



ACCOUNTS PAYABLE

ENSURING E-INVOICE COMPLIANCE

By Emmanuel Olivier

Switching from paper to electronic invoicing can dramatically improve business's accounts payable (AP) process; however, there are strict international e-invoicing tax compliance rules that cannot be overlooked.

As more and more companies replace their costly paper-based processes with less expensive and more efficient electronic invoicing and archiving solutions, they are discovering new, more effective ways to help increase their competitive advantage and business efficiency. While e-invoicing is beginning to realise its potential, one of the reasons it has not been widely adopted so far is the confusion around tax compliance.

E-INVOICING ON THE RISE

There are increasing demands for companies to update their business-to-business communications to send and receive invoices electronically. Two primary factors are contributing to the steady growth of e-invoicing:

1. Many governments and large corporations are adopting e-invoicing, some even mandating it.
2. The European legislative framework has become more flexible, making the requirements for proof of e-invoice validity the same as those for paper invoices.

RULES ARE RULES

Most countries have specific requirements for processing and storing invoices so tax authorities can easily determine, even many years later, if they are the same invoices as issued, by an identifiable source, at the time of the transaction.

In the event of a tax audit, a company must validate the integrity and authenticity of an invoice, from both the vendor and the buyer, (i.e., prove it is real and unchanged). These qualities must be verifiable from the moment an e-invoice is issued until the end of the mandatory archiving period. All documents requested by an auditor must be made available as quickly as possible, and be intelligible to the tax administration. Non compliance with tax requirements can result in significant fines for a company.



HOW TO PROVE E-INVOICING LEGALITY

Previously, electronic signatures and electronic data interchange (EDI) were the only accepted methods for ensuring e-invoice authenticity and integrity. Today, under the European Directive 2010/45, a company has more flexibility to prove the legality of an e-invoice, thanks to a newly introduced method — business controls-based reliable audit trail (BCAT) between an invoice and a supplier. This audit trail, already permitted for paper invoices, gives a step-by-step documented history of a transaction and is now accepted as evidence for proving the validity of an e-invoice.

With a variety of process approaches to ensure e-invoice legitimacy, companies need a trusted partner to help them navigate the complex universe of e-invoicing.

- E-signatures provide an unprecedented level of legal certainty, reliability and cost effectiveness.
- EDI requires reliable data formatting and secured exchange.
- BCAT obliges companies to show transaction proof with business records generated during the invoicing process (e.g., archived sales/purchase order, goods receipt/dispatch notes, etc.).

In this evolving context, from a legal, process and technical point of view, businesses can rely on the expertise of Esker.

ESKER FITS THE BILL

Esker's Accounts Payable automation solution has enabled a leading French player in the field of analytical services for the healthcare industry to process its supplier invoices 50% faster.

The company has been able to manage a 20% increase in activity at its shared service centre and achieve numerous benefits for the entire company, including:

- Increased productivity with invoice processing time cut in half
- Reduced invoice validation time thanks to the supplier portal and Esker's mobile approval application, Esker Anywhere, giving managers on-the-go invoice accessibility
- Greater business visibility with customisable dashboards
- Eliminated paper archiving and time spent filing and looking for documents

ALL ROADS LEAD TO ESKER

Whichever method a company may chose, Esker can support them. Through its partnership with TrustWeaver, a leading expert on e-invoicing compliance issues, Esker applies time stamps and verifications to ensure regulatory compliance in over 50 countries. Esker's audit trail and reporting capabilities allow users to demonstrate the validity of an invoice through BCAT. Esker keeps track of all supplier orders, from recording to dispatch and electronic archiving, making it easy to retrieve orders and receipts for audit purposes. And for those with partners requiring EDI, Esker can help as well.

ESKER AUTOMATES IT ALL

Using one integrated and cloud-based platform, companies can leverage Esker to automate any or all business document processes. Whether a business wants to automate and capture inbound documents (e.g., sales orders) or electronically deliver outbound documents (e.g., customer invoices, purchase orders), it's all controlled by a single set of business rules for end-to-end automation.



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