



PEPPOL PLUS E-INVOICING IN AUSTRALIA & NEW ZEALAND



WHAT

e-Invoicing is the automated exchange of structured invoice data directly between senders and receiver's software across a highly secure, governed network.

WHY

The use of structured data allows it to be interpreted by any invoicing software enabled for e-invoicing, dramatically increasing the automation and security of the process and at the same time lowering the cost.

E-invoicing is eco-friendly because it eliminates paper, requires no physical storage space or resources, and requires less energy. Eliminating paper-based invoicing saves material costs and waste, and reduces environmental impact through less paper, printing and delivery costs.

AUSTRALIA & NZ

In 2019, the Australian and New Zealand governments announced their intention to adopt the PEPPOL framework for e-invoicing.

The PEPPOL (Pan European Public Procurement On-Line) project was initiated in 2008 with the objective to simplify electronic procurement across borders by developing technology standards that could be implemented across all governments within Europe. The overall aim is to let businesses communicate electronically with any European government institution in the procurement process, increasing efficiencies and reducing costs.

HISTORY

Electronic Data Interchange (EDI) between buyers and sellers is not new. EDI platforms have been deployed, typically by larger buyers for their suppliers to use, in an attempt to reduce manual purchase order and invoice errors and processing costs.

E-invoices contain the same information as traditional ones with the exception that the data is structured as digits and characters in fixed and machine-readable fields eliminating traditional manual handling, and errors in accounts payable processes.



Implementing EDI typically requires configuration and complex integration with custom built systems which can be expensive for smaller suppliers, and not necessarily reusable with other buyers.

The advantage open PEPPOL e-Invoicing offers over EDI is that it uses a standard data format that any business who adopts it can use irrespective of what ERP, billing or AP systems they may have.

Once configured, and an Access Point established, any compliant business within the same PEPPOL region can exchange invoices electronically with any other PEPPOL enabled business.

However, there can be slight variations in the format between countries depending on each country's format choice, and tax treatment variations. Eg: GST / VAT.

