

Invoice Functional Report v8.6



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Developed by eInvoicing for Local Authorities in Ireland project

Consortium members:

1. Local Government Management Agency (LGMA)
2. Monaghan County Council
3. Kildare County Council
4. Fingal County Council
5. Institute of Technology, Sligo (IT Sligo)
6. Celeris Group Ltd
7. Tubbercurry Software Ltd

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¹ <https://ec.europa.eu/inea/en/connecting-europe-facility/cef-telecom>

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Introduction

Introduction to the project:

The aim of this project is to foster the uptake of e-Invoicing services compliant with EN² and its ancillary deliverables by the Irish local authority sector.

Ireland has 31 local authorities with a combined spend of €5.27billion for the last audited year 2015. The Local Government Management Agency (LGMA) is an agency of these local authorities and aims to meet their needs; facilitating the delivery of the public sector reform agenda in the local government sector, researching emerging and identified issues, assisting them in the implementation and measurement of change, and supporting enhanced performance by the local government sector.

In response to the EU Directive on e-Invoicing in public procurement, the Irish Government has decided on a “SECTOR LED e-INVOICING MODEL”: using a ‘Build to Share’ e-Invoicing Gateway in each sector and then integrate these gateways with their existing mature and modern Financial Management System.

The LGMA decided to upgrade the e-Invoicing Gateway for the local authority sector to implement the EN for e-Invoicing.

Three selected Irish local authorities are also involved in this project and will upgrade and connect their ERP systems to the e-Invoicing gateway made centrally available by the LGMA. The electronic processing of the invoice will include systems for workflow approval and payment initiation. This approach and the lessons learned during the project will then be used to roll out e-Invoicing within the other 28 local authorities.

The project also includes capacity building and dissemination. This activity will ensure that lessons learned in this project are made available both nationally and across the EU. An implementation template will be produced to show best practice in implementation in e-Invoicing for compliance with the EN. The project will culminate in a seminar that will be open to all interested parties to attend. This will create a multiplier effect for all, particularly the other 28 local authorities in Ireland.

This project will focus on the Local Government CIUS requirement for Local Authorities in Ireland. It will also take into account the Irish National and EU requirements for similar scenarios.

It importantly will demonstrate the impact of the EN for e-Invoicing for the local Government sector and will demonstrate how both small local SMEs (with targeted support) as well as Large Enterprises can benefit from a common European e-Invoicing standard. Moreover, while the focus is the uptake of the EN for Business-to-Government transactions, an important impact may be the potential re-

² EN 16931 Part 1 is the eInvoice standard for Europe as developed by CEN TC (Technical Committee) 434 see Annex A for further details.

use for Business-to-Business transactions in the private sector at a national and cross-border level. Ultimately the project will assess the use of CIUS with regard to maximising National, Sector and European Cross-Border interoperability, with a view to minimising the number of Local Government CIUS required.

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5. Institute of Technology, Sligo (IT Sligo)
6. Celeris Group Ltd
7. Tubbercurry Software Ltd

The following is a list of the activities undertaken by the Project as a whole and the related milestones.

Activity number	Activity title	Milestone number
1	Project Management	1
2	Integration and upgrade ERP software	2, 3, 4
3	Develop CIUS	5
4	EN functional compliance check	6
5	Capacity Building	7, 8, 9

MILESTONES AND MEANS OF VERIFICATION

Milestone number	Milestone description	Means of verification
1	Verification that all project activities are correctly executed to ensure that the action's timeline is aligned with the deadline for the implementation of the eInvoicing Directive (April 2020)	Final report approved by the Project Management.
2	PEPPOL AP and SMP are available following a selection of a service provider by LGMA	eInvoices can be received through the PEPPOL network; Information to INEA on the service provider chosen for the eInvoicing exchange gateway system
3	Solutions are CIUS compliant: The Integration system will be checked from receipt of Invoice to processing by the ERP system for compliance with the CIUS developed by this action.	A report from the Local Authorities which will verify that all eInvoices received that were compliant with the CIUS were processed by their ERP systems.
4	Validation of e-invoices by core service platform (local authorities): The GITB test platform (of EC -	Acceptance report by the eInvoicing core service platform

	DIGIT) will be used to assess a compliance of a given electronic invoice to EN syntaxes. If errors are detected, they will be fixed.	
5	CIUS development completed: Each CIUS will be checked and included in the testing process. The CIUS will be checked to ensure they are compliant with the EN requirements and have been based on pre-existing CIUS where possible.	A report indicating that all CIUS published by the project are compliant with the EN based on a report from the GITB test platform of EC-DIGIT
6	EN functional compliance report completed	EN functional compliance report approved by the Project Management.
7	Local Authority Seminar successfully completed	Attendance list; agenda and summary report of the event, including presentations made and implementation template.
8	Support Staff trained at 4 seminars.	Attendance records from the 4 Training sessions
9	Project website created and regularly updated	URL of the website shared with INEA once website is set up.

Introduction to the report

This report is primarily focused on analysing requirements and restrictions in the consortium members accounting and business departments. However, it also takes into account all other Local Authority requirements as far as possible. The methodology used is to categorise requirements according to different functionalities as outlined in EN 16931 Part 1 and include related issues to be considered. Once the issues have been resolved they will form the basis of further analysis in other project activities.

This report is linked to both the CIUS development and the ERP integration activities and will be used as one of the sources for gathering requirements for both activities. These two activities may also gather requirements separately which they will feed back so that this report has a complete set of requirements for the project as a whole. Therefore, the report can only be complete once both activities have ended.

