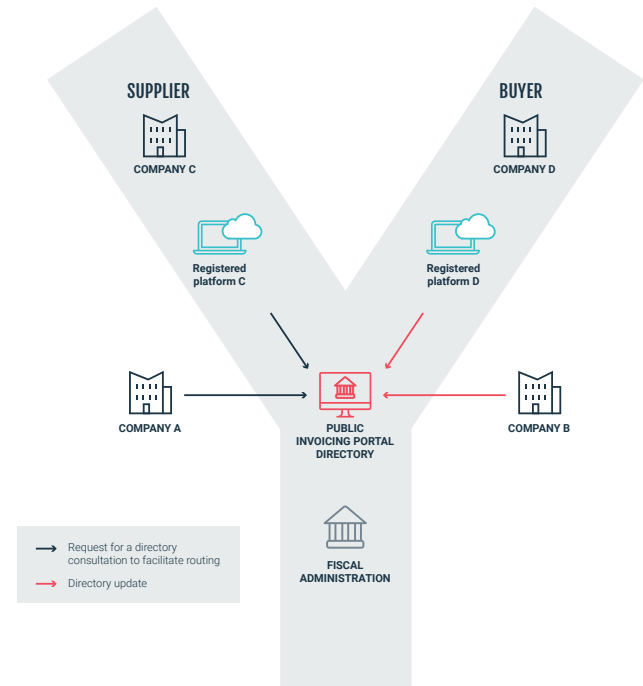
CENTRAL BUSINESS DIRECTORY

As part of the invoice reception process, a central business directory will be set up so that everyone has the same reference system to ensure that invoices are correctly routed between platforms. This directory will be used for B2B and B2G regulations and will include:

- The list of **companies and routing information** related only to the receipt of its invoices
- A **routing code** to identify the chosen platform (a unique code for each routing possibility)

The business directory will be updated by:

- **Chorus Pro** only for the creation and termination of companies
- **The company** if it uses Chorus
- **The registered reception platform**, if the company uses a registered platform to receive its invoices





E-REPORTING

Amendment No. II-3211 to the new regulation introduces a requirement for the electronic transmission of data for transactions carried out by taxable entities not affected by domestic B2B e-invoicing regulations. E-reporting obligations will follow the same calendar as e-invoicing.

E-REPORTING

One of the main objectives of e-reporting regulations include fraud detection.

E-reporting describes the requirement to report invoicing data and payment information for transactions carried out electronically within France by individuals (B2C) or foreign operators (international transactions), such as:

- Sending of invoice data and related accounting items
- Transmission of these items via Chorus Pro for both buyer and seller
- Verification of tax information by tax authorities

The French government therefore requires e-reporting for three types of flows that had not previously been impacted by the e-invoicing statutes:

- B2B international transactions
- B2C transactions
- Intra-community acquisitions
- Acquisition of services outside the EU
- Cash receipts when VAT is due

Statute n° 2021-1190 of 15 September, 2021: a financial penalty of €250 per non-compliant e-reporting transmission will be applied against companies up to a maximum of €15,000 per calendar year. This sanction will not be applied if it is the first infraction in the last three years and when the infraction has been repaired spontaneously or within 30 days following the administration's request for compliance.





HOW CAN ESKER SUPPORT YOU IN THIS PROCESS?

Esker supports businesses by automating accounts receivable (AR) and accounts payable (AP) processes in France and internationally.

Esker closely follows all new regulatory developments in order to provide its customers with solutions that comply with all e-invoicing requirements in France.

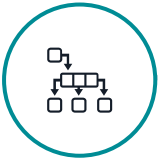


HOW ESKER CAN
SUPPORT YOU

ACCOUNTS PAYABLE AUTOMATION

Esker's Accounts Payable solution allows businesses to eliminate the pains of traditionally manual AP invoice processing by automating these tasks with technology such as AI-driven data capture, touchless processing and electronic workflow capabilities. Esker accurately gathers key invoice data and automates approval channels, which results in shorter processing cycles so businesses can meet payment deadlines and minimise financial risks.

Esker automates every phase of AP invoicing – from reception of the original document to the creation of accounting entries in the ERP system – minimising manual touch points and helping employees work smarter, not harder.