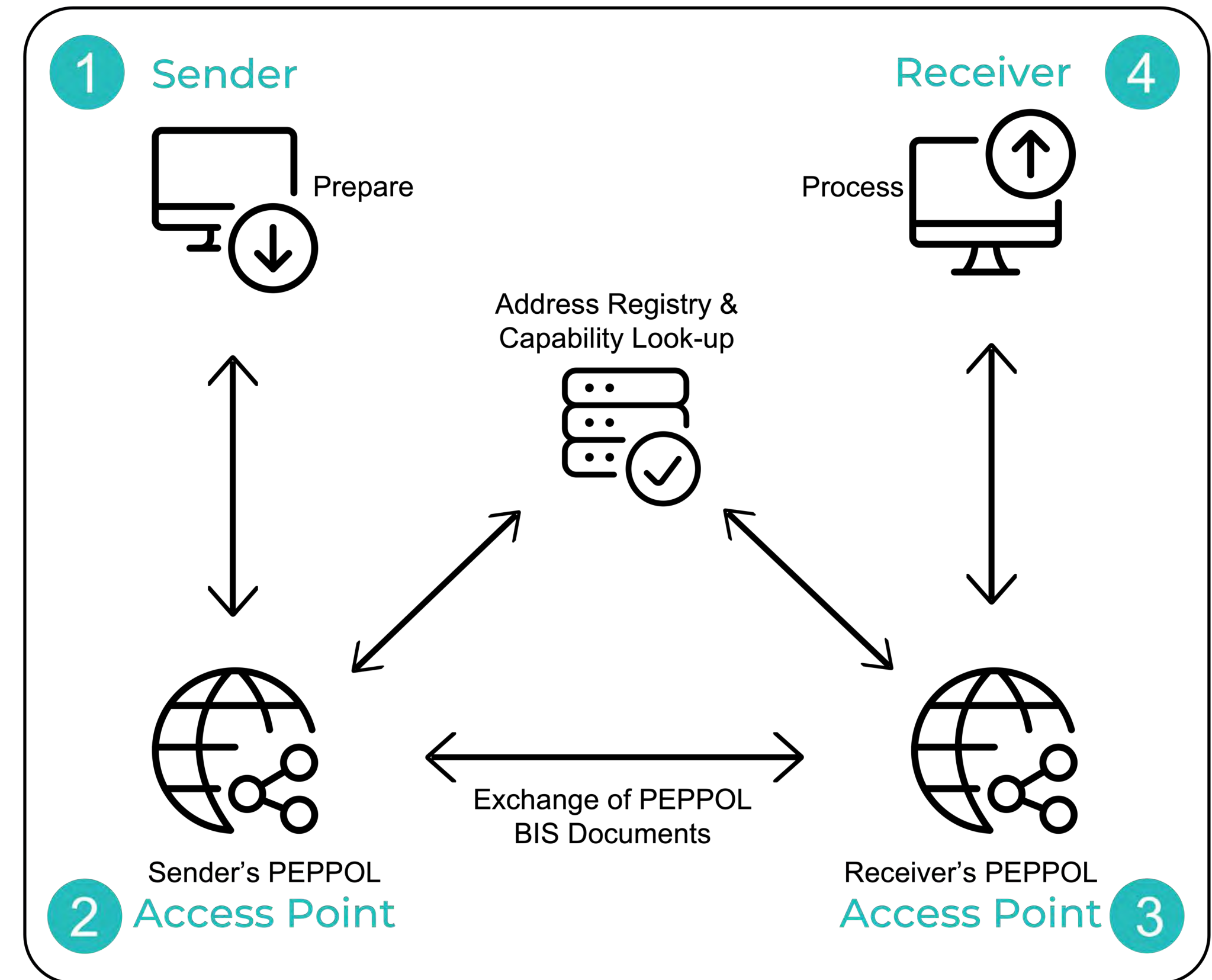
Fortunately, the Australian and NZ governments have collaborated to ensure Trans Tasman e-Invoicing can be supported by businesses operating in both countries.

HOW

The Australian and NZ platforms are based on the PEPPOL 4 corner model where corners 1 and 4 are the supplier and customer, and corners 2 and 3 are Access Points. The Access Points connect to each other to exchange e-invoices.

Suppliers (Senders) generate an invoice from their native ERP or billing system. The invoice is then converted into the ANZ PEPPOL format and uploaded into the PEPPOL e-invoicing network through a certified Access Point. The network automatically identifies the customer (Receiver) so, once the invoice is loaded, it can be automatically routed to the correct customer.

The customer receives or downloads the invoice from their Access Point and then converts it into a format that can be processed by the Receiver's existing ERP or accounting software.



BENEFITS

Easier invoice processing

There's no need for extra manual data entry as the process is automated for both buyer and seller.

Cost savings

It's been calculated that e-invoicing reduces costs by approximately 70% compared to traditional invoicing (ie. PDF and paper invoices).

Faster invoice payments

Sources say e-invoicing is 60-80% more efficient than paper-based invoices. The average processing time for e-invoices is just five days.

Fewer errors

Reducing manual handling and the re-keying of information means fewer incorrect or lost invoices.

Secure

Using the PEPPOL network, e-invoices are sent in a pre-defined format with security measures added throughout the process to make sure messages can't be changed or altered. This greatly reduces fraudulent invoices and billing scams. Events like sending, receiving and more are logged throughout the processes, making e-invoices much easier to track than traditional invoices, improving transparency.

Incentives

On top of these benefits, the Australian government is providing incentives for their suppliers who use e-invoicing. As of the 1st of January 2020, the government will pay invoices in five days for contracts valued up to \$1 million, as long as both the seller and the government agency use e-invoicing. If not, they'll pay interest on late payments.

