EU regulations e-invoicing and how Medius can help

Katarina Andersson
Yvonne Jans

"

I am concerned.

Kathryn McKenzie, Senior Global Indirect Tax Manager, Resideo

Yvonne Jans

Partner Director

+31 6 50 96 97 37

yvonne.jans@medius.com

LinkedIn

Katarina Andersson

VP Product, Capture

+46 708 37 66 26

katarina.andersson@medius.com

EU and ViDA – VAT in Digital Age

Why?

- Reduce the VAT Gap in the EU (being €93 billion in VAT)
- Reduce Fraud and maladministration
- Stimulate Digital Transformation

What?

- Impose e-invoicing infrastructure and reporting

When?

- **EU Member States may impose e-invoicing obligations per January 2024**
- E-invoicing will be the **default system** for the issuance of invoices **per January 2028**

VAT GAP IN 2020 (EUR million)

EU-27	BELGIUM	BULGARIA	CZECHIA	DENMARK	GERMANY	ESTONIA
92 732	4 784	379	2 164	1 643	11 076	45

IRELAND	GREECE	SPAIN	FRANCE	CROATIA	ITALY	CYPRUS
1 947	3 178	3 396	13 962	466	26 217	122

LATVIA	LITHUANIA	LUXEMBOURG	HUNGARY	MALTA	NETHERLANDS	AUSTRIA
95	952	240	720	270	1 714	2 660

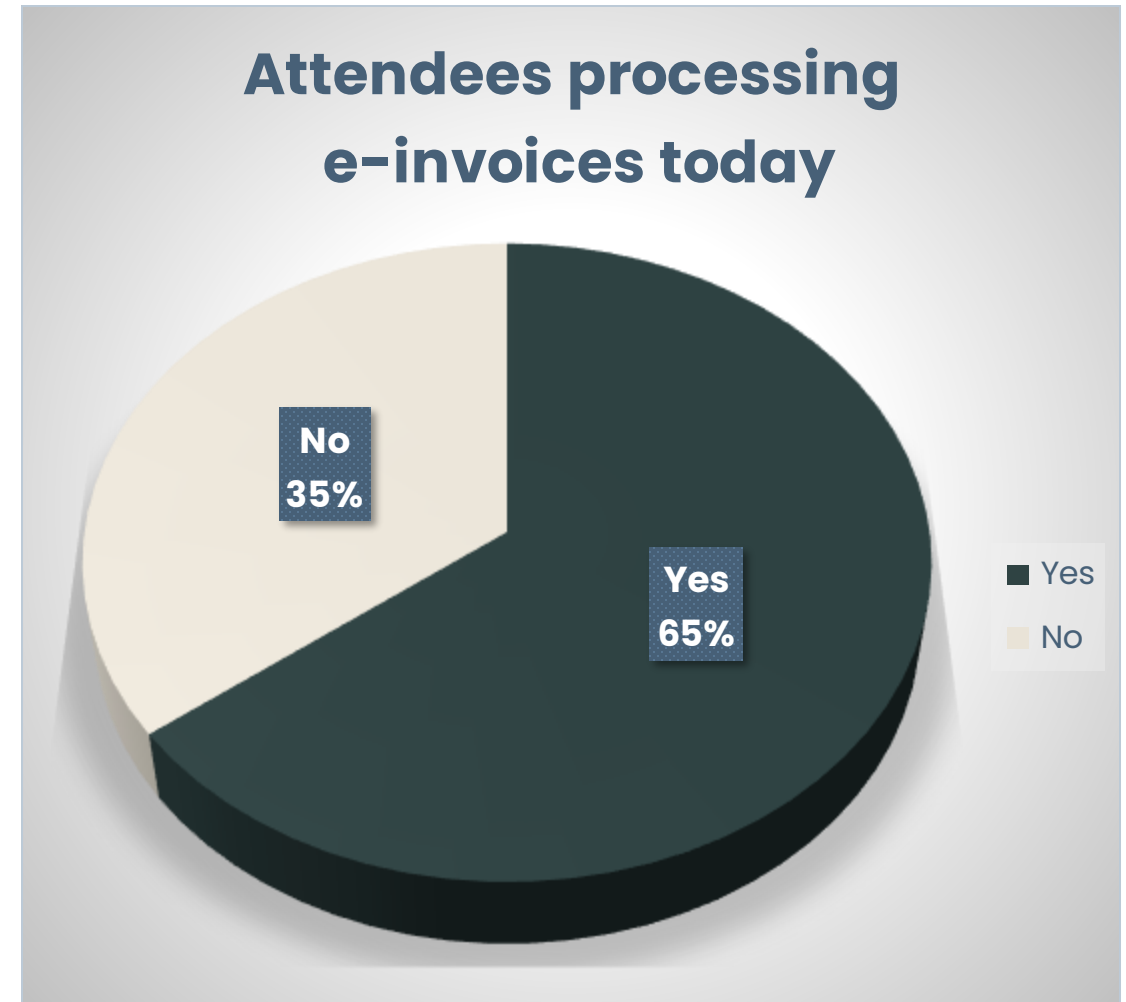| POLAND	PORTUGAL	ROMANIA	SLOVENIA	SLOVAKIA	FINLAND	SWEDEN
5 320	1 460	7 421	206	1 101	281	915

