

ETAF recommendations for the future EU e-invoicing strategy

The European Commission is currently advancing its work on the future EU electronic invoicing policy strategy, expected to be released in the first half of 2025.

The strategy will aim to increase the mass adoption of e-invoicing by potential integration of electronic invoicing modules in ERP systems, ensure e-invoicing efficient transmission via interoperable infrastructures and exploring new uses for e-invoicing such as leveraging e-invoicing for automated compliance in VAT reporting or ESG reporting.

As a member of the European Commission's Technical Expert Group on e-invoicing, ETAF is pleased to provide its recommendations for the upcoming strategy.

I. Ensuring an operational use of e-invoice 1.0

The recently adopted VAT in the digital age (ViDA) package has been a huge step towards more digitalisation and a genuine opportunity for the tax and accounting profession. There are big hopes and expectations on e-invoicing and digital reporting as a mean to reduce VAT compliance burdens.

By guiding businesses in meeting new legal obligations, advising on compliant software and training on the use of e-invoicing tools, tax advisers and accountants play a pivotal role in facilitating a smooth digital transition, enhancing efficiency and competitiveness across the EU.

Our members believe a functioning e-invoice 1.0 should meet the following minimum requirements:

- Standardised format (European Standard EN 16931, XRechnung or ZUGFeRD - the basis for structured and machine-readable invoices).
- Integration with ERP systems.
- Simultaneous access to reporting data for accountants, tax advisors and tax authorities. While the electronic invoice is transmitted between two businesses, the tax administration's invoice data reporting is not necessarily the same as the electronic invoice itself. There can be significant added value in the fact that tax advisers, accountants and companies can access the data services concerning the given company. With this data access, many problems could be handled by the company itself, and there would be no need for bureaucratic tax office measures. It is also important that the access to the customers' data for accountants and tax advisers appointed by their customers remains free of charge, as this is the case in a non-digital world.
- Platform oversight and market regulation (legal and technical implementation of the platform structure so that data exchange is regulated, user-friendly, secure, interoperable and affordable to all enterprises including small businesses).

II. E-invoice 2.0: Looking to the future

A. Automation through AI

With the help of Artificial Intelligence (AI), e-invoices could be automatically checked, categorised and compared with tax regulations or contractual terms within the company in real-time. As with e-invoice 1.0, a standardised format is a prerequisite.

Member States need to create an accounting legal environment that expects automated operation from accounting software. With the generalization of standardized electronic invoicing, it becomes possible for accounting systems to be highly automated, eliminating the possibility of human error. This would eliminate the need for reconciliation, the quality of the data will increase, and human work will be limited to the performance of meaningful tasks.

In addition, Member States need to provide a clear legal framework to ensure that businesses retain control over their data while regulating access for tax authorities and trusted third parties such as accountants. This can be achieved, for example, through a certification process for providers or public-private partnerships.

B. Promotion of innovation

The European Commission can lay the technical foundations for e-invoice 2.0 through innovation partnerships with technology providers, start-ups and universities that meet the interests of a wide range of stakeholders, including the accountancy profession.

By providing funding, the Commission could support companies and research institutions working on innovative solutions for e-invoicing 2.0, promoting the use of technologies such as AI or blockchain and the more efficient design of invoicing processes. For example, barrier-free access to e-invoicing.

C. Data minimisation

In the interest of data minimisation, e-invoice 2.0 should contain only the necessary information, without collecting unnecessary data despite reporting obligations. Necessary information includes, for example, invoice master data, payment information and ESG data. The implementation of data minimisation makes it easier for businesses and accountants to process the e-invoice and minimises the administrative burden.

D. Real-time reporting

E-invoices for cross-border transactions must be issued within 10 days of the taxable transaction. In the final ViDA package, the notification period between the invoicing and the issuing of the e-invoice has been extended from two to five days. These deadlines are not compatible with the objective of "real-time" in the digital age. An adjustment should therefore be considered for the future to allow true real-time reporting. However, the deadlines should only be adjusted after the introduction of e-invoicing, to give users a sufficient transition period to switch to e-invoicing.

E. Customs declarations and Intrastat declarations

To include the service definition in e-invoice 2.0, each service or good should be precisely described in the invoice. This will facilitate identification and allocation in customs and Intrastat declarations. Defining the service following the guidelines for customs and Intrastat declarations would be a real added value for businesses, as they would be able to use the information for reporting purposes. It also simplifies the automatic booking of the invoice.

F. Additional variables in e-invoice 2.0

In ETAF's view, it would make sense to include the classification of Incoterms as a variable in the e-invoice. This would improve automatic booking (e.g. transfer of risk). Incoterms are not automatically included in the e-invoice.