The report will be published on the project website to show how the EN can be used by other organisations in similar scenarios. It can also become a contribution to CEN/TC 434, the Committee that developed the EN, to assist in further development.

1. Semantic Data Model

The CEN³ document EN 16931 Part 1⁴ describes the Semantic Data Model, particularly Clause 6. The EN is in business language and describes the information elements, and groups of information elements, that constitutes the core elements of an electronic Invoice. It also shows their relationship and the business rules required to ensure the integrity and consistency in the data provided in a conformant instance document (an individual Invoice).

For an instance document [eInvoice] to be conformant to the core invoice model, it shall respect all rules defined in this Clause 6.

It is the responsibility of the invoice issuer to ensure that an Invoice respects any rules defined by relevant legislation, including requirements related to personal data protection, as well as rules stated as part of a trading relationship between the Seller and the Buyer. An Invoice conforming to the rules of the semantic data model of the core elements of an electronic Invoice as described in this Clause 6 does not guarantee its legal compliance OR compliance to contractual obligations.

An overview of the groups of information elements contained in the semantic model is provided – see figure 1 below. Each of these groups and their detailed content is explained in detail in Clause 6.2.

The business rules defined in order to ensure the integrity and consistency in the data provided in a conformant instance document can be found in 6.3.

The semantic data type assigned to individual information elements in the core invoice model to specify data format and metadata requirements that apply are detailed in 6.4.

³ <https://www.cen.eu/Pages/default.aspx>

⁴ https://shop.standards.ie/en-ie/Standards/I-S-EN-16931-1-2017-880591_SAIG_NSAI_NSAI_2092009/

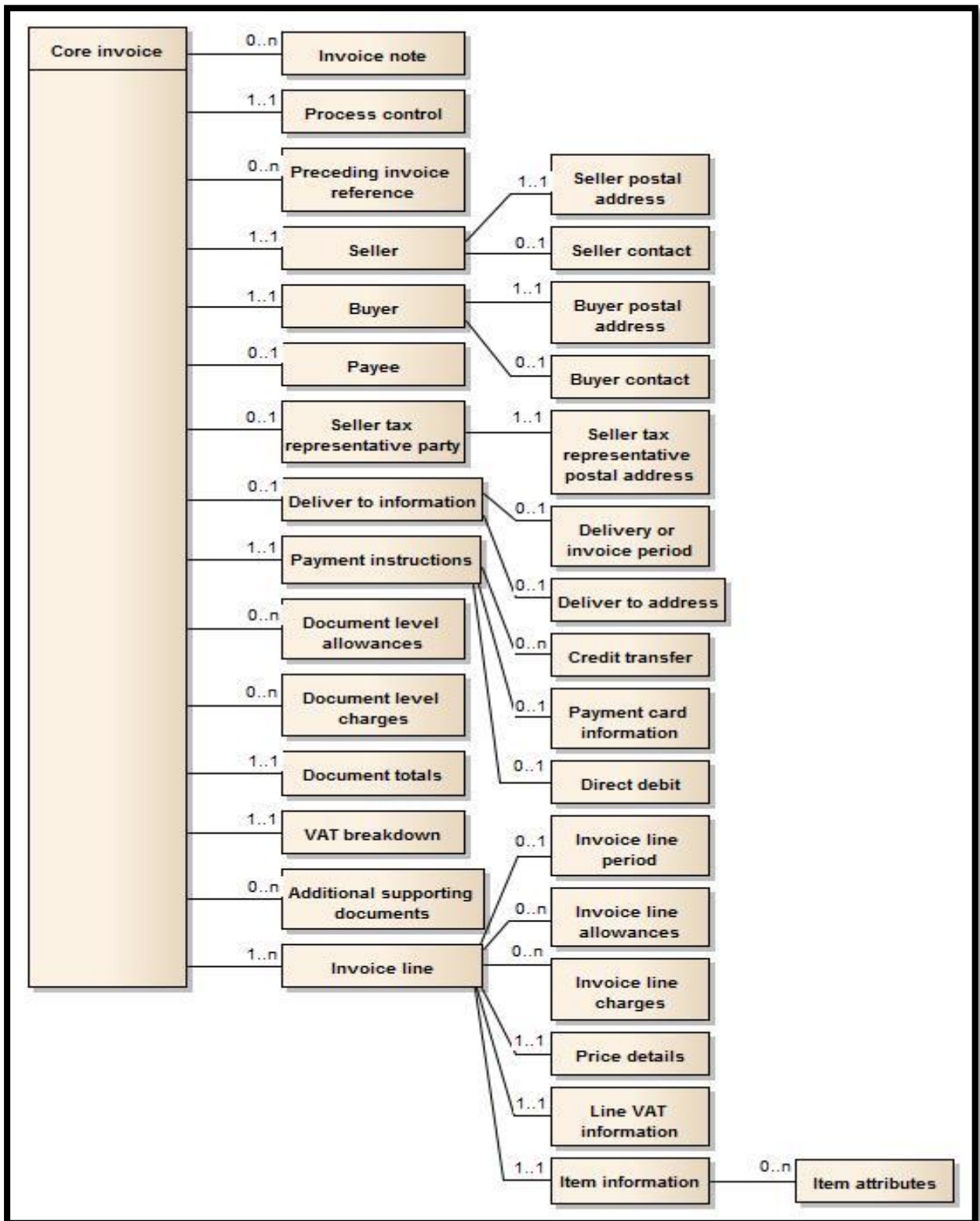


Figure 1 Overview of Semantic Model (extract from EN 16931 Part 1)

2. Invoice Functionality

The EN (16931 Part 1) states that some functionality is in scope meaning that discussions during its development were focussed on this. However other functions were deemed out of scope and therefore may not be fully supported by the EN. Where they are not fully supported by the EN, an Extension (see EN 16931 Part 4) may be required. Extensions are not in scope for this project.