Impact of ViDA in your day-to-day business

Implications for Your Accounts Payable in EU

Shift in familiar practice

- No more paper invoices
- No more PDF via email
- Collaborate with Service Providers

Utilizing e-invoicing

- streamlines internal procedures
- improves data accuracy (reporting)
- groundwork for automation

Attendees processing e-invoices today

No 35%

Yes 65%

- Yes
- No

CTC = Continuous Transaction Controls

THE COMPLIANCE LANDSCAPE

5 main e-invoicing and CTC models

Source: Pagero

Post-audit

SUPPLIER → 1 → BUYER
SUPPLIER ← 2 ← BUYER

Trading parties are **free to agree** on method and technology used

🇯🇵 Japan
🇺🇸 USA

Interoperability

Service provider → 2 → Service provider
Service provider ← 5 ← Service provider
1 6 | 4 3
SUPPLIER | BUYER
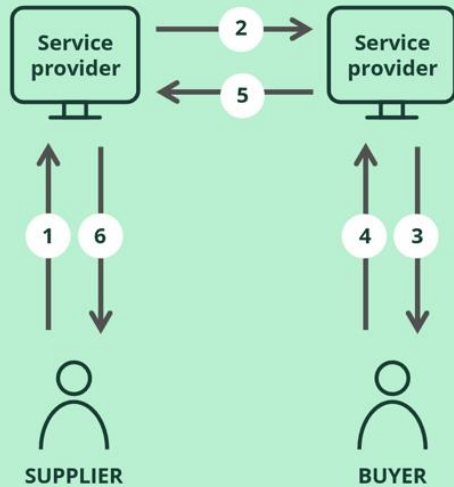
Fully digital exchange of any transaction documents **via interoperability**

Peppol
🇫🇮 Finland

Centralised invoicing

GOVERNMENT
1 2 | 3 4
Service provider | Service provider
SUPPLIER | BUYER
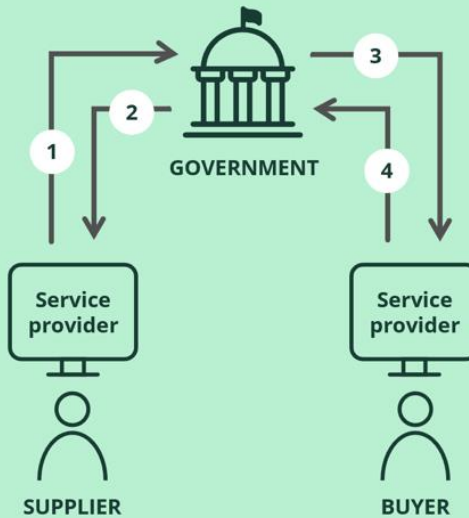
Transactions in **exchanged by a predefined infrastructure**

