



# Act Now to Avoid Operational Disruption: Why Your Organization Needs a Global E-invoicing Strategy Now

Monday, June 10, 2024

**Ahead  
of the Wave**

2024 U.S. Cross-Border Tax Conference



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# With you today

## Kathya Capote Peimbert

Managing Director

Global Lead E-invoicing and Digital Reporting

KPMG U.S.

## Paula Smith

Managing Director

Indirect Tax Technology

KPMG U.S.

## Christiaan Van Der Valk

GM Indirect Tax Technology

Sovos

## Philippe Stephanny

Managing Director

Indirect Tax, Washington National Tax

KPMG U.S.

# Agenda

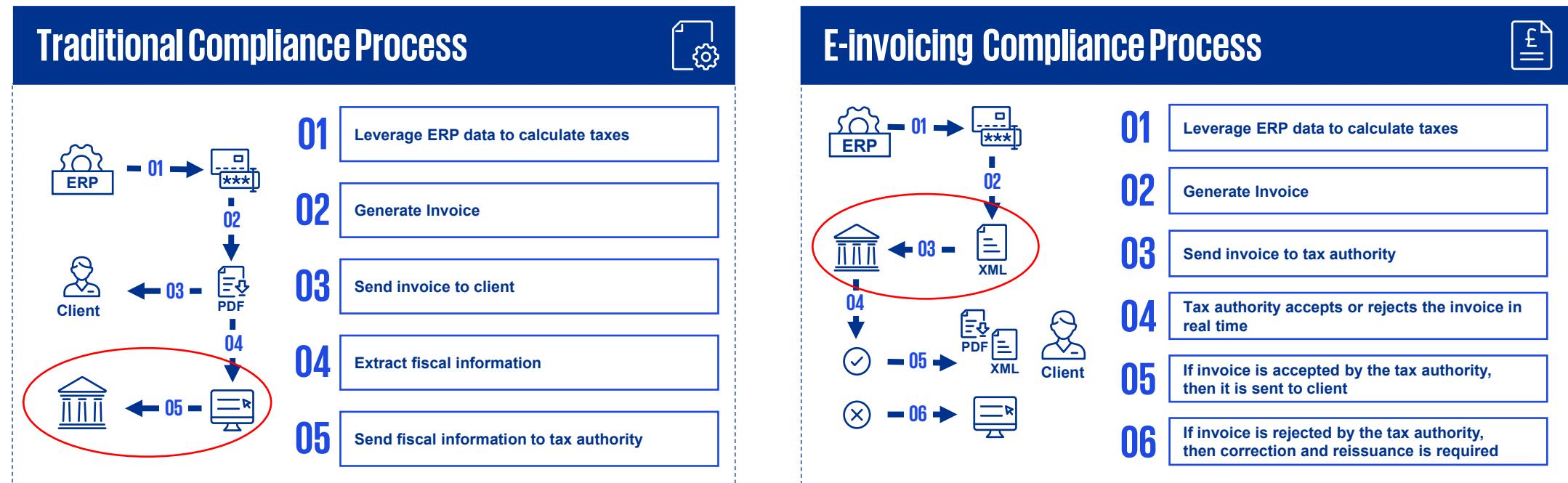
- 1. E-invoicing 101**
- 2. Practical implications**
- 3. Developing a compliance strategy**

# Setting the scene : what do we mean by e-invoicing?

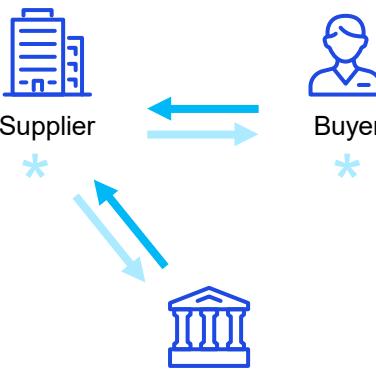
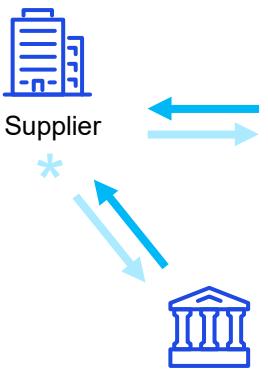
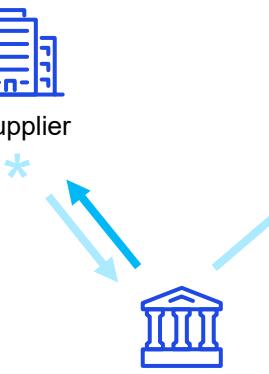
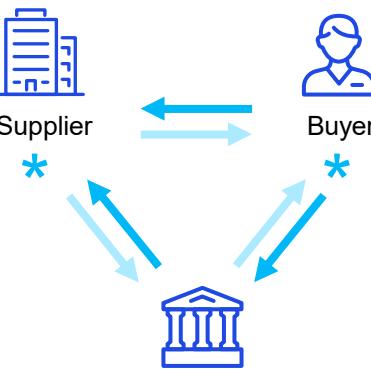
An “E-invoice” is any digital document that is created as a set of structured data in a specific format or schema specified by the tax authorities.