Taking this into account we have gathered and analysed the requirements based on the functionality deemed to be in scope by the project. As stated in EN 16931 Part1, the model shall support the following functions:

2.1. In Scope invoicing functionality for the EN

The following is extracted from the EN to show the functionality that the EN was designed for. In section 3 the report will examine each of these contexts and check the requirements.

An invoice may support functions related to a number of related (internal) business processes. The core invoice model shall support the following functions:

- Accounting;
- Invoice verification against the contract, the purchase order and the goods and service delivered;
- VAT reporting;
- Auditing;
- Payment;

In this subclause 5.3, an assessment is made of what information is needed for each of the functions listed above and whether it is in scope or out of scope for the core invoice model. Functions that are in scope and thus are supported by the model have been assigned an identifier (e.g. R1) and have been given a description.

Explicit support for the following functions (but not limited to) is out of scope for the core invoice model although information elements in the core invoice model may provide some support for these functions:

- Inventory management;
- Delivery processes;
- Customs clearance;
- Marketing;
- Reporting.

Accounting

Recording a business transaction into the financial accounts of an organization is one of the main objectives of the invoice. According to financial accounting best practice and VAT rules every Taxable person shall keep accounts in sufficient detail for VAT to be applied and its application checked by the tax authorities. For that reason, an invoice shall provide for the information at document and line level that enables booking on both the debit and the credit side.

Invoice verification

This process forms part of the Buyer's internal business controls. The invoice shall refer to an authentic commercial transaction. Support for invoice verification is a key function of an invoice. The invoice should provide sufficient information to look up relevant existing documentation, electronic or paper, for example, including the following:

- The relevant purchase order;
- The contract;
- The call for tenders, that was the basis for the contract;
- The Buyer's reference;
- The confirmed receipt of the goods or services.

An invoice should also contain enough information that allows the received invoice to be transferred to a responsible authority, person or department, for verification and approval.

VAT reporting

The invoice is used to carry VAT related information from the Seller to the Buyer to enable the Buyer and Seller to correctly handle VAT booking and reporting. An invoice should contain sufficient information to enable the Buyer and any auditor to determine whether the invoice is correct from a VAT point of view.

The invoice shall allow the determination of the VAT regime, the calculation and description of the tax, in accordance with the European Directive 2006/112/EC [2] and subsequent amendments. VAT reporting applies to all processes.

Auditing

Companies audit themselves as means of internal control or they may be audited by external parties as part of a legal obligation. Accounting is a regular, ongoing process

whereas an audit is a separate review process to ensure that the accounting has been carried out correctly. The auditing process places certain information requirements on an invoice. These requirements are mainly related to enable verification of authenticity and integrity of the accounting transaction. Auditing requirements apply to all of the above processes.

Invoices, conformant to the core invoice model support the auditing process by providing sufficient information for the following:

- Identification of the relevant Buyer and Seller;
- Identification of the products and services traded, including description, value and quantity;
- Information for connecting the invoice to its payment;
- Information for connecting the invoice to relevant documents such as a contract and a purchase order.

Payment

An invoice represents a claim for payment. According to the EN, the issuance of an invoice may take place either before or after the payment is carried out. When an invoice is issued before payment it represents a request to the Buyer to pay, in which case the invoice commonly contains information that enables the Buyer, in the role of a debtor, to correctly initiate the transfer of the payment, unless that information is already agreed in prior contracts or by means of payment instructions separately lodged with the Buyer.

An invoice may be partially paid before issuing such as when a pre-payment is made to confirm an order or when paying with a credit card, online or telephonic purchases in advance of delivery. If an invoice is issued after payment, the invoice may contain information about the previous payment in order to facilitate invoice to payment reconciliation on the Buyer side.

Invoices, conformant with the core invoice model should identify the means of payment for settlement of the invoice and clearly state what payment amount is requested. They should provide necessary details to support bank transfers in accordance with the Single Euro Payments Area (SEPA) for payments in Euro and the relevant national payment practices for other currencies. Payments by means of Credit Transfer, Direct debit, and Payment Card are in scope for making payments of invoices conformant with the core invoice model.

Payment information is needed in all processes.

2.2. Out of scope Invoicing functionality - not directly supported by EN

Inventory

Invoices are sometimes used by the Buyer for placing goods into inventory, as replacement of more appropriate documents such as despatch advices or packing lists. Support for inventory management is not in scope of the core invoice model, although it is recognized that information provided for other processes, supported in the core invoice model, may be used for placing goods into inventory.

Out of scope for the core invoice model:

- Information to support inventory management.

Delivery process

Invoices may be used by the business partners involved for: order picking, delivery instructions and receipt; as a replacement for more appropriate documents such as: Instructions to despatch, transport documents or packing lists. Specific support for delivery processes is however not in scope for the core invoice model and other appropriate electronic documents should be used.

Out of scope for the core invoice model:

- Information to support the delivery process;
- Delivery terms.

Customs clearance

When goods are cleared through customs, important information about the goods being cleared may be extracted from the invoice. Customs clearing may also require special information such

as the origin of the items, materials used and other issues that may affect the classification and the calculation of import duties and taxes. For customs purposes an invoice may also contain the customs classification itself.

The core invoice model is not intended to specifically support customs clearance in general although information provided for other processes supported in the invoice may be used for customs purposes.

Out of scope for the core invoice model:

- Specific support for customs clearance.

