

E-Invoicing

A Step Closer to Paperless Administration

An e-invoice is an electronic document that fulfils the same legal requirements as a traditional paper invoice. It is the logical evolution of the traditional invoice in a world in which the telecommunications networks are increasingly present in relations between companies, citizens and administrations.

The invoice is a further element in the product purchase-sale flow. Its digitisation enables the rest of the elements in the chain to be digitised, enabling the entire purchase-sale to be processed electronically with the subsequent benefits.

The advantages of e-invoicing are numerous, whereby the following can be highlighted:

- Cost savings (stationery, transport, etc.)
- Greater security of processes.
- Reduction of invoicing time.
- Reduction of mistakes and errors in invoices.
- Less risk of falsification

There are many e-invoicing formats, which can be classified into structured and unstructured formats. Unstructured formats, such as for example, a digital image of a paper invoice, allow for the electronic storage of invoices, like in structured formats, but lack the rest of the advantages that make structured formats so useful and important.

Structured formats enable all of the advantages of e-invoicing to be taken by allowing invoice information to be accessed automatically, enabling its direct integration in the accounting systems of companies without the need for

intermediation or human review, which accelerates processes and eliminates errors.

Within the types of structured format, many formats can currently be found as there is no single format at present, so formats such as EDIFACT, UBL or the Spanish Facturae format, for example, can be used.



Current Spanish legislation sets out the bases for e-invoicing in Spain, defining the cases in which such invoicing can be used, the necessary security measures to ensure their authenticity and integrity, etc.

The electronic invoice format for the General State Administration, **Facturae**, is set out in Order PRE/2971/2007 on the issuing of invoices by electronic means when their addressee is the General State Administration or public organisations linked to or dependent on the former, and on filing with the General State Administration or public organisations linked to or dependent on the former invoices issued between private individuals.



The characteristics of this format are as follows:

- Structured format: XML
- Electronic Signature that ensures authenticity and integrity: XML Advanced Electronic Signature (XADES)
- Format defined via XML Schema Definition (XSD)
- Signature Policy: Facturae Version 3.1 and the Signature Policy of the General State Administration

The current version of the format is Facturae 3.2.

The General State Administration, through the Directorate General for Administrative Modernisation, Procedures and Promotion of Electronic

Administration of the Secretary of State for Public Administration under the Ministry of Finance and Public Administrations, has set up the **e-Invoice General Entry Point (FACE)** which unifies the presentation of e-invoices to a body of the General State Administration in a single point, as well as those Public administrations which wish to join this point.

FACE enables invoices to be presented via the **face.gob.es** web page, whereby a supplier can issue invoices manually, and for suppliers who wish to automate their invoicing management systems, the e-Invoice General Entry Point offers a web services interface to be invoked automatically and issue invoices automatically.

The system informs suppliers of status changes in the processing of their invoices, to find out, for example, if an invoice has been paid, rejected, etc

The obligation of e-invoicing in the General State Administration, along with the obligation to centralise the receipt of electronic invoices in a single entry point, simplifies the process of issuing invoices for suppliers, simplifying the presentation of the e-invoice in a single point with a determined format, which offers cost savings and minimises integration efforts, by communicating with a single point for the Administration.

The e-invoice provides direct benefits for companies as it eliminates steps in the invoice processing flow, saving time and money in the issue and digitisation of invoices, etc. It enables most errors due to manual processing to be eliminated and directly provides statistical data and reports by automatically consolidating the invoice in the companies' analysis systems.

Savings of 0.70€ for the issuer and 2.78€ for the receiver are estimated for each invoice. (Source AECOC).

Public Administrations boost the use of e-invoices in the business sector. Although there are some sectors that have traditionally used e-invoices, most

companies continue using the traditional invoice. Its promotion by the Administrations, by forcing e-invoicing, is a clear example of fostering its use among large enterprises, SMEs and micro-SMEs so that they can take advantage of its benefits to improve their competitiveness in an increasingly global market.