The process of “E-invoicing” involves the electronic transmission of E-invoices to and from taxing authorities pursuant to government mandates as a precondition to issuing a government-approved E-invoice to a customer.

Some common schemas used in e-invoicing mandates are EDI, XML and JSON.



# Different models of e-invoicing and digital reporting

Government Mandated E-invoicing				
Reporting	Direct E-invoicing	Supplier Initiated	Government Generated	Supplier Initiated/ Buyer Validated
 <p><b>Digital Reporting</b> Example country: Poland and Portugal <b>(Near) Real Time Reporting</b> Example country: Hungary, Spain</p>	 <p><b>E-invoicing is allowed and regulated</b> but data does not flow through tax authority Example country: Australia, Singapore, Japan</p>	 <p><b>Supplier Initiated</b> Example country: Saudi Arabia, Korea, Indonesia, Malaysia</p>	 <p><b>Government Generated</b> Example country: Italy</p>	 <p><b>Supplier Initiated/ Buyer Validated</b> Example country: Colombia, India, China</p>

# Practical implications of e-invoicing

- Governments all over the world are transforming the business process whereby vendors seek payment from customers for sales of goods and services
- E-invoicing mandates inject tax authorities as intermediaries between vendor and customer in the invoicing process for commercial transactions
  - When Vendors submit E-invoices for pre-issuance approval by Tax Authorities, all data elements and process requirements must be strictly met, or the E-invoice will be rejected
- **Bottom Line: unless a company implements an E-invoicing process that is compliant with the tax authority mandate in each country, the company cannot obtain payment for sales of goods or services to its customers.**

# What is the cost of non-compliance?



**Non-compliance is  
not an option**



**Business Impact**



**Penalties**



**Tax Deductibility**

- Invoices not being paid
- Shipments being blocked
- Reputational Damage

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- Criminal penalties
- Financial penalties (e.g., fixed amount or invoice percentage amount per offense)
- Closing stores

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- Loss of CIT deductions
- Disallowed VAT/GST Credits
- Delay in refunds