Marketing

Invoices may be used to deliver marketing messages to the Buyer in the form of text or as images, but no specific marketing information is within scope of the core invoice model.

Out of scope for the core invoice model:

- Specific support for marketing.

Reporting

Invoices, such as utility invoices, frequently contain detailed information about usage of services that provide a breakdown of the total quantity in the invoice itself. No specific reporting information is within scope of the core invoice model itself, but such information can be provided e.g. with attachments.

Out of scope for the core invoice model:

- Specific reporting information.

3. Results of Analysis

In section 2 the report lists the functionality and scope of the EN. This section now looks at the results of analysing Local Government processes under each of the headings. The results of this analysis will form the basis of the requirements for Local Authority Business CIUS. The basic result is that only the functionality defined as in scope by the EN is necessary and that functionality such as Reporting and Delivery is out of scope for this project.

3.1. Accounting

Many of the requirements for accounting are also included in other sections such as VAT reporting. This includes elements such as

- Invoice number,
- date of issue,
- full name and address etc.
- The Purchase Order number is a key requirement to ensure that the ERP system will process the invoice.
- For cross border transactions the Note field must state that it is an intra-community supply of goods

3.2. Invoice verification

The key elements here that are required are to help match the invoice with the Purchase Order and other documents such as the GRN.

For invoices involving a sub-contractor, the RCT Identifier can be looked up based on the Order number, therefore although deemed as useful in the eInvoice, it is not mandated. Revenue simply state that a specific statement should be declared. This will be placed in the Note field of the EN; (“VAT on this supply to be accounted for by the Principal Contractor”).

The invoice should contain

- the Purchase Order number,
- a VAT Statement – see above,
- proof of delivery documentation is optional.
- In some cases, the Purchase Order line number is also necessary, particularly if there are more than one line in the Order and price and product code cannot be used to differentiate.

The following issues were highlighted;

- The Unit of Measure by Line Item. There should only be two codes; one for value and one for a generic quantity e.g. if oil was purchased it could be ordered by Value or Litre.
 - A solution to this requirement is to convert the “Value” code M4 to VA and convert all the others to EA.
- The product code is preferable, but not required.
- The item name is required.
- Only one Order No. is permitted per Invoice.
- Invoice numbers must be unique per Supplier.
- Multiple GRN’s per single PO, Multiple invoices (e.g. housing purchases) – only one Invoice per delivery.
- The design of the EN compliant invoice requires the following;
 - One delivery per each invoice
 - One PO referenced on each invoice i.e. on header.
 - However the same PO number can appear on several invoices.
 - Delivery Reference → Not mandatory

3.3. VAT reporting

According to [the Revenue web page on Information required for a VAT Invoice](#) the Invoice must show the following;

- The date of issue
- A unique sequential number
- The Supplier's full name, address and registration number
- The customer's full name and address
- In the case of reverse charge, the customer's VAT number and a notation that a 'reverse charge applies' (This does not apply to construction services subject to Relevant Contracts Tax)
- In the case of an intra-Community supply of goods, the customer's VAT number and a notation that this is an 'intra-Community supply of goods'
- The quantity and nature of the goods supplied.
- The extent and nature of the services rendered
- The vat exclusive unit price

- The payment received net of VAT
- The discounts or price reductions
- The breakdown by the rate of VAT
- The total VAT payable in respect of the supply
- The date on which the goods or services were supplied
- In the case of early payment prior to the completion of the supply, the date on which the payment on account was made, if that date differs from the date of issue of the invoice.
- In the case where a tax representative is liable to pay the VAT in another Member State, the full name and address and the Member State's VAT number of that representative must be shown.

VAT invoices where the reverse charge applies

In the case of the supply of goods or services for which VAT is accounted for under the reverse charge mechanism, the VAT payable is not displayed on the invoice issued.

VAT invoices where the special schemes applies

Where the margin scheme or the special scheme for auctioneers applies to a supply of goods, the invoice issued must not include an amount of VAT payable.

The invoice in relation to the margin scheme should be endorsed as follows:

'Margin scheme — second-hand goods'.

The invoice in relation to the auctioneer's scheme should be endorsed as follows:

'Margin scheme — auction goods'.

Foreign currency on a VAT invoice

If an invoice is issued in a foreign currency, it must also show the corresponding figures in Euro.

The Central Bank selling rate should be used at the time the invoice is due to be issued.

It is possible, by agreement with Revenue, to use an alternative method for determining the exchange rate, subject to the condition that the agreed method must be used in respect of all your foreign currency transactions.

You should apply to your Revenue Office indicating the exchange rate method that you propose to use.

The PEPPOL CIUS is compliant with Irish tax laws in general. However, it does not require the VAT statement, so requirements for Withholding Tax, Reverse VAT charges etc must be specifically stated in the Local Government CIUS. Similarly, in the PEPPOL CIUS Name and Address is optional but it is a mandatory requirement for Tax Laws throughout the EU.

3.4. Auditing

As part of our analysis it was agreed that auditing in general does not seem to add additional requirements on the content of the Invoices. There are however rules for storage that need to be taken into account and need further analysis. However this is out of scope of this document.

Every transformation or enrichment requires an Audit Trail to be held to show information on transformation. This will allow the transformed data to be deemed to be the original document.

The following issues were highlighted;

- Requirements for retention of data/hard copies of invoices for LG and EU Audits needs to be nailed down. - can be up to 25 years from the date of completion of the project.
- It is a requirement to be able to query invoice(s) within the FMS and to be able to link to see the equivalent of a scanned copy of the actual invoice
- Currently paper invoices are needed to recoup monies to receive funding. There is no official indication that this is due to change and will continue to be a requirement.