Receive & Dispatch



Data Extraction



Verify & Manage



Payment
Approval



Integrate & Archivalge



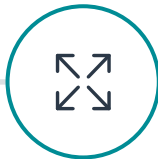
HOW ESKER CAN
SUPPORT YOU

ACCOUNTS RECEIVABLE AUTOMATION

Esker's Invoice Delivery solution automates the delivery and archiving of paper and e-invoices, including EDI, in compliance with regulations in over 60 countries — all the while providing real-time visibility into the invoice delivery status. Esker is capable of processing multiple invoice formats (e.g., PDF, XML, UBL, Facturae, Fattura-PA, etc.), communicating with various public administration platforms (including Chorus Pro, FAcE, SDI, PEPPOL, etc.) and providing real-time invoice delivery status information.



Validate & Transmit



Extract & Format



Deliver & Archive



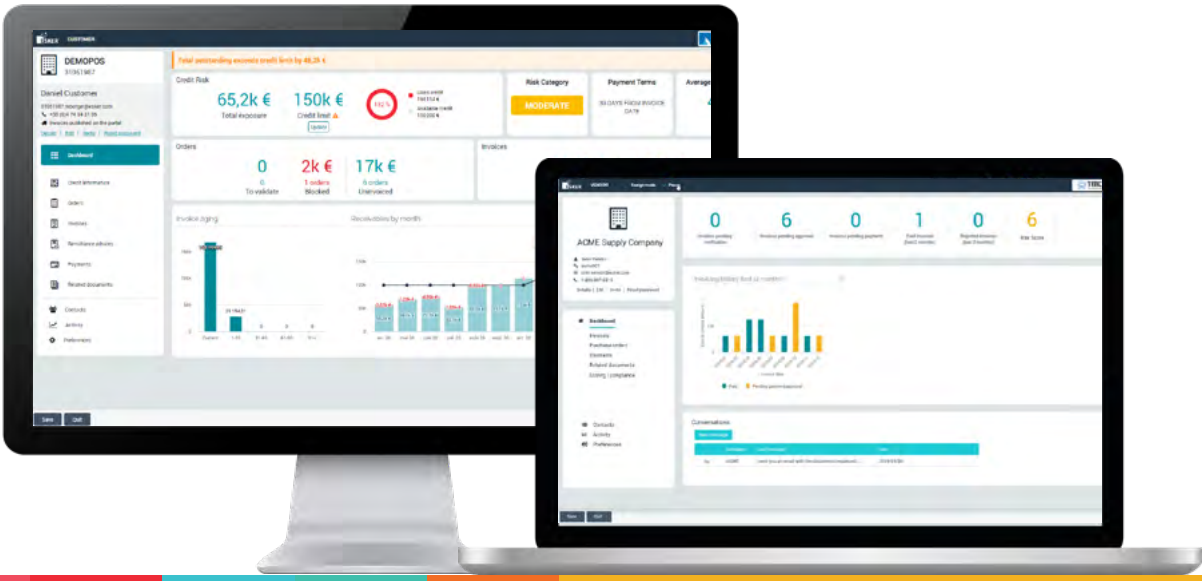
Collaborate & Track



HOW ESKER CAN
SUPPORT YOU

DASHBOARDS & KPIS

Esker's solution is equipped with intelligent customisable dashboards that display up-to-date metrics and analytics, allowing teams to better monitor performance. Reports can also be automatically shared internally.



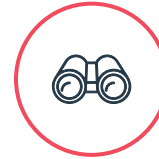
THE BENEFITS OF E-INVOICING



INCREASED PRODUCTIVITY
& faster processing times



OPTIMISED CASHFLOW
& shorter payment times



INCREASED VISIBILITY
of all processes & performance



IMPROVED CUSTOMER SATISFACTION
& better supplier relationships



LOWERED OPERATING COSTS
by reducing paper & equipment use



GREATER EMPLOYEE WELL-BEING
& team collaboration

ABOUT ESKER

Esker is a global cloud platform built to unlock strategic value for finance and customer service professionals, and strengthen collaboration between companies by automating the cash conversion cycle. Founded in 1985, Esker operates in North America, Latin America, Europe and Asia Pacific with global headquarters in Lyon, France, and U.S. headquarters in Madison, Wisconsin.

Our customers use our cloud solutions to increase the efficiency, productivity and visibility of their Procure-to-Pay (P2P) and Order-to-Cash (O2C) processes.





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