# Compliance regimes: 2000

## Evolution of e-invoicing



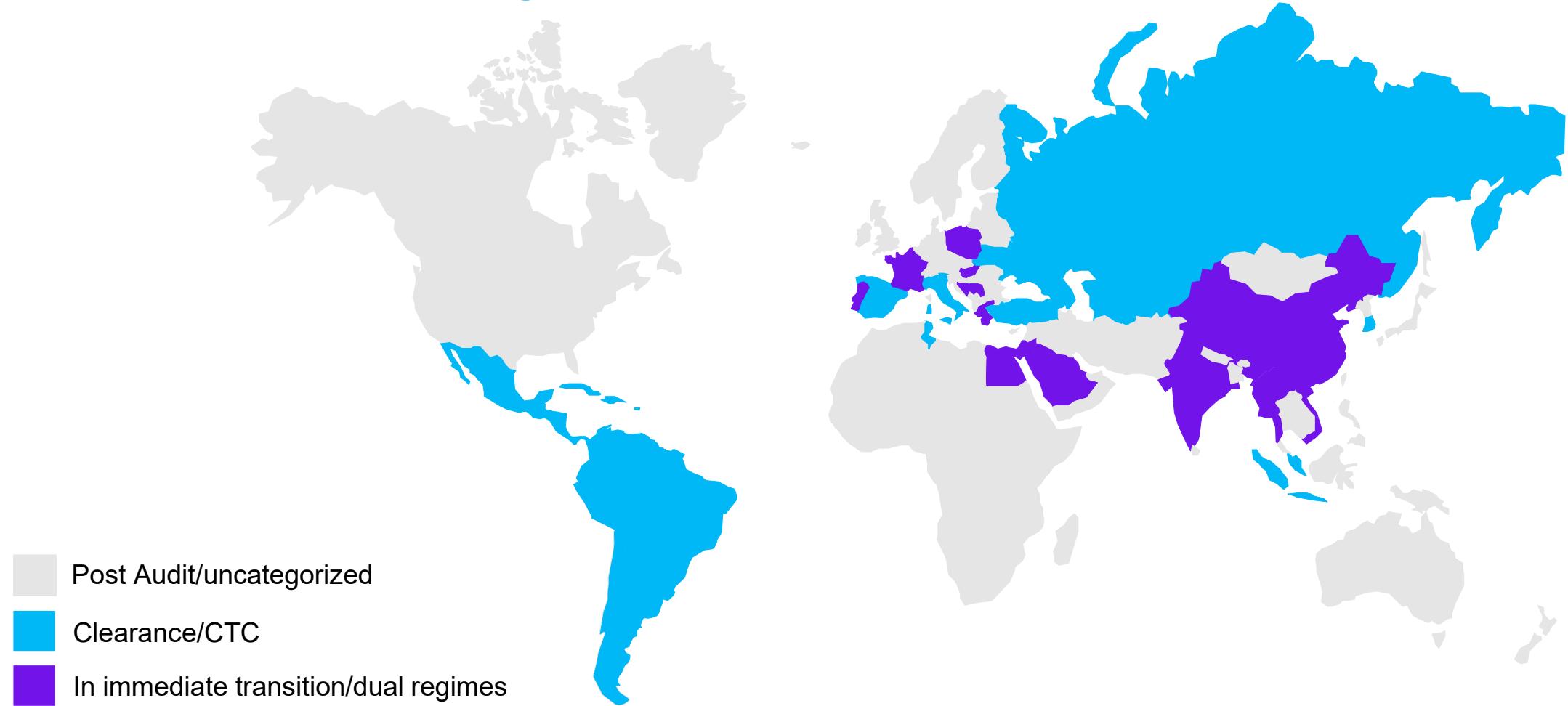
# Compliance regimes: 2015

## Evolution of e-invoicing



# Compliance regimes: 2020

## Evolution of e-invoicing



# Compliance regimes: 2030?

## Evolution of e-invoicing



# Impact on U.S. companies engaging in international transactions

Stakeholder Collaboration

Tracking Developments

Master Data & Processes