3.5. Payment

The following issues were identified;

The key requirement now is that each invoice must refer to only one Delivery and one Purchase Order i.e. a line number cannot refer to a different Delivery or Purchase Order. In some cases, such as Public Library Invoicing, the current invoicing process will have to be changed when being invoiced using the eInvoice EN. This is because Libraries deal with numerous back orders. When a book is ordered, it may not yet be in print or it may be out of print. This means that any specific delivery will typically include books from a recent order as well as books from a back order. The current invoice from Library Suppliers includes several Purchase Order numbers. Therefore, backorders will have to be invoiced separately, requiring several invoices for each delivery, if Libraries transition to EN based invoicing.

IBAN and BIC are excluded from the Invoice. This is due to security concerns and the fact that a strict process is already in place to ensure the correct Banking details are always used.

GDPR issues require that all of the supplier information, including bank details for payment, are held on Supplier Masterfiles. If a supplier bank details are to be changed, then written confirmation is required from the Supplier to include a bank header with the BIC/IBAN on it to avoid any error.

Payment Due Date is not required on the Invoice. It is a Government requirement that all central Government Departments, the Health Service Executive, the local authorities and all

other public sector bodies (excluding commercial Semi-State bodies) pay their suppliers within 15 calendar days of receipt of a valid invoice⁵.

A Contact phone number should be considered for inclusion on all invoices to help resolve issues quickly. When mapping, from the EN to the ERP system, if the contact details are included in the EN, it should be included in the Invoice in the ERP.

The EN facilitates pre-payments that can be included on the Invoice to show the outstanding amount. However, an Account Statement is provided by the Supplier, on a monthly basis, showing all payments, invoices and Credit Notes and the balance due. The Invoice, therefore, does not need to include any payment amounts and these elements should be excluded.

Utility bills are often paid by Direct Debit and therefore paid by instruction from the Supplier. In this case systems should be configured to ensure that these bills do not inadvertently becoming part of a payment or remittance run. The Supplier master file should have an indication that the payment is made through Direct Debit and not as part of a remittance run.

3.6. Prompt Payment

This includes Late Payment Processing, which involved checking the requirements against Directive 2011/7/EU on combating late payment and even exceeding them. Current systems ensure payments are made within 15 days, which is better than the 30 days in the Directive.

The Local Authorities implement the Prompt Payment Code of Conduct⁶.

The Prompt Payment Code of Conduct has been developed by the Irish Department of Business Enterprise and Innovation, the Irish Institute of Credit Management (IICM) and the main business representative bodies in Ireland – ISME, SFA, Chambers Ireland and IBEC – with support from the Banking and Payments Federation of Ireland.

Signatories to the Code undertake to:

- Pay suppliers on time within the terms agreed at the outset of the contract, or in accordance with legislation.
- Give clear guidance to suppliers by providing them with clear and easily accessible guidance on payment procedures. Also, by ensuring there is a system in place for dealing with complaints and disputes which is communicated to suppliers. Finally, advising suppliers promptly if there is any reason why an invoice will not be paid to the agreed terms.
- Encourage good practice by requesting that lead suppliers encourage adoption of the Code through their own supply chains.

⁵ <https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/Late-Payments/Prompt-Payment>Returns/>

⁶ <https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/Late-Payments/Prompt-Payment-Code-of-Conduct/>

To facilitate this the project consortium agreed that the date of invoice received has to be determined as it is not part of the Invoice. It was also agreed that if the Invoice received was not compliant with a specific CIUS and therefore not compliant with the EN, the Supplier would be informed, and the clock is stopped. This means that non-compliant invoices would not subject the Local Authority to the prompt payment code.

4. ERP systems requirements

As outlined in the introduction, the findings of this report will become part of the integration activity i.e. ensuring that the data contained in the EN compliant invoice instance can be processed automatically by the ERP system. Whereas the EN has many mandatory elements, there are some optional elements required in order to automate the processing by Local Authority ERP systems. Therefore, additional elements are required to be identified and mandated to facilitate this. It is recommended that manual intervention by the receiving Local Authority should be kept to a minimum as the potential volume of eInvoicing, particularly for Utility bills, could mean that current resources would be overwhelmed.

Whereas these mandated requirements are business to business i.e. Buyer to Supplier, there are some additional technical requirements that need to be included, particularly for the receiving ERP Service Provider.

To avoid confusion, it is important to note the following;

- There must be a distinction between the purpose of a PEPPOL Access Point and other activities that are required once the message is delivered. The Access Point is involved in message transportation functionality i.e. PEPPOL functionality. Whereas the AP Service Provider may also have services to fulfil additional business requirements such as CIUS validation. An analogy would be that a Courier will deliver parcels and make sure they are secure and prompt. Whereas once the parcels arrive any issues with the contents is with the supplier and not the Courier. Similarly, any issues related to CIUS validation is between the supplier and buyer not the Access Point Provider.
- Most ERP systems cannot directly import the standard message i.e. EN 16931 e-Invoice. This is because up to now many standard messages are in existence. Then, relatively recently, CEN agreed to focus on one or two. The usual procedure is that the AP Service Provider will take an output from the ERP system and transform it into the standard message. It may also need to be enriched as the original output may be sparse. The standard eInvoice is then delivered to the Buyers system, where

the standard message is transformed into the format required for the Buyers system. An analogy is where we have two people who speak different languages and need to communicate. If they both agree to use English as a common language then they can communicate.