The following should be taken into account:

- The introduction of new technologies must always be accompanied by a strong focus on privacy to protect sensitive business data (to avoid among others all possible Big Data models that might come up in the future).
- Companies and their employees must be prepared to accept and use new technologies. Training and information campaigns are therefore essential.

G. Detection of fraud

For both e-invoice 1.0 and e-invoice 2.0, it must be ensured that potential fraud can be detected in the data records in the intended format (European standard EN 16931, XRechnung or ZUGFeRD).

In addition, the European Commission must ensure that no business secrets are revealed by reading different invoice data in sensitive business areas. It must also be ensured that the reading of various invoice data by the State in the context of the fight against fraud, possibly using AI, does not enable profiling of companies and users. Under no circumstances should it be possible to create profiles of companies or users to analyse and use them for other purposes, different from detection of fraud.

Member States need to develop and use technologies that ensure that sensitive information is disclosed to tax authorities only in cases and to the extent absolutely necessary. With appropriate cryptographic methods, sensitive data can be protected in such a way that it can only be accessed with the appropriate legal authority. However, this approach definitely requires the legal separation of business secrets and information freely available to the tax administration.

III. The role of regulated tax advisers and accountants

A. Regulation of Peppol access points

In many countries, there is no regulation on the Peppol access points (basically anybody can easily become Peppol access point). This might lead to potential invoicing fraud and/or violations of privacy which should always protect sensitive business data. ETAF believes it is necessary that in all Member States a regulation is created for potential and/or existing Peppol access points. A very good example of this can be seen in France where PDPs ("Plateformes de Digitalisation Partenaires") need to be ISO certified, have obligations of performing a KYC of the companies they onboard on their platform and have obligations to stock data within the French territory.

In this context, this is of utmost importance that accessing the platform to send or retrieve invoices for a company implies an authentication process for the users to prove their identity.

B. Setting up an automatic mandate for regulated tax advisers and accountants

In the countries where the profession of accountant and tax adviser is regulated, we should promote an agreement between the tax authorities and the regulated professions, where these professions can validate the authenticity of the mandate and the identity of the person legally representing the enterprise during the onboarding process.

As the legal representative may change over time, any modification on this level should be validated by the designated member of the profession (after obtaining a mandate to do so by the customer). This will offer a higher level of guarantee of trusted data, both for domestic invoices and even more so for international transactions.

C. Link with payments

As with the introduction of PSD3, all payments will become instant ones and payment information will be crucial for tax authorities for e-reporting purposes, a regulatory link between documents and payments should be implemented.

A further increase of e-commerce is to be expected, for both domestic and international markets, making payment integration and e-reporting a valuable source of information for all concerned tax authorities. Linking e-invoices and payments will help reducing fraudulent and money laundering transactions in ETAF's view.

C. Regulation of new e-invoicing players

There are notable concerns about the ownership and commercial use of the vast amounts of financial data that will become available with the introduction of e-invoicing. EU legislators should keep in mind that new market players, technical solutions and business models are expected to appear. In this new environment, commercial intermediaries with no ethical obligations could be tempted to market the financial data of companies without any control. These companies have become accustomed to offering the company's own data, both to the company itself and to the accounting firm, in return for payment. This opens the broader question of a need for regulation of these new e-invoicing players.

Most of these emerging players — whether banks or software providers — do not currently offer accounting professionals any guarantees of data confidentiality. As a result, accountants are increasingly storing client data on third-party platforms they do not control, with no assurances on how that data is used.

To address these risks, only a few national professional bodies have taken proactive steps by developing their own platforms or collaborating with dedicated providers. Their approach is based on the belief that only a national body of tax advisers and accountants can enforce strict confidentiality rules. This includes protecting the anonymity of SMEs using the platform, safeguarding the identity of their accountants, and ensuring the security of financial data stored in commercial cloud services.

The Commission should establish core principles to help implement stricter regulations on these service providers. The profession can also help in this regard.

Beyond confidentiality concerns, another critical issue is the potential rise of unauthorized accounting practices. Without proper oversight by the profession, uncontrolled data dematerialization could accelerate the "Uberization" of accounting services, weakening traditional regulatory protections.

About ETAF

The European Tax Adviser Federation (ETAF) is a European umbrella organisation for tax professionals whose activities are regulated by law. It is set as an international not-for-profit organisation (AISBL) governed by Belgian law, based in Brussels and was launched on 15th December 2015. It represents more than 220 000 tax professionals from France, Germany, Belgium, Romania, Hungary, Austria and Croatia. ETAF is a registered organisation in the EU Transparency Register, with the register identification number 760084520382-92.