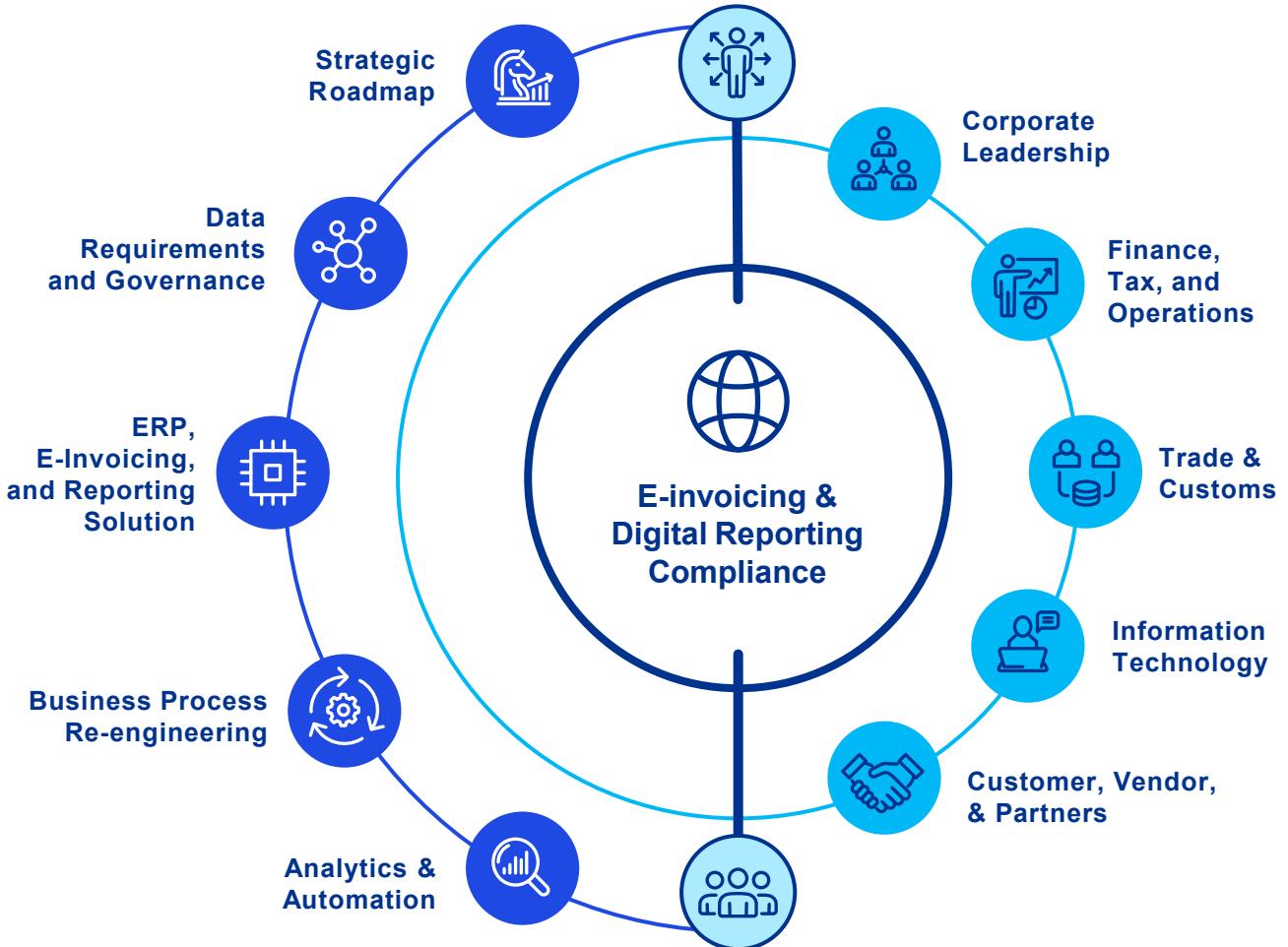
Business Impact

Systems Architecture

Ownership & Support

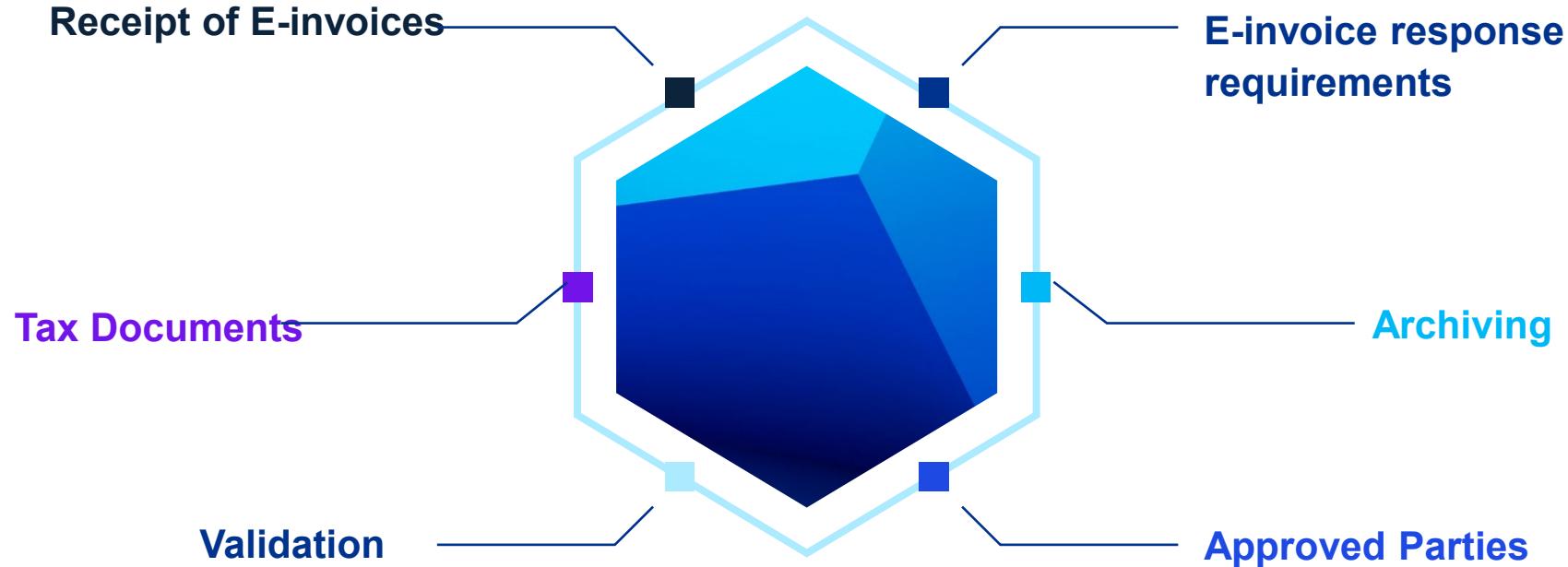


# Developing a global compliance strategy



# AP considerations

The rise of e-invoicing, driven by digital evolution, has increased responsibilities for taxpayers, especially in Accounts Payable (AP)



# Q&A



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