- Over time ERP systems will be able to communicate directly but, for now, we need these translation services in between.
- Whatever the syntax or language used, the key issue is to focus on the content that the receiving ERP system needs in order to enable it to automatically process the incoming eInvoice. Once the content is agreed, the technologists can implement it. Technology requirements must not be mixed with business requirements – technology implements business requirements.

The following are these additional requirements that are necessary in order to ensure that the eInvoices are processed automatically. The objective is to ensure processing eInvoices will not involve manual intervention unless errors are detected. An automated error handling process is used to handle common errors and reduce manual intervention here also. A Local Government CIUS, encompassing these business requirements, will be made available to all Suppliers so that they have a clear understanding of what is needed. If an eInvoice does not comply with a Business CIUS, then it will be rejected automatically, and the Supplier will be notified on behalf of the Buyer by the Service Provider, advising them of the particular issue with that Invoice.

4.1. Integration Technical requirements

- a) The EN compliant eInvoice will first be transformed into a format capable of being imported by the ERP system.
- b) A separate network folder is required for each Local Authority to store or queue the received and transformed eInvoices.
- c) This folder is not accessed directly by the AP provider for security reasons. Instead they will use a secure protocol to deliver the message to each folder
- d) SFTP, Web Services or other protocol is to be used by the AP Provider to send the eInvoice.
- e) The file may also be enriched to include specific fields required by the ERP system but that is not included in EN compliant eInvoice.
 - i) For example,

The ERP system will only recognise the Supplier by using an internal Identifier.

The EN compliant eInvoice only provides standard globally unique Identifiers

- such as listed in the ISO ICD list e.g. VAT number, Global Location Number (GLN), Data Universal Numbering System (DUNS) number etc.

Therefore, the standard invoice can contain the VAT number and this will be transformed into to the internal supplier identifier, once the eInvoice arrives, as part of the ERP import process.

4.2. Invoice content/business requirements

4.2.1. Utility type Invoices [non Purchase Order]

Non PO such as Utility bills will be matched using the Meter number (MPRN) or Phone Number in the case of phone bills and also the Supplier Identifier.

For utility bills the following content is required;

- (1) Supplier ID.
- (2) For electricity
 - Meter number (MPRN)
 - and MPRN Address
- (3) For mobiles
 - Mobile number
 - and Subscriber name
- (4) For landlines
 - Phone number
 - and Account name
- (5) Applicable period – start and end date of supply.
 - For example for electricity bills;
 - Start Date the meter position is recorded
 - Final Date - the meter position is recorded
- (6) Mode of recording e.g. estimated, official reading etc.

4.2.2. Purchase Order Invoices

PO eInvoices will be matched and processed primarily using an Order number, the Supplier Identifier and the use “summary matching” for the Line numbers.

The Order is needed for verification and looking up cost and accounting codes.

Summary matching – definition;

The term Summary Matching is a way to verify an Invoice using totals (summaries) instead of verifying each line individually. Therefore, if the total

before and after VAT, of the invoice is equal to an internally calculated amount (based on other related documents), it is accepted.

When not using Summary Matching, each line in the invoice must be able to uniquely reference its associated line on the Order. This requires an Order Line number to be added to each line on the invoice.

However over 70% of Invoices have only one line, therefore the current need to use an Order Line number is reduced and Summary Matching is an option.

Summary matching may also use price or product code to differentiate between line items on the Order.

The following content is required to process an invoice for most ERP systems in the Local Authorities;

- (1) Supplier Identifier e.g. VAT number or PPSN
- (2) Purchase Order number.
- (3) Supplier Name
- (4) Supplier Address
- (5) If applicable;
 - Reverse Charge <https://www.revenue.ie/en/vat/what-is-vat/what-is-reverse-charge-and-self-accounting.aspx>
 - Intra Community <https://www.revenue.ie/en/vat/goods-and-services-to-and-from-abroad/acquisitions-from-other-eu-member-states/index.aspx>
 - Relevant Contracts Tax <https://www.revenue.ie/en/self-assessment-and-self-employment/rct/index.aspx>

It was also agreed that we should include any Irish legal requirements such as Legal Representative number, Name and Address

It was agreed that Suppliers should be encouraged to use Eircodes – this could be useful in identifying the delivery location of both Supplier despatch location and Buyer goods receipt location. However it is not mandated.

4.3. Other Requirements

The following specific requirements were not highlighted by the EN but were deemed to be important for this project.

4.3.1. Withholding Tax

A big concern is the requirement that all Public Bodies can be liable for additional charges when processing invoices liable for PSWT or RCT. For example, if the Supplier fails to indicate the Public Body should make deductions, and the deductions are subsequently missed, then the Public Body is liable and not the Supplier, according to Revenue. Accounts Payable spend considerable time managing this to ensure all deductions are made. It is imperative that the EN should not hinder this process and if possible, provide assistance. The EN can handle all the information required but there will still be manual intervention required to ensure that suppliers of professional services have included the required information.

The following issues were highlighted;

- For RCT, A VAT statement or note must be included on the invoice in accordance with Revenue requirements.
- Suppliers subject to either RCT or PSWT should be identified in advance. Then, using manual intervention, the invoices are checked to see if withholding tax applies.
- The product or type of product could be useful in recognising if subject to RCT or PSWT. This may be to create a logical link in PO with certain items.
- A mechanism could be put in place to flag invoices when line item description indicates a professional service. However this would require some form of machine learning process and is out of scope for this project.
- The Purchase Order is not a reliable source to determine this as the department raising the requisition may not understand if a service is liable to PSWT.
- Suppliers often don't know that the service they provided is subject to PSWT
- PSWT Suppliers may not always be subject to PSWT e.g. if submitting a report.
- The Local Government CIUS should include a separate section for PSWT and RCT to make sure that the Suppliers involved are fully informed of their obligations.
- RCT Invoices require multiple attachments.
- There are always issues with POs e.g. incorrect tax categories and contracts not linked.
- RCT and PSWT Suppliers will always need to be quarantined in the ERP system until checked for compliance.