🇮🇹 Italy   🇷🇸 Serbia
🇹🇷 Turkey

Clearance

GOVERNMENT
1 2 | 5 4
Service provider → 3 → Service provider
Service provider ← 6 ← Service provider
SUPPLIER | BUYER
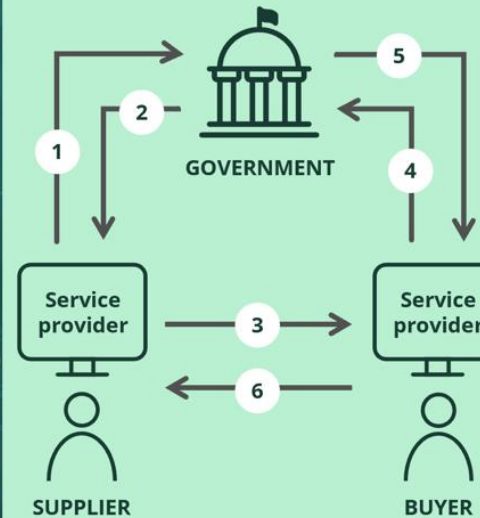
Approval of transactions **pre-issuance** and validation post-receipt

🇨🇱 Chile
🇲🇽 Mexico

Real-time reporting

GOVERNMENT
2 | 3
Service provider → 1 → Service provider
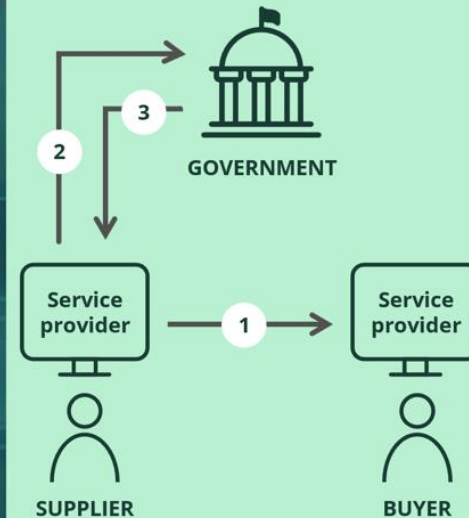SUPPLIER | BUYER

Reporting of transactional data in near-time **post issuance**

🇭🇺 Hungary
🇰🇷 South Korea

Mandates e-invoices EU Member states

Implications for Your Accounts Payable in EU

- **Italy (SDI)** and **Serbia (SEF)** Mandated B2B centralized electronic invoicing SDI and SEF. Medius has customers live in these countries

- **Poland (KSEF)** Mandated B2B centralized electronic invoicing KSeF is set to commence July 2024

- **Romania** Mandated B2B centralized electronic invoicing is set to commence July 2024.

- **Slovakia** Amendment is subject to parliamentary approval and is expected to be effective July 2024.

- **Germany** From January 2025 e-invoice becomes the default (but not yet mandated). All businesses are required to accept a compliant e-invoice.

- **Belgium** Mandatory e-invoicing for domestic B2B transactions interoperability model commencing January 2026.

- **France** Mandated B2B centralized electronic invoicing PPF is set to commence September 2026.

AP process flow for e-invoicing

PAPER/ PDF INVOICES

Suppliers sending invoices Paper, PDF via email

ELECTRONIC INVOICES

Suppliers sending e-invoices

Government hub (SDI, SEF, KSEF, PPF)

Interoperability

Peppol

Multiple formats & connections

PAGERO
LOGIQ
INEXCHANGE
OpusCapita
tieto EVRY

INVOICE + IMAGE

1 format

Data capture

medius

Dynamics 365
ORACLE NETSUITE ANY ERP
SAP
infor

SERVICE PROVIDERS

- **Network** connecting buyers, suppliers
- Expertise on country specific **legislative compliance**
- Interoperability between multiple ERPs and networks
- Intelligent validations and data enhancements
- **Certified e-archive** capabilities for all invoices
- TAX reporting

MEDIUS

- **Open API's for Service Providers**
- Import and verify incoming e-invoices
- Matching & Workflow
- **Reject invoice/status messages**
- Storage
- Payment
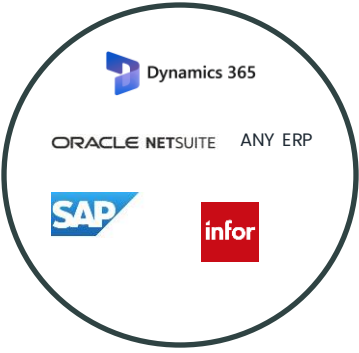
ERP of Financial System