THE AUSTRALIAN CASE FOR E-INVOICING*

- Over 1.2 billion invoices are exchanged annually in Australia.
- Australian small businesses are collectively owed AU\$26 billion in unpaid invoices at any one time.
- 89 per cent of small and medium-sized enterprise (SME) invoices are processed manually.
- e-invoicing is predicted to save the Australian economy AU\$28 billion over the next decade**

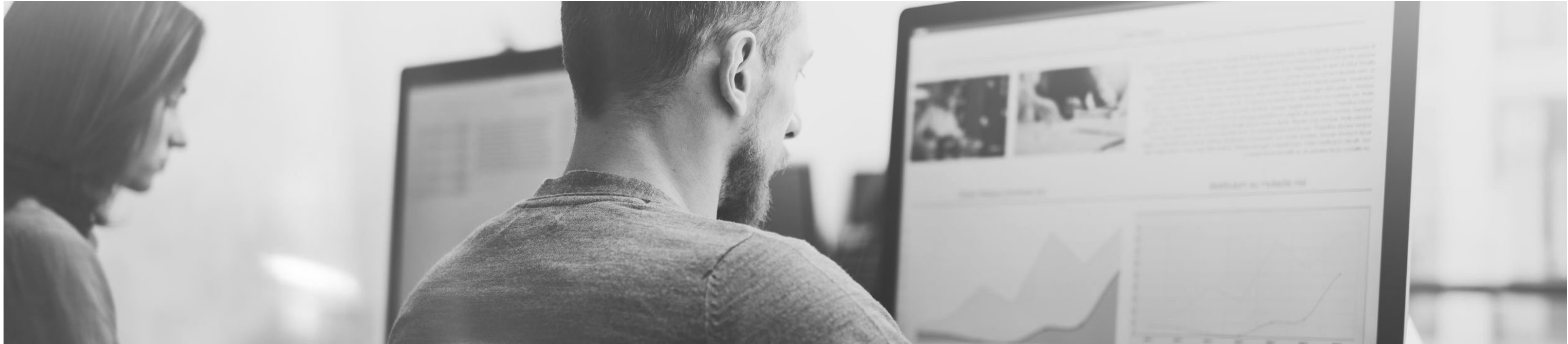
*SOURCE: <https://lgprofessionalsaustralia.org.au/wp-content/uploads/2020/06/ATO-Webinar-Slides-Local-Government-e-invoicing.pdf/>

**SOURCE: <https://www.ato.gov.au/Business/E-invoicing/E-invoicing-for-government/>

THE NEW ZEALAND CASE FOR E-INVOICING*

- Nearly 80 per cent of all New Zealand businesses are affected by late payments.
- 28 per cent of payments are more than one month overdue.
- e-invoicing could save New Zealand businesses up to NZ\$4.4 billion annually.

*SOURCE: <https://www.nzbn.govt.nz/using-the-nzbn/e-invoicing/benefits/>



STEPS

1. Required Data Fields

It is likely that most of the data fields required for e-invoicing will already be contained in your current invoices. However, PEPPOL requires a verifiable and unique identifier to ensure that documents are sent to the correct recipients. In Australia, an ABN number is needed for each receiver (customer), and in NZ an NZBN is required.

2. Integration with existing ERP / AP / Billing software

The required data fields for e-Invoicing will need to be converted and aligned with the ANZ PEPPOL formats for both senders (suppliers) and receivers (customers).

3. Accessing the ANZ PEPPOL Network

E-Invoices are exchanged between certified Access Points, one for the sender, and one for the receiver. Using an existing certified Access Point service provider is typically much faster and easier than becoming a certified Access Point yourself.

4. Hybrid Approach

It is important to remember that adoption of e-Invoicing by businesses will take time, so in the interim, you will need to be able to accommodate both traditional as well as PEPPOL enabled invoice exchanges.

MORE

For further information or assistance with your e-Invoicing strategy, you can contact us at:

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