Therefore, the need for manual checks will continue although this be significantly reduced using automated processes and supplier notifications.

4.3.2. Prompt Payment

The date the invoice is received is used for prompt payment. The ERP Import/Integration system will have to record and make available the date and time each invoice was received and whether they were compliant with the EN and therefore capable of being processed – see section on Prompt Payment above in the analysis section.

The payment method on the supplier master record is amended so that it's not picked up by a remittance run. It could be set up for "paid by DD", if they'd already exist.

These would then sit on the supplier account until a transaction was put on to contra it.

That would probably be the DD payment, which at the moment might CR the Bank and DR expense but would be CR Bank and DR Creditors and the it would have to be matched to the outstanding invoices that would be there. The expense account element and analysis would be done with the invoice was posted,

4.3.3.Imports / Customs

Invoices from abroad are subject to the place of supply of services rules in VATCA 2010 s 33 and in particular subs (5). These are taxable on a reverse charge basis when supplied by taxable persons established outside the State. See <https://www.revenue.ie/en/vat/goods-and-services-to-and-from-abroad/imports/index.aspx> for more information.

see supply rules below;

Country of establishment of supplier	Country in which customer established	Status of customer	Place of supply	Person liable to account for Irish VAT
Other EU State	Ireland	Business	Ireland	Business customer
Other EU State	Ireland	Private	Other EU State	No Irish VAT
Outside EU	Ireland	Business	Ireland	Business customer
Outside EU	Ireland	Private	Depends on nature of the Service	Depends on nature of the service – if taxable in the State – the supplier

Exceptions to the general place of supply rules

There are a number of exceptions to the general rules that more closely link the place of supply to where the service is performed.

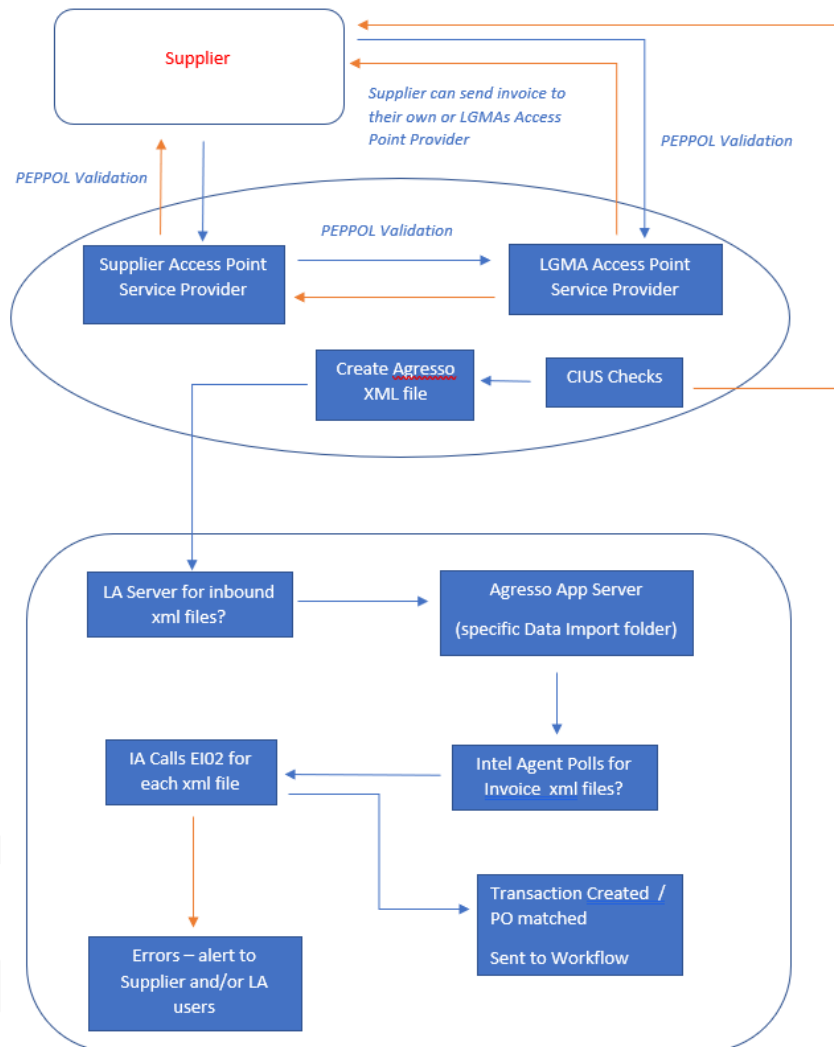
You will be required to register and account for Value-Added Tax (VAT) in the Member State of supply unless covered by the reverse charge arrangement.

