INTRODUCTION

My name is Lynn Massaï Koopman, global account manager at EDICOM.

EDICOM is a global service provider, expert in EDI and eInvoicing since it has been developing these solutions in-house since 1995. Our headquarters are in Spain, and we have branches in Paris, Milan, New York, Mexico City, Buenos Aires, Bogotá, and São Paulo.

We currently have over 17,000 clients and more than 700 million transactions annually.

CONSULTATION QUESTIONS: BUSINESS ADOPTION OF EINVOICING

1. Should a Business eInvoicing Right (BER) be introduced to accelerate business adoption of Peppol eInvoicing?

Yes, the Business eInvoicing Right (BER) will foster the use of eInvoicing without making it explicitly an obligation. As a "right" instead of a "mandate" it will help Australian businesses to realise the benefits of adopting eInvoicing in terms of reducing the manual data entry, greater accuracy, better overview of finance and procurement practices in terms of traceability and more secure transactions.

2. Are there other regulatory methods that might increase eInvoicing adoption?

We have seen that in some countries like Poland, for the B2B eInvoicing (mandatory in 2023) the "voluntary phase" (from January 2022) allows companies to already enjoy some fiscal benefits: a 1/3 reduction in VAT return times for its users: Moreover, it has exempted its users from having to declare the JPK_FA file which often resulted as laborious.

3. What key implementation challenges or issues would businesses face if the Government introduces a BER?

Currently, only 10,000 out of 24,000 Australian businesses are using Peppol einvoicing. Therefore, the majority is still using paper or PDF invoices. The major challenge that might arise for these businesses is the change from the traditional (manual) invoicing to automatised invoicing using an electronic format. Businesses need to be able to export a structured file (.txt, csv, xml, idoc…) from their management system or ERP, but not all companies (especially smaller ones) work with an ERP. In terms of complying to the Peppol format and communication method, this would be the responsibility of the service provider. So, the challenges are mainly limited to the in-house system of the businesses and whether they are able to generate a structured file with the data that is required.

CONSULTATION QUESTIONS: WHO WOULD BE CAPTURED BY THE BER?

4. Would Option 1 or Option 2 be more appropriate to set the scope for participation in the BER and why? Are there other approaches that may be appropriate?

Considering the new Digital Business plan promoted by the Australian government, Option 1 seems to make more sense (at a first glance) since the BER would be an extension of this plan through a new Commonwealth regulatory framework. Moreover, the list of entity types is clearer than the list in Option 2.

Other (more simplified) approaches are: i.e. business who have economic activity in the country (therefore having an Australian Business Number).

5. What, if any, exemptions would a BER need to include (e.g. for on-the-spot or point-of-sale business-to-business transactions, not-for-profit organisations, newly created businesses, entities supplying taxi travel, recipient created tax invoices (RCTIs))?

N/A

CONSULTATION QUESTIONS: IDENTIFYING BUSINESSES COVERED BY THE BER

6a. Should the Government create a public register of businesses covered by the BER?

Yes, this makes it easier for business and service providers to verify if the trading partner (other business) is covered by BER. Thus, allowing for a more real-time approach.

6b. Are there any other approaches that would be appropriate to identify businesses covered by the BER?

There are registries that allow for businesses to check the eInvoice addresses of other business. In Finland, the TIEKE organisation enables the following registry Verkkolaskuosoitteisto (verkkolaskuosoite.fi) allowing to search by company name, business ID or address.

The Finish Information Society Development Centre (TIEKE), is a non-profit organisation that maintains an eInvoicing Registry with contact information and eInvoicing address of companies that have implemented eInvoicing. TIEKE's ultimate goal has been to create a competent and interoperable information society. In order to speed up information society development.

For instance, if we look for "IKEA" it shows the different entities according to the OVT (Finnish Identification Number: 0037 for Finland) followed by Business ID and organisation number. As well as the operator they are using and a request to fix this information, allowing a "Request to Fix" where interlocutors can update the information.

CONSULTATION QUESTIONS: THRESHOLDS FOR BUSINESS SIZE UNDER THE BER

7a. Would businesses be comfortable with being publicly identified as small, medium-sized, or large?

No, identifying a company's size should not be publicly displayed.

7b. What key sensitivities or risks would such an approach present?

This could be sensitive for businesses in terms of being regarded as less reliable than other businesses in the market.