- Master Data
- Suppliers
- Posted Invoice
- Voucher Number
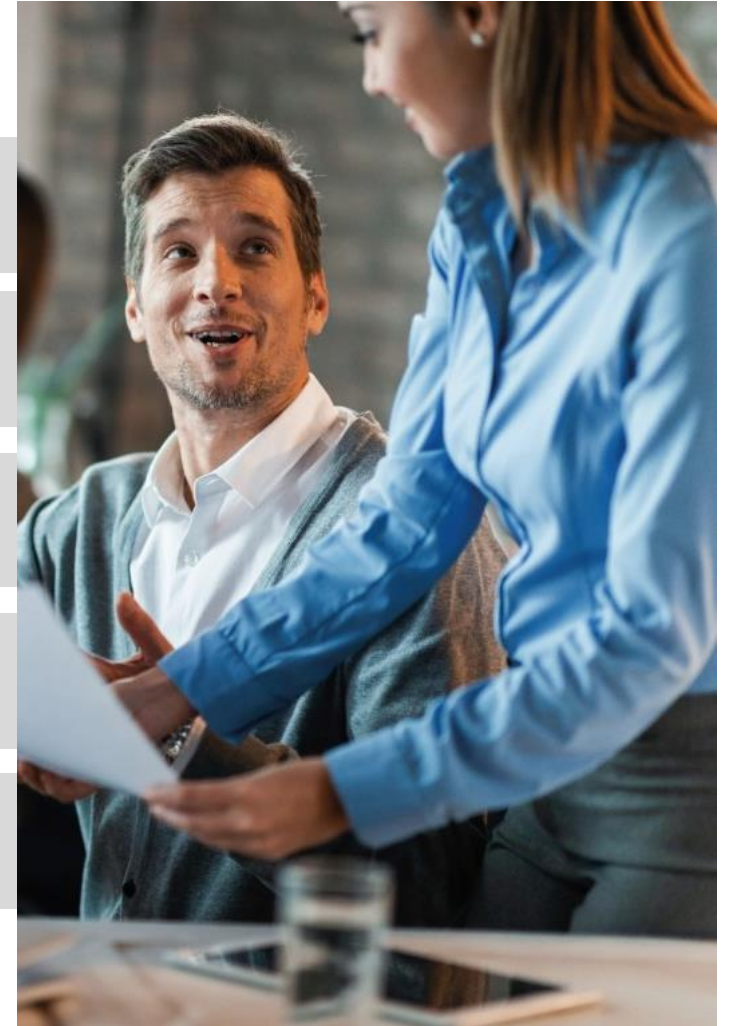
For many it is painful to process e-invoices

E-invoices has the same difficulties as PDF

Mandates and compliance

Lack of control – XML is difficult to "read"

No clear ownership when there is an issue

No end-to-end analytics and reporting

Automatic detection of different e-invoice/EDI formats

Any XML and EDI invoice

E-invoicing made simple
AI can make e-invoices 99%* automated using AI

- Readable and editable invoice layout with learning
  - Advanced learning of the supplier
  - Learning of reference
  - Re-mapping of fields
- Automatic detection of different formats
- Intelligent validations
  - No IT involvement
  - Same validations for all invoice types
- You are in control

*patent pending solution

Medius has you covered

- We are ready when you are!
- Single point of contact for support and account management
- Invoices no matter what format are processed the same way
- One solution
- Trusted advisor
- You are in control

TVH

> **"** I was afraid receiving e-invoices would be complicated, but this will allow us to be more automated without much work at all.

Renate Mortier, AP manager

K BYGG

> 66 A major advantage is that you are in control of the fields yourself. You do not need to contact your VAN operator or Supplier asking them to change. And best of all you can pick up and pare any ambiguities as soon as the invoice arrives.

Sandra Silvander, AP manager

Key take aways

ViDA is coming and while we wait countries are mandating e-invoicing locally

Medius has got you covered

Many customers are successfully live!

What is your e-invoicing strategy?