Summary of supply of services exceptions and current place of supply rules with effect from 1 January 2010:

Type of Service	Current Rule W.E.F. 1st January 2010
Supply of services connected with immovable goods	Place of supply is where the goods are located. Where the service provider is outside Ireland and the work is carried out in Ireland VAT is accounted for by the Irish business recipient on a reverse charge basis.
Passenger transport services (B2B and B2C)	Place of supply is where the passenger transport takes place.
Intra-Community transport of goods (B2C)	Place of supply is the place of departure.
Intra-Community transport of goods (B2B)	Place of supply is the place where the customer is established.
Cultural, artistic, sporting, scientific, educational and entertainment or similar services supplied (B2B)	In the case of admissions to an event, the place of supply is the place where the event actually takes place. In relation to all other ancillary services, general B2B rule applies.
Cultural, artistic, sporting, scientific, educations and entertainment or similar services supplied (B2C)	In the case of B2C supplies of services and ancillary services in relation to an event, the general rule is disapplied and the place of supply of services is where the event takes place.
Ancillary transport services, valuations, work on movable property supplied (B2B)	General rule with reverse charge applies.
Ancillary transport services, valuations, work on movable property supplied (B2C)	Place of supply is where the services are physically carried out.
Restaurant and catering services, generally.	Place of supply is where the supplier is established.
Restaurant and catering services for consumption on board ships, planes and trains while within the community.	Place of supply is the point of departure of the ship, plane or train.
Hiring out of means of transport	For short term hiring-out of means of transport, the place of supply is where the transport is put at the disposal of the customer. For long term hiring-out of

means of transport, the place of supply follows the general rules.

5. The business process



1. Supplier access point collects invoice for transmission
 - a. Access Point validates against PEPPOL CIUS
 - b. The Service Provider may enrich the eInvoice (i.e. provide additional content required by Buyer)
2. Invoice transmitted over PEPPOL network
3. Received eInvoice is validated against Local Government CIUS
 - a. This is an added value Service available from the LGMA AP Service Provider.
4. If invalid, Supplier is notified with invoice issues highlighted
5. Valid invoice are transformed to Agresso XML

6. eInvoice received into LA Server
7. Valid eInvoice imported into Agresso system
8. If invalid, Supplier is notified with invoice issues highlighted

6. Conclusion

6.1. Requirements for integration to the ERP system

- Standard Party Identifier can be mapped to internal Supplier codes
- Summary matching can be used in many cases (see section 4 for details).
- Withholding Tax information need to be stated.
- A separate Utility CIUS is required.
- The EN Compliant eInvoice must be transformed into an ERP format e.g. Agresso XML.
 - This will be carried out by the Service Provider.
- If the contact details are included in the EN, it should be included in the Invoice in the ERP.

6.2. Summary requirements for Local Government CIUS

Note: The following functions were excluded and therefore the Invoices received are not designed to be used accordingly;

- 1) Deliveries
- 2) Customs
- 3) Reporting or analysis
- 4) Stock control

The key function of these invoices is;

- 1) to be imported automatically without excessive manual intervention
- 2) and be incorporated seamlessly into the existing 3 way matching process for payment.
- 3) Invoices should appear, in the accounting systems, very similar to the way they have done when keyed manually.

The key cost benefits will be;

- 1) reduced time keying,
- 2) handling costs
- 3) and costs related to storing invoices.

The following is a summary of the Local Government CIUS requirements;

Non PO invoices such as Utility bills and Subscription based Invoices;

- i) Supplier ID.
- ii) For electricity
 - Meter number (MPRN)
 - and MPRN Address

- iii) For mobiles
 - Mobile number
 - and Subscriber name
- iv) For landlines
 - Phone number
 - and Account number
- v) Applicable period
 - Start Date the meter position is recorded
 - Final Date - Date the meter position is recorded
- vi) Mode of recording e.g. estimated, official reading etc.
- vii) The scanned image (or pdf) of the Utility Bill

Other types of Invoices

Purchase Order based eInvoices (such as those other than Utilities and Purchase Orders) will be matched and processed primarily using an Order number, and the Supplier Identifier. In some cases the Order Line number may be included to identify each line to lookup the appropriate expense codes. However, it is not expected that Order Line number is required in the short term at least.

Therefore, the following content is required;

- i) Supplier Identifier e.g. VAT number. (mandatory in PEPPOL)
- ii) Order number. (Conditional in PEPPOL)

The following are optional in PEPPOL but mandatory with the Local Government CIUS

- iii) Supplier's full Legal name, (required by Revenue).
- iv) Supplier's address, (required by Revenue).
- v) For Reverse charge (required by Revenue).
 - In the case of reverse charge, a notation that a 'reverse charge applies'
 - In the case of an intra-Community supply of goods, a notation that this is an 'intra-Community supply of goods'
- vi) For RCT, a notation that 'VAT on this supply to be accounted for by the principal contractor', (required by Revenue).
- vii) IBAN and BIC or any bank details must not be included on the Invoice
- viii) Payment Terms will be ignored, even though they are mandatory in PEPPOL.

Annex A – Scope of EN 16931 Part 1

(The following is an extract from EN 16931 Part 1 which can be obtained free of charge from NSAI)

This European Standard establishes a semantic data model of the core elements of an electronic invoice. The semantic model includes only the essential information elements that an electronic invoice needs to ensure legal (including fiscal) compliance and to enable interoperability for cross-border, cross sector and for domestic trade. The semantic model may be used by organizations in the private and the public sector for public procurement invoicing. It may also be used for invoicing between private sector enterprises. It has not been specifically designed for invoicing consumers.

This European Standard complies at least with the following criteria:

- it is technologically neutral;
- it is compatible with relevant international standards on electronic invoicing;
- the application of this standard should comply with the requirements for the protection of personal data of Directive 95/46/EC, having due regard to the principles of privacy and data protection by-design, data minimization, purpose limitation, necessity and proportionality;
- it is consistent with the relevant provisions of Directive 2006/112/EC [2];
- it allows for the establishment of practical, user-friendly, flexible and cost-efficient electronic invoicing systems;
- it takes into account the special needs of small and medium-sized enterprises as well as of sub-central contracting authorities and contracting entities;
- it is suitable for use in commercial transactions between enterprises.