8. Which of the potential approaches to create a register of small, medium-sized, and large businesses covered by the BER would be appropriate?

A clear definition of what a small, medium-sized and large businesses entail based on total business income thresholds. Businesses will know to which category they belong to without creating a public list of small/medium/large companies.

Moreover, considering that around a 98% of Australian businesses are SMEs it might be best to use thresholds separating solely large companies from SMEs. It might be easier to split the pie in two (SMEs from large companies) than small from medium and large companies.

9. What regulatory costs may be involved for businesses for these options?
N/A

CONSULTATION QUESTIONS: ACCOMMODATING CHANGES IN BUSINESS SIZES

10. Should the BER apply to differently sized businesses at the different times?

Yes, the BER should be applied first to large businesses (with medium and small business already being able to request eInvoices in case they are prepared to receive eInvoices). Gradually, medium and small businesses should also have the legal obligation to respond to a valid request to send eInvoices). Medium and small business could be considered jointly as SMEs to avoid sensitivities of being identified as a small business.

11a. Should turnover-based thresholds be used to differentiate business size under the BER? What alternative thresholds are available and would be appropriate and administratively feasible?

Yes, either turnover or total annual income should allow to clearly separate the businesses according to their size.

11b. What levels of annual turnover would be most appropriate to differentiate small, medium-sized, and large businesses under the BER?

Options	Micro	SMEs	Large
Annual revenue	< 1 million AUS$	1 – 50 million AUS$	>50 million AUS$

• Australia: share of SMEs by business phase and revenue 2021 | Statista

12a. Would a framework for turnover aggregation and related grouping rules be required for the BER?

Yes, as long as businesses can easily understand what falls under the term turnover aggregation (as in section Aggregation | Australian Taxation Office (ato.gov.au)) and to clearly understand under which category the business falls.

12b. If required, would a framework for turnover aggregation and related grouping rules like those in current tax laws be appropriate for the BER?

Yes, standardising these rules will help the understanding for businesses and SPs.

CONSULTATION QUESTIONS: ACCOMMODATING CHANGES IN BUSINESS SIZES

13a. What would be the appropriate implementation timeframes for the BER?

Phase ONE (1ˢᵗ of January 2023)

		Which businesses would have the right to request and receive Peppol einvoices?		
		Micro	SMEs	Large
Which businesses must provide Peppol eInvoices if requested?	Micro			
	SMEs			
	Large	✓	✓	✓

Phase TWO (1ˢᵗ of July 2023)

		Which businesses would have the right to request and receive Peppol einvoices?		
		Micro	SMEs	Large
Which businesses must provide Peppol eInvoices if requested?	Micro			
	SMEs	✓	✓	✓
	Large	✓	✓	✓

Phase THREE (1ˢᵗ of July 2024)

		Which businesses would have the right to request and receive Peppol einvoices?		
		Micro	SMEs	Large
Which businesses must provide Peppol eInvoices if requested?	Micro	✓	✓	✓
	SMEs	✓	✓	✓
	Large	✓	✓	✓

13b. How much advance notice would covered businesses need to be ready by their corresponding deadlines under the BER?

Minimum 6 months in advance.

13c. What alternative timing approaches might also be feasible and appropriate?

The current proposal of 1st of July 2023 / 2024 / 2025 is also feasible and appropriate.

It needs to be transparent that businesses can start using BER at any time, even though they are not legally obliged to do so.

CONSULTATION QUESTIONS: ACCOMMODATING CHANGES IN BUSINESS SIZES

14a. What should a valid request to receive Peppol eInvoices involve or include?

Proof of capability to receive Peppol eInvoices (with an ID that can be easily checked) and an explicit request to the other business to send Peppol eInvoices.

14b. What communication and record-keeping requirements would the BER require for covered businesses, particularly in relation to communicating requests to receive eInvoices?

The BER needs to be able communicate these requests through a secure protocol (AS2/AS4).

CONSULTATION QUESTIONS: MONITORING, COMPLIANCE AND ENFORCEMENT, AND PROTECTIONS FOR PARTICIPANTS

15. What mechanisms should be put in place to protect businesses that choose to exercise their BER (e.g. whistle blower protections)?

