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FEDERATION BANCAIRE FRANCAISE

**RESPONSE TO THE
CONSULTATION DOCUMENT ON THE FINAL REPORT OF THE EXPERT GROUP ON
E-INVOICING**

The French Banking Community, welcomes the opportunity to comment on the final report of the European Commission expert group on e-invoicing which is an important step towards the construction of an integrated and efficient European market.

General Assessment

1. Do you agree with the report's assessment, conclusions and recommendations?

The FBF generally agrees with the report content and supports the recommendation to set up a European Forum as well as national bodies to promote and monitor the adoption of e-invoicing.

Nevertheless, the FBF considers that there are significant prerequisites to the actual take-off of the market, including legal and VAT harmonisation.

The FBF is ready to participate to the above mentioned forum and bodies in order to contribute to the e-invoicing initiative.

2. What other suggestions/recommendations would you have?

The report leaves out certain factors that may be important for the actual development of the market notably business models, interoperability requisites, and to some extent legal enablers (see 1 above).

In addition, as the market is emerging and heterogeneous, stakeholders are not well identified at this stage. In this respect, it should be highlighted that the role of the public sector is of critical importance. Its active participation is thus essential.

The banking industry also has an important part to play given notably its involvement in the SEPA initiative. The report mainly focuses on B2B relationships, which are a priority, but we believe that B2C relationships may also be addressed in due time, with adequate involvement of banks.

Business requirements (Section 3 of the report)

3. Is there an important aspect for the successful uptake of e-invoicing missing in the list of defined business requirements, especially to facilitate mass adoption by SMEs?

The report underscores prospects for significant productivity gains in the SME sector. However, the needs of SMEs are very diverse. Mass adoption shall require ad hoc facilitation such as operational guidelines made available to relevant parties.

Legal and regulatory aspects (Section 4 of the report)

4. Is the Code of Practice proposed by the Expert Group suited to complement future VAT legislation? If not, how could it be improved?

The definition of a code of practice sounds like a good idea that raises however practical questions notably on who should observe it and who would control.

It is also important to remind that development of e-invoicing must not be used to strengthen demands on invoicing or otherwise require an invoice for operations which are exempt from VAT.

Subject to these important issues, a close examination of the code of conduct shows that it abides by the general principles which govern the invoicing of VAT. In addition, it seems to be aligned with the present evolution of the content of the provisions required for the invoicing of VAT.

5. Do you agree with the 11 Core Principles set out in the Code of Practice in Annex 3 of the report? Is any important element missing?

(a) Equality of treatment: agreed.

(b) Technology neutrality: Technology choices need to be driven by business choices and compliance constraints.

(c) Business controls: Business controls are obviously required. Nevertheless, it is important to leverage wherever possible generally accepted legal, accounting and audit frameworks. As to operational controls, they need to be devised in an open framework.

(d) Mutual recognition: Mutual recognition is welcome but should be tailored as not to hamper harmonisation and interoperability. Further work seems to be warranted in this respect and we would be happy to contribute. Each member state has its own perceptions and methods in terms of tax audits and is used to have them performed by its own agents rather than by authorities of other member states.

(e) Auditability: Agreed but the scope must be specified. Auditability by stakeholders would be expected to be delivered under commonly accepted accounting rules and commercial law.

(f) Readability: agreed.

(g) Maximum choice and (h) Proportionality: These requirements need to be balanced against the limitations imposed by interoperability. As previously mentioned, a common basis applicable to all infrastructures has to be defined in order to ensure interoperability.

(i) Use of service and solution providers: agreed.

(j) Public and private sector: agreed.

(k) Legal harmonisation and simplification: Legal harmonisation and simplification is an important requirement. Nevertheless, it would be more useful after further assessment of possible structural impediments to harmonisation and interoperability.

6. Beyond VAT legislation are there any other significant regulatory barriers which prevent the uptake of the e-invoicing?

Besides VAT legislation, the FBF would like to point out the need to clarify the legal framework of electronic archiving which is a key element of the e-invoicing chain.

Interoperability (Section 5 of the report)

7. Is the “eco-system” described in the report a valid target environment? Does it reflect all requirements for an open and interoperable level playing field?

It seems difficult to give an opinion on this matter at this stage. In practice, there are various processes at work in the market place.

Content standards (Section 6 of the report)

8. Is the proposed target data model (UN/CEFACT CII v.2) meeting user requirements?

Converging towards a unique data model (UN/CEFACT CII V2 including the financial data elements required) is a good thing which can facilitate the interoperability and allows the adoption of the whole

supply chain. Regarding the SMEs needs, the FBF welcomes the provision of a minimum “core invoice” data set.

Implementation of the Framework (Section 7 of the report)

9. Do you agree with the proposed implementation bodies and the tasks assigned to them in the report?

The description of the European forum is well documented at this early stage. Nevertheless, it seems premature to entrust it with a regulatory capacity. There are heterogeneous business and operating models at present..

Priority must be given to catalysis rather than regulation. The applicable framework must be harmonised as the understanding of e-invoicing is different from a country to another.

10. Do you see other implementation tasks which can not be entirely left to the market alone?

In our view, tax reform (VAT) is the main issue that cannot be left to the market alone.

11. Do you see other bodies or organisations which could play an important role in implementing the framework?

The public sector has certainly an important role to play.

Specific aspects for SMEs and e-Invoicing

12. Do you believe that SMEs needs are sufficiently covered in the report? Are there any other means to promote the adoption of e-invoicing by SMEs?

To start with, coverage of SMEs seems to be adequate.

13. Are the guidelines for SMEs in Annex 4 comprehensive enough? Would you suggest any additional content?

Operational guidelines will have to be made available to users and stakeholders.