N/A

CONSULTATION QUESTIONS: ENABLING PEPPOL-COMPATIBLE EDI NETWORKS

16. What key factors does the Government need to consider in relation to enabling Peppol-compatible EDI networks?

Peppol is mainly used to exchange messages like INVOICE and CREDIT NOTE (increasingly also incorporating ORDER, ORDER RESPONSE and CATALOGUE). However, standards like ANSI X12 and EDIFACT include a wide range of messages that are normally not regulated, but are used between trading partners upon agreement (SHIPPING NOTICE, DESPATCH ADVICE, ORDER STATUS REPORT…). Though promoting interoperability, the Government needs to take into account that not all messages are suitable to be interchanged via Peppol. Moreover, Peppol and standard languages (ANSI X12, EDIFACT, XML…) coexist in many territories.

17a. How could the Government target a potential intervention on the procurement functions of EDIs, without affecting or targeting the non-procurement functions?

Starting with the BER for eInvoicing (+ CREDIT NOTE) will foster the use of other messages to be exchanged via Peppol.

The DFØ (the Norwegian Agency for Public and Financial Management) is steering towards a more integrated region (collaborating between five countries: NO, SE, DK, FI and IS) and by establishing a digital infrastructure between businesses, business partners and authorities to foster cross-border trade. These pilots involve INVOICE, CREDIT NOTE, ORDER, ORDER RESPONSE and CATALOGUE in the Peppol bis 3.0. format.

Initiatives like this (for instance a collaboration between AUS, NZ, SG and JPN) could foster the procurement functions of EDI.

17b. What definitions or criteria would be required to limit any requirement to only those EDIs operated by businesses that the Commonwealth can regulate and EDIs that are only used in procurement?

The most commonly used messages (INVOICE, CREDIT NOTE, ORDER, ORDER RESPONSE, CATALOGUE) would be eligible messages to be regulated.

CONSULTATION QUESTIONS: EXPANDING EINVOICING INTO PROCURE-TO-PAY

18. What are the key business considerations and impacts relevant to expanding from eInvoicing to a broader integrated P2P process (such as Peppol P2P)?

The process needs to be made compatible with some industry standard formats that companies may be using already in their EDI transactions, so that these companies can reuse those implementations. Once the companies start using the e-invoicing, the companies will quickly see the benefits of the electronic data interchange and will welcome the automation of the rest of the procurement process.

The P2P processes are often isolated functions, often splitted across different departments within an organisation (purchasing, accounts payable, etc.) involving multiple people. Many of these individual processes are currently still manual and paper based.

19. What are the barriers, if any, to businesses adopting more efficient and standardised P2P processes, including Peppol P2P?

Based on our own experiences, the main barriers are the lack of awareness of the benefits of automating the P2P flows and the internal transformation of the current companies' processes. On a lower scale we find the initial investment to acquire the software and the training of the employees to use these new processes.

20a. Would broader adoption of Peppol P2P as a standard in Australia help businesses adopt more efficient and interoperable procurement processes?

Yes, we believe it will. Once the initial investment in the technology has been made, it is much easier for the companies to automate other flows and processes, since this automation is easily scalable. Besides, the more organizations are present in the Peppol network, the more partners you can connect to, thanks to the principle: connect once, connect to all.

20b. What different approaches are available that may also be appropriate for Australia?

According to our experience, some measures can help the adoption of the eProcurement, but the only one that has proved really effective is making it mandatory, as we have seen in Italy in Europe, where other countries like France and Poland want to replicate that success.

In Colombia, the government has put in place a program that promotes the digitalization of the economy. It consists in Business Digital Transformation Centres, that guide the SMEs in their digitalization process.

CONSULTATION QUESTIONS: INTEGRATING EINVOICING WITH PAYMENTS

21. What is the level of impact on business adoption that the integration of eInvoicing and payments would have?

Allowing the companies to perform electronic payments following the e-invoices should have a big impact on the business adoption, since the companies will be able to get a full digitalization of their procurement flow with a single initial investment, instead of having to do it in a phased approach. This can show the commitment of the government as well with the digitalization of the Australian companies.

22. Given the market is currently working to deliver solutions that enable integrated eInvoicing and payments, what (if any) further action or intervention is required to address any current barriers to greater integration and help drive this process?

The most powerful action would be to make the e-invoicing mandatory, as in Mexico that has become the world's leading power in eInvoicing, since it was made mandatory in 2014.

Another example would be Europe, where the eInvoicing is allowed since 2003, but a real adoption was not seen in Italy until it was made mandatory in 2018.